

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

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AS OF MARCH 31, 2019**

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 MARCH 31, 2019**

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CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

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

		Unaudited	Audited
	Notes	March 31, 2019	Restated (Note 2) December 31, 2018
ASSETS			
Cash and Cash Equivalents	5	4.940.309	4.770.052
Financial Investments	6	71.723	21.163
Trade Receivables		2.668.923	2.413.804
- Trade Receivables Due from Related Parties	24	265.654	230.018
- Trade Receivables Due from Third Parties		2.403.269	2.183.786
Other Receivables	9	127.199	102.028
- Other Receivables from Related Parties	24	57.006	28.377
- Other Receivables from Third Parties		70.193	73.651
Derivative Financial Assets	8	8.364	-
Inventories		2.346.989	1.943.100
Prepaid Expenses	17	615.908	496.865
Current Tax Assets		177.077	168.428
Other Current Assets	18	425.535	374.161
- Other Current Assets from Related Parties		67.800	-
- Other Current Assets from Third Parties		357.735	374.161
Current Assets		11.382.027	10.289.601
Financial Investments		792	792
Trade Receivables		1.428	1.437
- Trade Receivables Due from Third Parties		1.428	1.437
Other Receivables	9	98.108	52.866
- Other Receivables from Related Parties	24	42.851	-
- Other Receivables from Third Parties		55.257	52.866
Derivative Financial Assets	8	22.590	47.010
Investments in Subsidiaries, Joint Ventures and Associates	10	52.761	71.195
Investment Property		128.899	113.362
Property, Plant and Equipment	12	11.444.135	10.753.432
Right of Use Assets	11	308.826	-
Intangible Assets		18.321.525	16.970.220
- Goodwill	14	2.901.063	2.558.279
- Other Intangible Assets	13	15.420.462	14.411.941
Prepaid Expenses	17	458.861	407.495
Deferred Tax Asset	22	810.234	675.431
Other Non-Current Assets	18	58.287	66.091
Non-Current Assets		31.706.446	29.159.331
TOTAL ASSETS		43.088.473	39.448.932

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

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CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

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

	Notes	Unaudited	Audited
		March 31, 2019	Restated (Note 2) December 31, 2018
LIABILITIES			
Current Borrowings	7	1.282.983	830.699
- Current Borrowings from Related Parties	24	386.955	328.327
- Other short-term borrowings		386.955	328.327
- Current Borrowings from Third Parties		896.028	502.372
- Banks Loans		896.028	502.372
Current Portion of Non-Current Borrowings	7	1.936.799	1.524.416
- Current Portion of Non-Current Borrowings from Related Parties	24	210.530	196.784
- Other current portion of non-current borrowings		194.167	196.784
- Lease Liabilities		16.363	-
- Current Portion of Non-Current Borrowings from Third Parties		1.726.269	1.327.632
- Banks Loans		1.610.566	1.294.738
- Lease Liabilities		71.353	-
- Issued Debt Instruments		44.350	32.894
Trade Payables		4.512.198	3.600.610
- Trade Payables to Related Parties	24	405.570	282.578
- Trade Payables to Third Parties		4.106.628	3.318.032
Employee Benefit Obligations		82.631	77.035
Other Payables	9	1.312.501	1.472.436
- Other Payables to Third Parties		1.312.501	1.472.436
Derivative Financial Liabilities	8	10.355	29.832
Deferred Income	17	43.832	58.592
Current Tax Liabilities		9.656	17.051
Current Provisions		257.495	194.742
- Current Provisions for Employee Benefits		154.555	113.218
- Other Current Provisions		102.940	81.524
Other Current Liabilities	18	92.589	36.525
Current Liabilities		9.541.039	7.841.938
Long-Term Borrowings	7	7.278.652	6.873.565
- Long-term Borrowings from Related Parties		10.369	-
- Lease Liabilities		10.369	-
- Long-term Borrowings from Third Parties		7.268.283	6.873.565
- Banks Loans		532.356	797.835
- Lease Liabilities		275.178	-
- Issued Debt Instruments		6.460.749	6.075.730
Trade Payables		68.660	44.207
- Trade Payables to Third Parties		68.660	44.207
Other Payables	9	388.295	391.376
- Other Payables to Third Parties		388.295	391.376
Deferred Income	17	6.737	975
Non-Current Provision		143.162	143.175
- Non-Current Provision for Employee Benefits		143.162	143.175
Deferred Tax Liabilities	22	2.939.133	2.755.299
Other Non-Current Liabilities	18	269.742	270.308
Non-Current Liabilities		11.094.381	10.478.905
Equity Attributable to Equity Holders of the Parent		12.019.602	11.175.137
Issued Capital	15	592.105	592.105
Inflation Adjustment on Capital	15	63.583	63.583
Share Premium (Discount)		2.765.214	2.765.214
Put Option Revaluation Fund Related with Non-controlling Interests		5.208	6.773
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		(23.464)	(23.464)
- Revaluation and Remeasurement Gain/Loss		(23.464)	(23.464)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		4.466.128	3.443.347
- Currency Translation Differences		5.343.811	4.118.213
- Gains (Losses) on Hedge		(877.683)	(674.866)
Restricted Reserves Appropriated from Profits	15	342.931	342.931
Prior Years' Profits or Losses		3.984.648	3.996.332
Current Period Net Profit or Losses		(176.751)	(11.684)
Non-Controlling Interests		10.433.451	9.952.952
Total Equity		22.453.053	21.128.089
TOTAL LIABILITIES		43.088.473	39.448.932

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

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Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

**CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019**

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

	Notes	Unaudited	
		1 January - 31 March 2019	Restated (Note 2) 1 January – 31 March 2018
Revenue	4	3.968.649	2.709.332
Cost of Sales		(2.750.532)	(1.760.848)
GROSS PROFIT (LOSS)		1.218.117	948.484
General Administrative Expenses		(371.961)	(278.054)
Sales, Distribution and Marketing Expenses		(929.072)	(621.866)
Other Income from Operating Activities	19	139.557	49.081
Other Expenses from Operating Activities	19	(103.674)	(32.603)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		(47.033)	65.042
Investment Activity Income	20	23.795	2.762
Investment Activity Expenses	20	(35.142)	(7.933)
Income/ (Loss) from Associates	10	(18.532)	(9.037)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		(76.912)	50.834
Finance Income	21	225.070	306.000
Finance Expenses	21	(431.004)	(504.306)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		(282.846)	(147.472)
Tax (Expense) Income, Continuing Operations	4	(53.541)	(170)
- Current Period Tax (Expense) Income		(81.515)	(60.203)
- Deferred Tax Income (Expense)		27.974	60.033
PROFIT/(LOSS)	4	(336.387)	(147.642)
Profit/(Loss) Attributable to			
- Non-Controlling Interest		(159.636)	(41.452)
- Owners of Parent		(176.751)	(106.190)
Earnings / (Loss) Per Share (Full TRL)	23	(0,2985)	(0,1793)

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

**CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019**

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

	Unaudited	
	1 January – 31 March 2019	1 January – 31 March 2018
PROFIT/(LOSS)	(336.387)	(147.642)
OTHER COMPREHENSIVE INCOME		
Other Comprehensive Income that will not be Reclassified to Profit or Loss		
Gains (Losses) on Remeasurements Defined Benefit Plans	-	(430)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Other Profit or Loss	-	(550)
- <i>Deferred Tax Income (Expense)</i>	-	120
Other Comprehensive Income that will be Reclassified to Profit or Loss	1.661.688	546.772
Currency Translation Differences	1.900.144	585.867
Other Comprehensive Income (Loss) Related with Cash Flow	9.543	37.588
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations (Note 25)	(316.200)	(88.500)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	68.201	11.817
- <i>Deferred Tax Income (Expense)</i>	68.201	11.817
OTHER COMPREHENSIVE INCOME (LOSS)	1.661.688	546.342
TOTAL COMPREHENSIVE INCOME (LOSS)	1.325.301	398.700
Total Comprehensive Income Attributable to		
- <i>Non-Controlling Interest</i>	479.271	120.185
- <i>Owners of Parent</i>	846.030	278.515

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

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

	Notes	Issued Capital	Inflation Adjustment on Capital	Share Premium/Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss	Retained Earnings				Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity		
						Revaluation and Remeasurement Gain/ (Loss) (**)	Currency Translation Differences	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Other Reserves	Prior Years' Profits or Losses				Current Period Net Profit or Loss	
Restated (Note 2) Previous Period (1 January – 31 March 2018)	Beginning Balances	592.105	63.583	3.042.134	20.275	(24.467)	2.523.057	28.769	317.921	(235.742)	3.495.918	149.420	9.972.973	5.853.895	15.826.868	
	Other Adjustments	2	-	-	-	-	111.271	-	-	235.742	(235.742)	-	111.271	-	111.271	
	Restated Balances		592.105	63.583	3.042.134	20.275	(24.467)	2.634.328	28.769	317.921	-	3.260.176	149.420	10.084.244	5.853.895	15.938.139
	Transfers		-	-	-	-	-	-	-	-	149.420	(149.420)	-	-	-	
	Total Comprehensive Income (Loss)		-	-	-	-	(430)	436.946	(51.811)	-	-	(106.190)	278.515	120.185	398.700	
	<i>Profit (Loss)</i>		-	-	-	-	-	-	-	-	-	(106.190)	(106.190)	(41.452)	(147.642)	
	<i>Other Comprehensive Income (Loss)</i>		-	-	-	-	(430)	436.946	(51.811)	-	-	-	384.705	161.637	546.342	
	Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control	3	-	-	-	-	-	-	-	-	586.736	-	586.736	(823.202)	(236.466)	
	Acquisition or Disposal of a Subsidiary	3	-	-	-	-	-	-	-	-	-	-	-	3.903.478	3.903.478	
	Increase (Decrease) from Other Changes (*)		-	-	-	488	-	-	-	-	-	-	488	(488)	-	
Ending Balances		592.105	63.583	3.042.134	20.763	(24.897)	3.071.274	(23.042)	317.921	-	3.996.332	(106.190)	10.949.983	9.053.868	20.003.851	
Current Period (1 January – 31 March 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		-	-	-	-	-	-	-	-	(11.684)	11.684	-	-	-	
	Total Comprehensive Income (Loss)		-	-	-	-	-	1.225.598	(202.817)	-	-	(176.751)	846.030	479.271	1.325.301	
	<i>Profit (Loss)</i>		-	-	-	-	-	-	-	-	-	(176.751)	(176.751)	(159.636)	(336.387)	
	<i>Other Comprehensive Income (Loss)</i>		-	-	-	-	-	1.225.598	(202.817)	-	-	-	1.022.781	638.907	1.661.688	
	Increase (Decrease) from Other Changes (*)		-	-	-	(1.565)	-	-	-	-	-	-	(1.565)	1.228	(337)	
Ending Balances		592.105	63.583	2.765.214	5.208	(23.464)	5.343.811	(877.683)	342.931	-	3.984.648	(176.751)	12.019.602	10.433.451	22.453.053	

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

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

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

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019**

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

	Notes	Unaudited	
		1 January- March 31, 2019	1 January- March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		227.252	107.612
Profit/ (Loss) for the Period		(336.387)	(147.642)
Adjustments to Reconcile Profit (Loss)		717.137	490.080
Adjustments for Depreciation and Amortization Expense	4	450.261	238.062
Adjustments for Impairment Loss (Reversal)	27	33.849	9.349
Adjustments for Provisions	27	29.349	19.735
Adjustments for Interest (Income) Expenses	27	83.950	47.308
Adjustments for Unrealised Foreign Exchange Losses (Gains)		66.725	167.999
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(16.300)	-
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	10	18.532	9.037
Adjustments for Tax (Income) Expenses		53.541	170
Other Adjustments for Non-Cash Items		(892)	165
Adjustments for Losses (gains) on Disposal of Non-Current Assets	20	(6.807)	(1.655)
Other Adjustments to Reconcile Profit (loss)		4.929	(90)
Change in Working Capital		(87.555)	(178.769)
Adjustments for Decrease (Increase) in Accounts Receivables		(258.811)	(192.893)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(185.235)	(28.999)
Adjustments for Decrease (Increase) in Inventories		(421.112)	(421.081)
Adjustments for increase (decrease) in Trade Accounts Payable		868.241	490.336
Adjustments for increase (decrease) in Other Operating Payables		(90.638)	(26.132)
Cash Flows from (used in) Operations		293.195	163.669
Payments Related with Provisions for Employee Benefits		(14.088)	(11.027)
Income Taxes (Paid) Return		(51.855)	(45.030)
CASH FLOWS USED IN INVESTING ACTIVITIES		(304.601)	(273.805)
Proceeds from Sales of Property, Plant, Equipment	12,13	30.550	6.153
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets		(335.151)	(294.703)
Other inflows (outflows) of cash	27	-	14.745
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		193.089	137.616
Proceeds from Borrowings	7	745.073	357.618
Repayments of Borrowings	7	(454.799)	(311.583)
Payments of Lease Liabilities		(15.358)	-
Income (Loss) from Cash Flow Hedge		(50.560)	17.339
Interest Paid	7	(122.221)	(72.002)
Interest Received		68.070	65.934
Other inflows (outflows) of cash		22.884	80.310
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		115.740	(28.577)
Effect Of Currency Translation Differences On Cash And Cash Equivalents		57.803	142.775
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		173.543	114.198
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	4.756.359	5.395.136
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	4.929.902	5.509.334

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**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

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NOTE 1. GROUP’S ORGANIZATION AND NATURE OF ACTIVITIES

General

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

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

The Company, its subsidiaries and joint ventures will be referred to as the “Group”. The average number of permanent personnel employed in the Group is 16.838 (December 31, 2018 – 17.560).

The consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Nusret Orhun Köstem and Finance Director, Kerem İşeri were issued on May 8, 2019. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

Nature of Activities of the Group

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

After the business combination, explained in Note 3, the Group owns and operates twenty one breweries; three in Turkey, eleven in Russia and seven in other countries (December 31, 2018 - twenty one breweries; three in Turkey, eleven in Russia and seven in other countries). The Group makes production of malt in two locations in Turkey and three locations in Russia (December 31, 2018 – production of malt in two locations in Turkey and three locations in Russia).

The Group has ten facilities in Turkey, sixteen facilities in other countries for sparkling and still beverages production (December 31, 2018 - ten facilities in Turkey, sixteen facilities in other countries).

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

List of Shareholders

As of March 31, 2019 and December 31, 2018, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	March 31, 2019		December 31, 2018	
	Amount	(%)	Amount	(%)
AG Anadolu Grubu Holding A.Ş.	254.892	43,05	254.892	43,05
AB Inbev Harmony Ltd.	142.105	24,00	142.105	24,00
Publicly traded and other	195.108	32,95	195.108	32,95
	592.105	100,00	592.105	100,00

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

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

List of Subsidiaries and Joint Ventures

The subsidiaries included in the consolidation and their effective shareholding rates at March 31, 2019 and December 31, 2018 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights %	
				March 31, 2019	December 31, 2018
Efes Breweries International N.V. (EBI)	The Netherlands	Managing foreign investments in breweries	International Beer	100,00	100,00
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing of beer	International Beer	100,00	100,00
International Beers Trading LLP (IBT)	Kazakhstan	Marketing of beer	International Beer	100,00	100,00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production and marketing of beer and low alcoholic drinks	International Beer	96,87	96,87
JSC Lomisi (Efes Georgia)	Georgia	Production and sales of beer and carbonated soft drinks	International Beer	100,00	100,00
PJSC Efes Ukraine (Efes Ukraine)	Ukraine	Production and marketing of beer	International Beer	99,94	99,94
LLC Efes Ukraine	Ukraine	Selling and distribution of beer	International Beer	100,00	100,00
Efes Trade BY FLLC (Efes Belarus)	Belarus	Market development	International Beer	100,00	100,00
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Leasing of intellectual property and similar products	International Beer	100,00	100,00
AB InBev Efes B.V. (AB InBev Efes)	The Netherlands	Investment company	International Beer	50,00	50,00
JSC Moscow-Efes Brewery (Efes Moscow) ⁽¹⁾⁽²⁾	Russia	Production and marketing of beer	International Beer	-	50,00
JSC AB Inbev Efes ⁽¹⁾⁽²⁾	Russia	Production and marketing of beer	International Beer	50,00	50,00
PJSC Sun InBev Ukraine ⁽¹⁾	Ukraine	Production and marketing of beer	International Beer	49,34	49,30
LLC Vostok Solod ⁽³⁾	Russia	Production of malt	International Beer	50,00	50,00
LLC Efes Solod ⁽³⁾	Russia	Production of malt	International Beer	50,00	50,00
LLC Inbev Trade ⁽³⁾	Russia	Production of malt	International Beer	50,00	50,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) ⁽¹⁾	Germany	Investment company	International Beer	50,00	50,00
Bevmar GmbH ⁽¹⁾	Germany	Investment company	International Beer	50,00	50,00
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) ⁽⁴⁾	Turkey	Marketing and distribution company of the Group in Turkey	Turkey Beer	100,00	100,00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	99,99	99,99
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	100,00	100,00
Coca-Cola İçecek A.Ş. (CCI) ⁽⁵⁾	Turkey	Production of Coca-Cola products	Soft Drinks	50,26	50,26
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft Drinks	50,25	50,25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	Turkey	Filling and selling of natural spring water	Soft Drinks	50,26	50,26
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Soft Drinks	50,26	50,26
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,19	50,19
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC)	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. (Sardkar)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
Waha Beverages B.V.	The Netherlands	Investment company of CCI	Soft Drinks	40,22	40,22
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tacikistan)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	40,22	40,22
Coca-Cola Beverages Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drinks	24,96	24,96

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

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

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

(3) Subsidiaries of JSC AB Inbev Efes.

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

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

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

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

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

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

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

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

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

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, 25).

2.2 Functional and Reporting Currency

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

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

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

Functional Currency of Significant Subsidiaries Located in Foreign Countries

Subsidiary / Joint Venture	Local Currency	Functional Currency	
		2019	2018
EBI	European Currency (EURO)	USD	USD
JSC AB Inbev Efes	Russian Ruble (RUR)	RUR	RUR
PJSC Sun InBev 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
Efes Ukraine	Ukraine Hryvnya (UAH)	UAH	UAH
EHTMC	EURO	EURO	EURO
Efes Germany	EURO	EURO	EURO
Almaty CC	Kazakh Tenge (KZT)	KZT	KZT
Tonus	Kazakh Tenge (KZT)	KZT	KZT
Azerbaijan CC	Azerbaijani Manat (AZN)	AZN	AZN
Turkmenistan CC	Turkmenistan Manat (TMT)	TMT	TMT
Bishkek CC	Kyrgyz Som (KGS)	KGS	KGS
TCCBCJ	Jordan Dinar (JOD)	JOD	JOD
Sardkar	Iraqi Dinar (IQD)	IQD	IQD
SSDSD	Syrian Pound (SYP)	SYP	SYP
CBBPL	Pakistan Rupee (PKR)	PKR	PKR
CCI Holland	EURO	USD	USD
Waha B.V.	EURO	USD	USD
Al Waha	Iraqi Dinar (IQD)	IQD	IQD
Tacikistan CC	Tajikistani Somoni (TJS)	TJS	TJS

2.3 Seasonality of Operations

Due to higher beverage consumption during the summer season, the condensed consolidated interim financial results may include the effects of the seasonal variations. Therefore, the results of business operations for the first three months up to March 31, 2019 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.

2.5 Comparative Information and Restatement of Prior Period Financial Statements

- a) In order to allow the determination of the financial position and performance trends, the Group's financial statements are prepared in comparison with the previous period. The Group has performed restatements in the consolidated income statement for the period ended 31 March, 2018, in order to conform to the presentation of financial statements for the period ended March 31, 2019. Such restatements are as follows:

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

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

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

- i. Within the scope of TFRS 15 “Revenue from Costumer Contracts” standard, marketing activity participation fees are classified to sales discount due to the fact that related expenses are realized by the customer which was previously recognized in sales and marketing expense. In this context, so as to being consistent with current period presentation as of March 31, 2018, the amount of TRL32.357 marketing activity participation fee is classified from sales and marketing expenses to sales discount.
 - ii. Within the scope of TFRS 15 “Revenue from Costumer Contracts” standard, services rendered from customers are classified to sales discount due to the fact that related expenses are realized by the customer which was previously recognized in sales and marketing expense. In this context, so as to being consistent with current period presentation as of March 31, 2018, the amount of TRL22.432 service fees, received from customer are restated to sales discount from sales and marketing expense by classification.
 - iii. The functional currency of brands which belongs to International Beer Operation and obtained as the part of business combinations is changed as to be functional currency of related cash generating unit. As a result of the change in accounting estimate, in consolidated statement of financial position brand values which recognized in “Other Intangible Asset” and “Foreign Currency Translation Differences” amounts has changed as of December 31, 2017. The effect of mentioned change is reflected to the consolidated statement of financial position, statement of changes in equity and other intangible assets movement table. The amendment did not have any effect on the consolidated income statement. The changes in “Other Intangible Asset” and “Foreign Currency Translation Differences” is equal to TRL111.271 as of December 31, 2017.
- b)** In the scope of TFRS 3 “Business Combinations”, it is permitted to finalize fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies in a time period of one year. Fair value appraisal process has been finalized as of March 31, 2019 for the business combination recognized as of March 31, 2018. Accordingly, consolidated financial statements as of December 31, 2018 which has been prepared by recognizing provisional goodwill has been restated. According to the restatement, fair value of the “Inventory”, “Property, Plant and Equipment”, “Intangible Assets”, “Deferred Tax Asset”, “Other Liabilities” and “Deferred Tax Liabilities” has been changed. The abovementioned items and “Currency Translation Differences”, “Current Period Net Profit or Losses” and “Non-Controlling Interests” has been restated in the consolidated financial statements as of December 31, 2018.

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

(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

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

Adoption of new and revised Turkish Financial Reporting Standards

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

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

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

TFRS 16 Leases

The Group – as a lessee

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

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

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

Right of use asset

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

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

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

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

(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)

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

TFRS 16 Leases (continued)

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

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

Lease Liability

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

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

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

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

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

(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)

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

TFRS 16 Leases (continued)

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

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

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

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

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

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

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

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

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

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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)

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

TFRS 16 Leases (continued)

First adoption to TFRS 16

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

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

Finance leases

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

Based on an analysis of the finance leases as at 31 March 2019 and on the basis of the facts and circumstances that exist at that date, there isn’t any material impact on the Group’s consolidated financial statements.

Property leased by the Group includes coolers, vehicles, buildings, machinery and equipment. As of March 31, 2019, net book value of assets under finance leases included in property, plant and equipment is amounting to TL 894 (December 31, 2018 - TL 936).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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)

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

TFRS 16 Leases (continued)

The effects of TFRS 16 on the consolidated interim statement of financial position as of 31 March 2019 are presented below:

	March 31, 2019		
	Without TFRS 16 effects	TFRS 16 effects	With TFRS 16 effects
Current Assets	11.364.707	17.320	11.382.027
Trade receivables	2.668.923	-	2.668.923
Sublease receivables from related parties	-	17.320	17.320
Prepaid expenses	615.908	-	615.908
Other components of current assets	8.079.876	-	8.079.876
Non-current Assets	31.364.503	341.943	31.706.446
Sublease receivables from related parties	-	42.851	42.851
Right of use assets	-	308.826	308.826
Prepaid expenses	467.080	(8.219)	458.861
Investments in Subsidiaries, Joint Ventures and	54.908	(2.147)	52.761
Deferred tax asset	809.602	632	810.234
Other components of non-current assets	30.032.913	-	30.032.913
TOTAL ASSETS	42.729.210	359.263	43.088.473
Current Liabilities	9.455.238	85.801	9.541.039
Current Borrowings	1.282.983	-	1.282.983
- <i>Current Borrowings from Related Parties</i>	386.955	-	386.955
- <i>Other short-term borrowings</i>	386.955	-	386.955
- <i>Current Borrowings from Third Parties</i>	896.028	-	896.028
- <i>Banks Loans</i>	896.028	-	896.028
Current Portion of Non-Current Borrowings	1.850.998	85.801	1.936.799
- <i>Current Portion of Non-Current Borrowings from Related Parties</i>	194.167	16.363	210.530
- <i>Other current portion of non-current borrowings</i>	194.167	-	194.167
- <i>Lease Liabilities</i>	-	16.363	16.363
- <i>Current Portion of Non-Current Borrowings from Third Parties</i>	1.656.831	69.438	1.726.269
- <i>Banks Loans</i>	1.612.481	(1.915)	1.610.566
- <i>Lease Liabilities</i>	-	71.353	71.353
- <i>Issued Debt Instruments</i>	44.350	-	44.350
Other components of current liabilities	6.321.257	-	6.321.257
Non-current Liabilities	10.816.693	277.688	11.094.381
Long-Term Borrowings	6.995.090	283.562	7.278.652
- <i>Long-term Borrowings from Related Parties</i>	-	10.369	10.369
- <i>Lease Liabilities</i>	-	10.369	10.369
- <i>Long-term Borrowings from Third Parties</i>	6.995.090	273.193	7.268.283
- <i>Banks Loans</i>	534.341	(1.985)	532.356
- <i>Lease Liabilities</i>	-	275.178	275.178
- <i>Issued Debt Instruments</i>	6.460.749	-	6.460.749
Deferred income	10.100	(3.363)	6.737
Deferred tax liabilities	2.941.644	(2.511)	2.939.133
Other components of non-current liabilities	869.859	-	869.859
Total Equity	22.457.279	(4.226)	22.453.053
Equity Attributable to Equity Holders of the Parent	12.021.772	(2.170)	12.019.602
Prior Years' Profits or Losses	3.984.648	-	3.984.648
Current Period Net Profit or Losses	(170.544)	(6.207)	(176.751)
Currency Translation Differences	5.339.774	4.037	5.343.811
Other components of equity	2.867.894	-	2.867.894
Non-Controlling Interests	10.435.507	(2.056)	10.433.451
TOTAL LIABILITIES	42.729.210	359.263	43.088.473

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2019**

(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)

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

IFRS 16 Leases (continued)

The effects of IFRS 16 on the consolidated interim income statement for the three-month period ended as of 31 March 2019 are presented below:

	1 January - 31 March 2019		
	Without IFRS 16 effects	IFRS 16 effects	With IFRS 16 effects
Revenue	3.968.649	-	3.968.649
Cost of Sales (-)	(2.750.879)	347	(2.750.532)
GROSS PROFIT (LOSS)	1.217.770	347	1.218.117
General Administrative Expenses (-)	(375.784)	3.823	(371.961)
Sales, Distribution and Marketing Expenses (-)	(930.311)	1.239	(929.072)
Other Income from Operating Activities	139.557	-	139.557
Other Expenses from Operating Activities	(103.674)	-	(103.674)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	(52.442)	5.409	(47.033)
Investment Activity Income	23.795	-	23.795
Investment Activity Expenses (-)	(35.142)	-	(35.142)
Income/ (Loss) from Associates	(16.385)	(2.147)	(18.532)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	(80.174)	3.262	(76.912)
Finance Income	222.173	2.897	225.070
Finance Expenses (-)	(418.469)	(12.535)	(431.004)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(276.470)	(6.376)	(282.846)
Tax (Expense) Income, Continuing Operations	(51.654)	(1.887)	(53.541)
- Current Period Tax (Expense) Income	(81.515)	-	(81.515)
- Deferred Tax (Expense) Income	29.861	(1.887)	27.974
PROFIT/(LOSS)	(328.124)	(8.263)	(336.387)
Profit/(Loss) Attributable to			
- Non-Controlling Interest	(157.580)	(2.056)	(159.636)
- Owners of Parent	(170.544)	(6.207)	(176.751)
EBITDA	370.261	22.669	392.930

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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)

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

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

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

IFRS Interpretation 23 Uncertainty over Income Tax Treatments

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

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

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

Annual Improvements to IFRS Standards 2015–2017 Cycle

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

Standards, amendments and interpretations that are issued but not effective as at 31 March 2019

TFRS 17, ‘Insurance contracts’; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

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

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

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

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NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2019

None.

Transactions Related with 2018

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

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

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

Additionally, as a result of this merger ABI InBev Efes's direct effective shareholding and voting rights have been 100% in Efes Moscow and Euro-Asien. Accordingly, Group's share in these subsidiaries have been changed to 50,00% with retained control (Before this merger, the effective shareholding and voting rights were 100% for these two companies). In accordance with TFRS 10, as a result of the change in effective shareholding rates in Efes Moscow and Euro-Asien with retained control, TRL586.736 amount has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated financial statements.

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

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

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

In June 2018, AB Inbev made a cash payment of USD39,4 million to EBI regarding to the commitments determined within the scope of this business combination (equivalent TRL179.856).

If the financial statements of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmarm GmbH had been consolidated since January 1, 2018, the contribution to consolidated net revenue by the acquired companies would have been TRL402.544 (Consolidated Net Revenue would be TRL3.111.876 for the three months period ended March 31, 2018).

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NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2018 (continued)

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to TFRS 3 “Business Combinations” has been realized. As at 31 March 2018, the difference amounting to TRL485.967 between the Group's acquisition cost and the fair value of net assets of the Group companies is recognized as goodwill in the consolidated financial statements.

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

	The fair value			
	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	JSC Sun InBev	PJSC Sun InBev Ukraine	Bevmar GmbH
Cash and Cash Equivalents	13.758	11.773	1.985	-
Trade and Other Receivables	231.333	203.884	27.449	-
Due from Related Parties	26.259	24.183	4.703	277.237
Inventories	341.926	274.353	67.573	-
Other Current Assets	48.660	25.439	23.222	-
Tangible Assets	1.736.920	1.463.742	273.178	-
Intangible Assets	3.096.306	2.955.590	140.715	-
Other Non - Current Assets	281	252	29	-
Deferred Tax Assets	138.702	89.633	49.069	-
Financial Liabilities to Related Parties	(596.047)	(873.201)	-	-
Financial Liabilities to Third Parties	(120.293)	-	(119.938)	(355)
Trade payables	(748.718)	(560.950)	(187.768)	-
Due to Related Parties	(194.070)	(129.307)	(67.230)	(243)
Other Liabilities	(258.256)	(197.636)	(60.621)	-
Deferred Tax Liabilities	(611.217)	(586.280)	(24.936)	-
Carrying Value of Net Assets Acquired	3.105.544	2.701.475	127.430	276.639
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Group's share in Net Assets	3.103.427	2.701.475	125.314	276.638
Total consideration	4.143.067			
Shareholder loans transferred, net	(134.229)			
Cash inflows due to commitments determined within the scope of the business combination	(179.856)			
Impaired assets due to a business combination	(239.588)			
Group's share in Net Assets	3.103.427			
Goodwill arising from acquisition (Note 14)	485.967			

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 4. SEGMENT REPORTING

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

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

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

	Turkey Beer	International Beer	Soft Drinks	Other ⁽¹⁾ and Eliminations	Total
January 1 – March 31, 2019					
Revenues	373.591	1.356.807	2.228.966	13.954	3.973.318
Inter-segment revenues	(4.580)	(38)	(51)	-	(4.669)
Total Revenues	369.011	1.356.769	2.228.915	13.954	3.968.649
EBITDA	23.176	56.003	321.294	(7.543)	392.930
Financial Income / (Expense)	(28.705)	(32.917)	(116.908)	(27.404)	(205.934)
Tax (Expense) Income	6.664	952	(67.441)	6.284	(53.541)
Profit / (loss) for the period	(41.198)	(201.213)	(43.241)	(50.735)	(336.387)
Capital expenditures	53.870	102.263	178.951	67	335.151
January 1 – March 31, 2018					
Revenues	309.947	560.391	1.833.290	10.054	2.713.682
Inter-segment revenues	(4.120)	(172)	(57)	-	(4.350)
Total Revenues	305.827	560.219	1.833.232	10.054	2.709.332
EBITDA	43.942	(1.584)	282.070	(9.524)	314.904
Financial Income / (Expense)	(1.997)	28.646	(176.437)	(48.518)	(198.306)
Tax (Expense) Income	6.090	14.804	(32.225)	11.161	(170)
Profit / (loss) for the period	4.582	(28.443)	(63.244)	(60.537)	(147.642)
Capital expenditures	74.186	49.357	175.761	(927)	298.377
	Turkey Beer	International Beer	Soft Drinks	Other ⁽¹⁾ and Eliminations	Total
March 31, 2019					
Segment assets	9.228.220	16.429.607	15.472.143	1.958.503	43.088.473
Segment liabilities	1.883.676	5.414.574	8.699.405	4.637.765	20.635.420
Investment in associates	-	-	-	52.761	52.761
December 31, 2018					
Segment assets	9.070.470	14.566.822	14.020.435	1.791.223	39.448.950
Segment liabilities	1.737.242	4.624.383	7.569.707	4.389.511	18.320.843
Investment in associates	-	-	-	71.195	71.195

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

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish
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NOTE 4. SEGMENT REPORTING (continued)

Reconciliation of EBITDA to the consolidated Profit/Loss from Continuing Operations and its components as of March 31, 2019 and 2018 are as follows:

	1 January- 31 March 2019	1 January- 31 March 2018
EBITDA	392.930	314.904
Depreciation and amortization expenses	(450.261)	(238.062)
Provision for retirement pay liability	(8.488)	(5.238)
Provision for vacation pay liability	(17.439)	(9.380)
Foreign exchange gain/loss from operating activities	37.788	3.532
Rediscount income/expense from operating activities	(136)	239
Other	(1.427)	(953)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	(47.033)	65.042
Investment Activity Income	23.795	2.762
Investment Activity Expenses (-)	(35.142)	(7.933)
Income/(Loss) from Associates	(18.532)	(9.037)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	(76.912)	50.834
Finance Income	225.070	306.000
Finance Expenses	(431.004)	(504.306)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(282.846)	(147.472)

NOTE 5. CASH AND CASH EQUIVALENTS

	March 31, 2019	December 31, 2018
Cash on hand	8.435	2.428
Bank accounts		
- Time deposits	3.897.280	3.922.273
- Demand deposits	985.293	659.532
Other	38.894	172.126
Cash and cash equivalents in cash flow statement	4.929.902	4.756.359
Interest income accrual	10.407	13.693
	4.940.309	4.770.052

As of March 31, 2019, annual interest rates of the TRL denominated time deposits vary between 20,10% and 21,40% and have maturity between 1- 61 days (December 31, 2018 - 21,10% - 24,50%; maturity between 1-51 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,2% and 18,00% and have maturity between 1-213 days (December 31, 2018– Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,2% and 18,00% and have maturity between 2-303 days).

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

As of March 31, 2019, other item contains credit card receivables amounting to TRL35.995 (December 31, 2018 – TRL163.539).

As of March 31, 2019, the Group has designated its bank deposits amounting to TRL1.276.501, equivalent of thousand USD203.545 and thousand EURO20.711 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2018 – TRL1.100.668, equivalent of thousand USD195.145, thousand EURO12.281).

NOTE 6. FINANCIAL INVESTMENTS

	March 31, 2019	December 31, 2018
Time deposits with maturity more than three months	71.723	21.163

As of March 31, 2019 time deposits with maturities over 3 months made for 271 days period, are denominated in USD and KZT and interest rates are 4,50% and 11,00% respectively (December 31,2018 – USD 1,00%- 4,50% and KZT 11,00%; remaining maturities between 31-361 days).

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NOTE 7. SHORT AND LONG TERM BORROWINGS

a) Bank Loans, issued debt instruments and other borrowings

As of March 31, 2019, total borrowings consist of principal (finance lease obligations included) amounting to TRL10.031.845 (December 31, 2018– TRL9.157.004) and interest expense accrual amounting to TRL93.326 (December 31, 2018 – TRL71.676). As of March 31, 2019 and December 31, 2018, total amount of borrowings and the effective interest rates are as follows:

	March 31, 2019			December 31, 2018		
	Amount	Weighted average fixed rate	Weighted average floating rate	Amount	Weighted average fixed rate	Weighted average floating rate
Short-term Borrowings						
TRL denominated borrowings	393.722	22,98%	-	169.367	26,27%	-
Foreign currency denominated borrowings (USD)	285	3,00%	-	288	3,00%	-
Foreign currency denominated borrowings (EURO)	-	-	-	4.278	3,55%	-
Foreign currency denominated borrowings (Other)	888.976	17,35%	Kibor + 0,45% - Mosprime 2,56%	656.766	20,71%	Kibor + 0,46% - Mosprime 2,56%
	1.282.983			830.699		
Short-term portion of long term borrowings						
TRL denominated borrowings	876	11,74%	-	16.285	11,74%	-
Foreign currency denominated borrowings (USD)	726.404	3,84%	Libor + 2,52%	438.168	4,42%	Libor + 2,33%
Foreign currency denominated borrowings (EURO)	1.106.624	1,56%	Euribor + 1,46%	1.054.095	1,56%	Euribor + 1,37%
Foreign currency denominated borrowings (Other)	15.179	6,00%	-	14.058	6,00%	-
	1.849.083			1.522.606		
Financial leasing borrowings (Other Foreign Currency) (*)	-			1.810		
Total	3.132.066			2.355.115		
Long-term Borrowings						
TRL denominated borrowings	570.000	11,74%	-	570.000	11,74%	-
Foreign currency denominated borrowings (USD)	5.890.749	3,82%	-	5.731.948	3,82%	-
Foreign currency denominated borrowings (EURO)	530.687	-	Euribor + 2,16%	564.261	-	Euribor + 2,21%
Foreign currency denominated borrowings (Other)	1.669	6,00%	-	5.032	6,00%	-
	6.993.105			6.871.241		
Financial leasing borrowings (Other Foreign Currency) (*)	-			2.324		
Total	6.993.105			6.873.565		
Grand Total	10.125.171			9.228.680		

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

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NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

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

Repayments of long-term borrowings are scheduled as follows:

	March 31, 2019	December 31, 2018
Between 1 -2 years	566.321	800.442
Between 2-3 years	92.977	85.475
Between 3-4 years	2.918.404	2.722.912
Between 4-5 years	790.784	740.095
5 years and more	2.624.619	2.524.641
	6.993.105	6.873.565

The movement of borrowings as of March 31, 2019 and 2018 is as follows:

	2019	2018
Balance at January 1	9.228.680	8.509.490
Addition through business combination	-	418.275
Shareholder loans transferred as a result of business combination	-	163.549
Proceeds from Borrowings	745.073	357.618
Repayments of Borrowings	(454.799)	(311.583)
Interest and Borrowing Expense	141.674	109.160
Interest Paid	(122.221)	(72.002)
Foreign exchange gain/loss	396.585	368.787
Classification of financial leasing item under TFRS 16	(4.134)	-
Currency Translation Differences	194.313	50.119
Balance at March 31	10.125.171	9.593.413

As of March 31, 2019, net interest on cross currency swap contracts is TRL17.280 (March 31, 2018 – TRL22.368).

b) Lease Liabilities

The movement of lease liabilities as of March 31,2019 is as follows:

	2019	2018
Balance at January 1	315.762	-
Additions	56.695	-
Repayments (-)	(23.835)	-
Interest expense	10.231	-
Financial lease obligations classified under TFRS 16	3.900	-
Foreign exchange gain/loss	1.913	-
Currency translation differences	8.595	-
Balance at March 31	373.261	-

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NOTE 8. DERIVATIVE INSTRUMENTS

As of March 31, 2019, CCI has 4 aluminum swap transactions with a total nominal amount of TRL115.785 (December 31, 2018– TRL153.639) for 10.027 tones. The total of these aluminium swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk for the 2019 as of 19 July 2018 and 11 October 2018 (December 31, 2018– TRL153.639, 14.234 tones, 4 aluminum swap).

As of March 31, 2019, CCI has a cross currency swap contract with a total amount of USD 150 million (nominal amount: TRL274.260) signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term (December 31,2018- TRL219.135).

As of March 31, 2019, CCBPL has FX forward transactions with a total nominal amount of TRL 98.878, for 2 forward purchase contracts amounting to CNY 118 million. The total of these FX forward contracts are designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of resin, exposed to foreign currency risk.

As of March 31, 2019, the Company has 15 commodity swap and 18 commodity option contracts with a total nominal amount of TRL37.780 (December 31, 2018– TRL18.676) for 3.525 tonnes of aluminium. The total of these aluminium swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk.

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

Efes Breweries International NV has a cross currency swap agreement in order to hedge foreign currency risk arising from Russian Ruble receivables arising from shareholder loans which was taken over following the business combination mentioned in Note 3 amounting to TRL386.753 as of 12 April 2018 (31 December 2018 – 361.501 TL).

Efes Breweries International NV has executed an interest rate swap agreement on 8 June 2015 in order to mitigate interest rate risk of loan amounting to TRL242.021 (equivalent of 43 million USD) with maturity of 6 June of 2020 and variable interest rate (31 December 2018 – 226.219 TL).

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

	March 31, 2019		December 31, 2018	
	Nominal Value	Fair Value Asset / (Liability)	Nominal Value	Fair Value Asset / (Liability)
Cross currency swaps	386.753	22.590	361.501	44.263
Interest rate swaps	242.021	1.924	226.219	2.747
Commodity swap contracts	153.565	(10.355)	172.295	(13.485)
Currency forwards	98.878	6.440	100.942	(16.347)
	881.217	20.599	860.957	17.178

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NOTE 9. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	March 31, 2019	December 31, 2018
Other receivables from related parties	39.686	28.377
Receivables from related party subleases	17.320	-
Due from personnel	15.473	13.977
Receivables from tax office	15.052	14.174
Deposits and guarantees given	1.845	5.347
Other	37.823	40.153
	127.199	102.028

b) Other Non-Current Receivables

	March 31, 2019	December 31, 2018
Deposits and guarantees given	50.335	47.381
Receivables from related party subleases	42.851	-
Other	4.922	5.485
	98.108	52.866

c) Other Current Payables

	March 31, 2019	December 31, 2018
Taxes other than income taxes	1.008.549	1.116.980
Deposits and guarantees taken	286.819	260.668
Other	17.133	94.788
	1.312.501	1.472.436

d) Other Non-Current Payables

As of March 31, 2019, other non-current payables consist of deposits and guarantees taken amounting to TRL388.295 (December 31, 2018 – TRL391.376).

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NOT 10. INVESTMENTS IN ASSOCIATES

	March 31, 2019		December 31, 2018	
	Ownership	Amount	Ownership	Amount
Anadolu Etap	39,70%	52.761	39,70%	71.195
SSDSD ⁽¹⁾	25,13%	-	25,13%	-
		52.761		71.195

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

	Anadolu Etap		SSDSD	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Total Assets	531.824	492.543	634	614
Total Liabilities	479.063	421.348	4.139	3.794
Net Assets	52.761	71.195	(3.505)	(3.180)

	Anadolu Etap		SSDSD	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Group's Share of Loss for the period	(18.434)	(8.964)	(98)	(73)

The movement of investments in associates as of March 31, 2019 and 2018 are as follows:

	2019	2018
Balance at January 1	71.195	46.309
Income / Loss from associates	(18.532)	(9.037)
Other	98	73
Balance at March 31	52.761	37.345

- (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.

NOTE 11. Right of Use Asset

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

The amount of the right of use assets and the depreciation expenses as of March 31, 2019 are as follows:

	March 31, 2019	December 31, 2018
Balance at January 1	254.877	-
Additions	58.036	-
Depreciation Charge	(17.254)	-
Disposals, net	(1.795)	-
Currency translation differences, net	14.962	-
Balance at March 31	308.826	-

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NOTE 12. PROPERTY, PLANT AND EQUIPMENT

For the three-month periods ended March 31, 2019 and 2018, movement on property, plant and equipment are as follows:

	Net Book Value			Disposals,	Addition through	Currency	Impairment /	Transfers,	Net Book Value
March 31, 2019	January 1, 2019	Additions	Depreciation	net	subsidiary	translation	(Impairment	net	March 31, 2019
					acquired	differences, net	reversal), net		
Land and land improvements	628.693	228	(2.347)	(4.327)	-	24.032	-	9.107	655.386
Buildings	2.613.124	471	(34.187)	(942)	-	226.865	-	31.921	2.837.252
Machinery and equipment	5.033.682	30.022	(208.925)	(14.116)	-	421.037	471	102.711	5.364.882
Vehicles	91.853	1.384	(5.317)	(1.429)	-	5.546	-	-	92.037
Other tangibles	1.879.001	165.928	(169.608)	(2.741)	-	83.401	(2.041)	66.225	2.020.165
Leasehold improvements	5.537	99	(238)	-	-	-	-	271	5.669
Construction in progress	501.542	135.697	-	(186)	-	40.611	-	(208.920)	468.744
	10.753.432	333.829	(420.622)	(23.741)	-	801.492	(1.570)	1.315	11.444.135
March 31, 2018	January 1, 2018	Additions	Depreciation	net	subsidiary	Currency	Impairment /	Transfers,	Net Book Value
					acquired	differences, net	(Impairment	net	March 31, 2018
							reversal), net		
Land and land improvements	569.999	65	(2.357)	(288)	495	12.270	-	105	580.289
Buildings	1.965.782	758	(20.286)	52	246.338	86.376	-	2.501	2.281.521
Machinery and equipment	3.374.126	24.328	(92.933)	(1.567)	1.196.685	127.241	(1.335)	17.256	4.643.801
Vehicles	82.624	3.139	(5.638)	(221)	-	4.232	-	1.411	85.547
Other tangibles	1.333.827	161.406	(109.095)	(2.328)	210.101	27.972	(968)	24.476	1.645.391
Leasehold improvements	6.638	105	(1.249)	-	379	-	-	-	5.873
Construction in progress	152.239	105.754	-	-	82.922	10.688	(4.523)	(45.749)	301.331
	7.485.235	295.555	(231.558)	(4.352)	1.736.920	268.779	(6.826)	-	9.543.753

As of March 31, 2019, there is a pledge on property, plant and equipment of TRL126.876 (December 31, 2018 - TRL119.686) 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 three-month periods ended March 31, 2019 and 2018, movement on other intangible assets are as follows:

March 31, 2019	Net Book Value January 1, 2019	Additions	Amortization	Disposals, net	Addition through subsidiary acquired	Currency translation differences, net	Impairment / (Impairment reversal),net	Transfers, net	Net Book Value March 31, 2019
Bottling contracts	9.226.672	-	-	-	-	294.526	-	-	9.521.198
Licence agreements	4.177.493	-	-	-	-	614.383	(16.057)	-	4.775.819
Brands	851.638	-	-	-	-	111.937	-	-	963.575
Rights	10.483	99	(2.648)	-	-	2.661	-	34.133	44.728
Other intangible assets	145.655	1.223	(8.557)	-	-	12.269	-	(35.448)	115.142
	14.411.941	1.322	(11.205)	-	-	1.035.776	(16.057)	(1.315)	15.420.462

March 31, 2018	Net Book Value January 1, 2018	Additions	Amortization	Disposals, net	Addition through subsidiary acquired	Currency translation differences, net	Impairment / (Impairment reversal),net	Transfers, net	Net Book Value March 31, 2018
Bottling contracts	8.378.797	-	-	-	-	188.388	-	-	8.567.185
Licence agreements	1.332.713	-	-	-	2.665.530	71.861	-	-	4.070.104
Brands	587.423	-	-	-	416.806	34.071	-	-	1.038.300
Rights	8.057	769	(1.680)	-	4.638	1.733	-	-	13.517
Other intangible assets	96.343	2.053	(6.032)	-	9.332	1.291	-	-	102.987
	10.403.333	2.822	(7.712)	-	3.096.306	297.344	-	-	13.792.093

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NOTE 14. GOODWILL

For the three-month period ended March 31, 2019 and 2018, movements of the goodwill during the period are as follows:

	2019	2018
At January 1	2.558.279	1.840.808
Addition through business combination (Note 3)	-	485.967
Currency translation differences	342.784	49.632
At March 31	2.901.063	2.376.407

NOTE 15. CAPITAL RESERVES AND OTHER EQUITY ITEMS

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

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

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

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

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

	31 March 2019			31 December 2018		
	Nominal Amount	Inflation Adjustment on Capital	Restated Amount	Nominal Amount	Inflation Adjustment on Capital	Restated Amount
Issued capital	592.105	63.583	655.688	592.105	63.583	655.688
Legal reserves	342.931	74.729	417.660	342.931	74.729	417.660
Extraordinary reserves	877	25.831	26.708	877	25.831	26.708

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NOTE 16. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

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

March 31, 2019								
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	358.812	212.853	15	502	28	52.045	2.667.000	19.818
B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾	844.308	-	43.000	77.878	-	-	3.578.770	16.759
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	1.222.577	232.310	43.015	78.380	28	52.045	6.245.770	36.577
Ratio of other GPMs over the Company's equity (%)	0,1							

December 31, 2018								
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	371.687	240.500	181	398	27	42.879	2.667.000	18.524
B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾	842.611	-	43.000	85.121	-	-	2.222.331	18.987
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	14.559	14.559	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above ⁽²⁾	14.559	14.559	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	1.228.857	255.059	43.181	85.519	27	42.879	4.889.331	37.511
Ratio of other GPMs over the Company's equity (%)	0,1							

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

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

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NOTE 16. COMMITMENTS AND CONTINGENCIES (continued)

Murabaha

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank (“Banks”). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of March 31, 2019, CCBPL has USD 2,2 million sugar purchase commitment to the Banks until the end of April 2019 and has USD 19,2 million sugar purchase commitment to the Banks until the end of December 2019, USD 16,8 million resin purchase commitment to the Banks until the end of November 2019 and has USD 30.4 million sugar purchase commitment to the Banks until the end of March 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.

Litigations against the Group

As of March 2019, according to the legal opinion taken by the administration in response to the lawsuit filed against JSC AB Inbev Efes, in the event of loss the estimated compensation will be million TRL39.112. In the opinion given by the legal counsel of the Group, it is stated that there is no probability of losing the cases and so no provision has been made in the financial statements.

CCI and subsidiaries in Turkey are involved on an ongoing basis in litigation arising in the ordinary course of business as of March 31, 2019 with an amount of TRL10.247 (December 31, 2018 – TRL8.714). As of March 31, 2019, no court decision has been granted yet.

As of March 31, 2019, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR1.506 million, equivalent to USD10,7 million (December 31, 2018 - PKR1.472 million, equivalent to USD 10,6 million).

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

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NOTE 17. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	March 31, 2019	December 31, 2018
Prepaid sales expenses	368.368	335.762
Advances given to suppliers	203.528	118.303
Prepaid insurance expenses	8.831	12.574
Prepaid rent expenses	6.959	7.054
Prepaid other expenses	28.222	23.172
	615.908	496.865

b) Long Term Prepaid Expenses

	March 31, 2019	December 31, 2018
Prepaid sales expenses	400.041	354.740
Prepaid insurance expenses	30.296	36.900
Advances given to suppliers	27.803	14.752
Prepaid other expenses	721	1.103
	458.861	407.495

c) Short Term Deferred Income

	March 31, 2019	December 31, 2018
Advances taken	43.557	58.444
Deferred income	275	148
	43.832	58.592

d) Long Term Deferred Income

	March 31, 2019	December 31, 2018
Deferred income (Note 24)	6.737	975
	6.737	975

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NOTE 18. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	March 31, 2019	December 31, 2018
Value Added Tax (VAT) deductible or to be transferred	323.230	334.541
Other Current Assets from related parties (Anadolu Efes Spor Kulübü)	67.800	-
Other	34.505	39.620
	425.535	374.161

b) Other Non-Current Assets

	March 31, 2019	December 31, 2018
Deferred VAT and other taxes	58.194	65.338
Other	93	753
	58.287	66.091

c) Other Current Liabilities

	March 31, 2019	December 31, 2018
Put option liability	13.283	12.416
Other	79.306	24.109
	92.589	36.525

The obligation of TRL 13.283 results from the buying option carried, for the purchase of 12.5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting 13.283 TRL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase (December 31, 2018 - TRL 12.416).

d) Other Non-Current Liabilities

	March 31, 2019	December 31, 2018
Put option liability	211.852	198.020
Deferred VAT and other taxes	55.830	63.933
Other	2.060	8.355
	269.742	270.308

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V.. This obligation is recorded as put option liability in the Company’s consolidated financial statements. Based on the contract, fair value of the put option liability is calculated using discounted cash flow method as TRL 211.852 and the amount is recorded under “other non-current liabilities” account (December 31, 2018 - TRL 198.020).

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NOTE 19. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	1 January - 31 March 2019	1 January- 31 March 2018
Foreign exchange gains arising from operating activities	89.672	19.099
Income from scrap and other materials	7.953	7.990
Rent income	7.054	3.811
Reversal of provision for inventory obsolescence	4.380	1.862
Rediscount income	3.780	2.224
Reversal of provision for doubtful receivables	3.429	862
Insurance compensation income	507	297
Other income	22.782	12.936
	139.557	49.081

b) Other Operating Expenses

	1 January - 31 March 2019	1 January- 31 March 2018
Foreign exchange losses arising from operating activities	(51.884)	(15.567)
Provision for inventory obsolescence	(20.626)	(2.744)
Rediscount expense	(3.916)	(1.985)
Provision for doubtful receivables	(3.405)	(2.503)
Depreciation and amortization expense on PPE & intangible assets	(1.474)	(1.131)
Donations	(65)	(201)
Other expenses	(22.304)	(8.472)
	(103.674)	(32.603)

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NOTE 20. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	1 January - 31 March 2019	1 January- 31 March 2018
Gain on sale of fixed assets	23.795	2.762
	23.795	2.762

b) Investment activity expense

	1 January - 31 March 2019	1 January- 31 March 2018
Loss on sale of fixed assets	(16.988)	(1.107)
Provision for impairment on intangible assets	(16.058)	-
Provision for impairment on tangible assets	(1.570)	(6.826)
Other	(526)	-
	(35.142)	(7.933)

NOTE 21. FINANCE INCOME / EXPENSE

a) Finance Income

	1 January - 31 March 2019	1 January- 31 March 2018
Foreign exchange gain	157.115	243.753
Interest income	65.072	61.687
Gain on derivative transactions	-	560
Interest income from subleases	2.883	-
	225.070	306.000

b) Finance Expense

	1 January - 31 March 2019	1 January- 31 March 2018
Foreign exchange loss	(232.847)	(387.427)
Interest and borrowing expense	(141.674)	(109.160)
Loss on derivative transactions	(28.002)	(560)
Interest expense from leases	(10.231)	-
Other financial expenses	(18.250)	(7.159)
	(431.004)	(504.306)

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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:

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

	March 31, 2019	December 31, 2018
Deferred tax asset	810.234	675.431
Deferred tax liability	(2.939.133)	(2.755.299)
	(2.128.899)	(2.079.868)

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

	Asset		Liability		Net	
	March 31 2019	December 31 2018	March 31 2019	December 31 2018	March 31 2019	December 31 2018
PP&E and intangible assets and right used of assets	-	-	(3.305.366)	(3.168.429)	(3.305.366)	(3.168.429)
Inventories	-	18.413	(10.406)	-	(10.406)	18.413
Carry forward losses	957.528	781.228	-	-	957.528	781.228
Retirement pay liability and other employee benefits	36.863	42.346	-	-	36.863	42.346
Other provisions and accruals	116.768	195.549	-	-	116.768	195.549
Unused investment discounts	47.701	41.209	-	-	47.701	41.209
Derivative financial instruments	28.013	9.816	-	-	28.013	9.816
	1.186.873	1.088.561	(3.315.772)	(3.168.429)	(2.128.899)	(2.079.868)

As of March 31, 2019, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TL 205.441 (December 31, 2018, TL 205.441) with a total tax advantage of TL 47.701 (December 31, 2018, TL 41.209). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TL 2.367 (December 31, 2018, TL 2.119).

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 - 31 March 2019	1 January- 31 March 2018
Net income/ (loss)	(176.751)	(106.190)
Weighted average number of shares	592.105.263	592.105.263
Earnings/ (losses) per share (full TRL)	(0,2985)	(0,1793)

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. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Borrowings from Related Parties

The Group has a loan amounting of USD37.405 and RUR6.871.942, total of TRL597.485- current borrowings TRL386.955, current portion of non-current borrowing TRL210.530 from Brandbev SARL, which is a related party of AB Inbev Harmony Ltd. USD borrowings has a floating interest rate of Libor + 3,20% and RUR borrowings has interest rate of Mosprime+2,56% (31 December 2018- USD37.405 and RUR4.335.581 total of TRL525.111- current borrowings TRL328.327 and current portion of non-current borrowing TRL196.784 from Brandbev SARL has a floating interest rate of Libor + 3,20% and RUR borrowings has interest rate of Mosprime+2,56%).

The Group has lease liability amounting total of TRL26.732; TRL16.363 as current portion and TRL5.997 as non current portion from Çelik Motor, which is a related party of AG Anadolu Grubu Holding A.Ş.(shareholder).

Due from Related Parties

	March 31, 2019	December 31, 2018
Migros Group Companies ⁽²⁾	214.695	177.459
AB InBev Group Companies ⁽³⁾	83.815	69.440
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	60.171	-
Other	6.830	11.496
	365.511	258.395

The Group has TRL6.068 long term deferred revenue related to AG Anadolu Grubu Holding A.Ş. ⁽¹⁾. (December 31, 2017 – short term deferred revenue TRL147, long term deferred revenue TRL376).

Due to Related Parties

	March 31, 2019	December 31, 2018
AB InBev Group Companies ⁽³⁾	320.518	259.479
Oyex Handels GmbH ⁽²⁾	11.085	14.496
Anadolu Efes Spor Kulübü	67.800	-
Other	6.167	8.603
	405.570	282.578

(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 24. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

	Nature of transaction	1 January - 31 March 2019	1 January- 31 March 2018
Ab InBev Group Companies ⁽³⁾	Service and Purchase of Trade Goods	33.651	28.891
Anadolu Efes Spor Kulübü	Service	23.250	12.510
	Purchase of Materials and Fixed		
Oyex Handels GmbH ⁽²⁾	Assets	18.450	18.602
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	Consultancy Service	10.174	9.385
Çelik Motor Ticaret A.Ş. ⁽²⁾	Vehicle Leasing	5.661	7.874
Efestur Turizm İşletmeleri A.Ş. ⁽²⁾	Travel and Accommodation	4.076	2.582
Anadolu Bilişim Hizmetleri A.Ş. ⁽²⁾	Information Service	67	74
Other		2.060	989
		97.389	80.907

Financial Expense

	Nature of transaction	1 January - 31 March 2019	1 January- 31 March 2018
Brandbev SARL ⁽³⁾	Interest Expense	(12.306)	-
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	Interest Income from Subleases	2.882	-
Çelik Motor Ticaret A.Ş.	Interest Expense from Leases	(249)	-
		(9.673)	-

Revenue and Other Income / (Expenses), Net

	Nature of transaction	1 January - 31 March 2019	1 January- 31 March 2018
Migros Group Companies ⁽²⁾	Sales Income	171.406	127.550
Other	Other Income	61	486
		171.467	128.036

Director's remuneration

As of March 31, 2019 and 2018, total benefits to Anadolu Efes Board of Directors are TRL110 and TRL96, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of March 31, 2019 and 2018 are as follows:

	1 January - 31 March 2019	1 January- 31 March 2018
Short-term employee benefits	10.913	9.496
Post-employment benefits	-	-
Other long term benefits	782	693
Termination benefits	-	74
Share-based payments	-	-
	11.695	10.263

(1) The shareholder of the Group

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

(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)

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NOTE 25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Interest Rate Risk

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

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

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

b) Foreign Currency Risk

Foreign currency risk generally arises from the EURO and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases of goods and services or borrowings of the Group in currencies other than the functional currency. The Group manages short term foreign currency risk by balancing foreign currency denominated assets and liabilities. The Group designates certain part of its bank deposits for the future raw material purchases, operational expense and interest related payments Note 6 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 25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of March 31, 2019 and December 2018 are presented below:

Foreign Currency Position Table						
March 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	141.006	5.238	29.484	6.473	40.903	70.619
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.901.413	303.314	1.707.174	26.836	169.571	24.668
2b. Non- monetary Financial Assets	14.097	-	-	2.231	14.097	-
3. Other Current Assets and Receivables	27.381	28	160	4.308	27.221	-
4. Current Assets (1+2+3)	2.083.898	308.580	1.736.818	39.848	251.792	95.287
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	4.649	-	-	733	4.632	17
8. Non-Current Assets (5+6+7)	4.649	-	-	733	4.632	17
9. Total Assets (4+8)	2.088.547	308.580	1.736.818	40.581	256.424	95.305
10. Trade Payables and Due to Related Parties	(817.994)	(86.663)	(487.771)	(44.258)	(279.656)	(50.567)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(1.600.543)	(86.562)	(487.208)	(176.194)	(1.113.335)	-
12a. Monetary Other Liabilities	(9.723)	(196)	(1.103)	(345)	(2.180)	(6.440)
12b. Non-monetary Other Liabilities	(13.283)	(2.360)	(13.283)	-	-	-
13. Current Liabilities (10+11+12)	(2.441.543)	(175.781)	(989.365)	(220.797)	(1.395.171)	(57.007)
14. Trade Payables and Due to Related Parties	(7.460)	-	-	(1.180)	(7.456)	(4)
15. Long-Term Borrowings	(6.451.638)	(1.049.662)	(5.907.918)	(86.048)	(543.720)	-
16 a. Monetary Other Liabilities	(126)	(22)	(126)	-	-	-
16 b. Non-monetary Other Liabilities	(211.854)	(37.640)	(211.854)	-	-	-
17. Non-Current Liabilities (14+15+16)	(6.671.078)	(1.087.324)	(6.119.898)	(87.228)	(551.176)	(4)
18. Total Liabilities (13+17)	(9.112.621)	(1.263.105)	(7.109.263)	(308.025)	(1.946.347)	(57.011)
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	5.029.231	781.279	4.397.351	100.000	631.880	-
19a. Total Hedged Assets (*)	5.029.231	781.279	4.397.351	100.000	631.880	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	(1.994.843)	(173.246)	(975.094)	(167.443)	(1.058.043)	38.294
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	(6.845.065)	(914.553)	(5.147.468)	(274.716)	(1.735.873)	38.277
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-

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

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

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NOTE 25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of March 31, 2019 and 2018 is as follows:

	1 January - 31 March 2019	1 January- 31 March 2018
Total Export	104.116	68.620
Total Import	831.426	596.752

The following table demonstrates the sensitivity analysis of foreign currency as of March 31, 2019 and 2018:

	Foreign Currency Position Sensitivity Analysis			
	March 31, 2019^(*)		March 31, 2018^(*)	
	Income / (Loss)			
	Increase of the foreign currency	Decrease of the foreign currency	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
USD denominated net asset / (liability)	(514.747)	514.747	(430.141)	430.141
USD denominated hedging instruments (-)	439.735	(439.735)	62.393	(62.393)
Net effect in USD	(75.012)	75.012	(367.748)	367.748
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	(173.587)	173.587	(158.802)	158.802
EURO denominated hedging instruments (-)	63.188	(63.188)	-	-
Net effect in EURO	(110.399)	110.399	(158.802)	158.802
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	3.828	(3.828)	(2.300)	2.300
Other foreign currency hedging instruments (-)	-	-	-	-
Net effect in other foreign currency	3.828	(3.828)	(2.300)	2.300
TOTAL	(181.583)	181.583	(528.850)	528.850

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

c) Foreign Currency Hedge of Net Investments in Foreign Operations

The Group designated denominated bond issued amounting to USD500 million as of January 1, 2018 and EURO100 million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries).

As of April 1, 2018, CCI designated USD 281 million out of USD denominated bond issued amounting to USD500 million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, CCI Holland and Waha B.V.

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL316.200 (TRL246.636 - including deferred tax effect) is recognized as “Gains (Losses) on Hedge” under Equity and to “Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations” under Other Comprehensive Income (31 December 2018 - TRL1.229.608 (TRL959.094 - including deferred tax effect)).

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NOTE 25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

d) Liquidity Risk

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

e) Price Risk

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

f) Credit Risk

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

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

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

g) Capital Risk Management

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

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NOTE 26. FINANCIAL INSTRUMENTS

Fair Value

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

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

a) Financial Assets

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

b) Financial Liabilities

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

Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments and hedging transactions are explained in Note 5, Note 8 and Note 25.

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NOTE 27. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	January 1 – March 31, 2019	January 1 – March 31, 2018
Adjustments for impairment loss (reversal of impairment) of inventories (Note 19)	16.246	882
Adjustments for impairment loss (reversal of impairment) of intangible assets (Note 20)	16.057	-
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 20)	1.570	6.826
Adjustments for impairment loss (reversal of impairment) of receivables (Note 19)	(24)	1.641
	33.849	9.349

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

	January 1 – March 31, 2019	January 1 – March 31, 2018
Provision for vacation pay liability (Note 4)	17.439	9.380
Provision for retirement pay liability (Note 4)	8.488	5.238
Provision for seniority bonus	3.422	5.117
	29.349	19.735

c) Adjustments for Interest (Income) Expenses

	January 1 – March 31, 2019	January 1 – March 31, 2018
Adjustments for interest expenses (Note 21)	151.905	108.995
Adjustments for interest income (Note 21)	(67.955)	(61.687)
	83.950	47.308

d) Cash Flows from (used in) Investing Activities

	January 1 – March 31, 2019	January 1 – March 31, 2018
Cash and cash equivalents in acquired companies (Note 3)	-	13.758
Capital increases made by non-controlling shareholders (Note 3)	-	987
	-	14.745

NOTE 28. EVENTS AFTER REPORTING PERIOD

- a) In accordance with the Anadolu Efes General Assembly Meeting held at April 30, 2019, it has been decided to distribute dividend of TRL300.079 from share issue premium starting from May 31, 2019.
- b) In accordance with the CCI General Assembly Meeting held at April 29, 2019, it has been decided to distribute dividend amounting to TRL300.158, as TRL101.000 of this amount will be paid from 2018 net income, and TRL199.158 will be paid from extraordinary reserves to shareholders starting from May 31, 2019.

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