

**CONVENIENCE TRANSLATION OF THE REVIEW REPORT  
AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.  
AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 30 JUNE 2017 TOGETHER  
WITH LIMITED REVIEW REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH**

**Report on review of interim financial information**

To the Board of Directors of Türk Tuborg Bira ve Malt Sanayii A.Ş.

*Introduction*

1. We have reviewed the accompanying condensed consolidated statement of financial position of Türk Tuborg Bira ve Malt Sanayii A.Ş and its Subsidiary (collectively referred to as the "Group") as at 30 June 2017 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

*Scope of review*

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Türk Tuborg Bira ve Malt Sanayii A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Karakurt, SMMM  
Sorumlu Denetçi

İstanbul, 21 August 2017

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

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**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY****CONDENSED CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE 2017***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)*

		<i>Current Period Reviewed 30 June 2017</i>	<i>Prior Period Audited 31 December 2016</i>
	<b>Notes</b>		
<b>ASSETS</b>			
<b>Current assets</b>		<b>1.004.112</b>	<b>917.424</b>
Cash and cash equivalents		213.068	297.196
Financial investments		211.531	166.490
- Financial assets at fair value through profit or loss	12	211.364	166.323
- Financial assets available for sale	12	167	167
Trade receivables	4	445.487	341.129
- Due from related parties	3	94	92
- Due from third parties		445.393	341.037
Other receivables		3.423	1.107
- Due from third parties		3.423	1.107
Inventories		110.748	98.149
Prepaid expenses		19.855	13.353
- Prepaid expenses from third parties		19.855	13.353
<b>Non-current assets</b>		<b>450.112</b>	<b>368.134</b>
Other receivables		171	171
- Due from third parties		171	171
Investment properties	5	1.496	1.553
Property, plant and equipment	6	404.280	341.478
- Land		1.755	1.755
- Land Improvements		4.249	3.989
- Buildings		34.550	30.752
- Machinery and equipment		149.400	128.657
- Motor vehicles		7.569	6.155
- Furniture and fixtures		179.646	146.514
- Construction in progress		27.111	23.656
Intangible assets	7	5.760	4.782
- Rights		5.760	4.782
Deferred tax assets	10	13.839	16.366
Prepaid expenses		24.566	3.784
- Prepaid expenses from third parties		24.566	3.784
<b>TOTAL ASSETS</b>		<b>1.454.224</b>	<b>1.285.558</b>

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

**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE 2017**

*(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)*

	<i>Notes</i>	<i>Current Period Reviewed 30 June 2017</i>	<i>Prior Period Audited 31 December 2016</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>578.801</b>	<b>517.611</b>
Trade payables	4	137.028	118.778
- Due to related parties	3	2.085	1.569
- Due to third parties		134.943	117.209
Other payables		78.578	53.656
- Due to related parties	3	16.302	-
- Due to third parties		62.276	53.656
Deferred income		190	820
- Deferred income due to third parties		190	820
Current income tax liability	10	14.811	19.778
Short term provisions		91.586	93.718
- Provision for employee benefits		20.263	32.190
- Other short term provisions	8	71.323	61.528
Other current liabilities		256.608	230.861
- Current liabilities due to third parties		256.608	230.861
<b>Non-current liabilities</b>		<b>24.677</b>	<b>20.906</b>
Long term provisions		14.514	12.874
- Provision for employee benefits		14.514	12.874
Deferred tax liability	10	10.163	8.032
<b>TOTAL LIABILITIES</b>		<b>603.478</b>	<b>538.517</b>
<b>EQUITY</b>		<b>850.746</b>	<b>747.041</b>
<b>Equity attributable to equity holders of the Group</b>		<b>850.746</b>	<b>747.041</b>
Share capital	9	322.508	322.508
Adjustment to share capital	9	277.613	277.613
Share premium (discount)	9	154	154
Items that will not be reclassified to profits (losses)		(2.362)	(1.679)
- Revaluation of defined employee benefits (losses) plans		(2.362)	(1.679)
Restricted reserves appropriated from profits		877	-
- Legal reserves	9	877	-
Accumulated profits or losses	9	131.266	(88.445)
Net profit or loss for the period		120.690	236.890
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1.454.224</b>	<b>1.285.558</b>

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

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY- 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Notes	<i>Reviewed Current Period 1 January- 30 June 2017</i>	<i>Not Reviewed Current Period 1 April- 30 June 2017</i>	<i>Reviewed Prior Period 1 January- 30 June 2016</i>	<i>Not Reviewed Prior Period 1 April- 30 June 2016</i>
<b>Profit or Loss</b>				
Revenue	535.262	307.547	429.104	239.443
Cost of sales	(228.392)	(128.537)	(186.012)	(103.631)
<b>GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS</b>	<b>306.870</b>	<b>179.010</b>	<b>243.092</b>	<b>135.812</b>
<b>GROSS PROFIT (LOSS)</b>	<b>306.870</b>	<b>179.010</b>	<b>243.092</b>	<b>135.812</b>
General administrative expenses	(25.424)	(13.851)	(20.813)	(9.447)
Marketing, selling and distribution expenses	(139.504)	(79.889)	(105.458)	(57.342)
Other income from operating activities	6.281	1.926	4.189	1.704
Other expense from operating activities	(11.463)	(4.014)	(10.856)	(8.061)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>136.760</b>	<b>83.182</b>	<b>110.154</b>	<b>62.666</b>
Income from investing activities	43.079	12.091	25.684	15.642
Expense from investing activities	(27.015)	(11.366)	(10.713)	(4.842)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSES)</b>	<b>152.824</b>	<b>83.907</b>	<b>125.125</b>	<b>73.466</b>
Financial expenses	(5.079)	(2.417)	(4.795)	(3.175)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>	<b>147.745</b>	<b>81.490</b>	<b>120.330</b>	<b>70.291</b>
Tax (expense) income, continuing operations	(27.055)	(17.078)	(28.847)	(16.287)
- Current period tax (expense) income	10 (22.226)	(16.500)	(23.031)	(13.305)
- Deferred tax (expense) income	10 (4.829)	(578)	(5.816)	(2.982)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>120.690</b>	<b>64.412</b>	<b>91.483</b>	<b>54.004</b>
<b>PROFIT (LOSS)</b>	<b>120.690</b>	<b>64.412</b>	<b>91.483</b>	<b>54.004</b>
<b>Profit (loss), attributable to</b>				
Non-controlling interests	-	-	-	-
Equity holders of the Group	120.690	64.412	91.483	54.004
	<b>120.690</b>	<b>64.412</b>	<b>91.483</b>	<b>54.004</b>
<b>Earnings per share for net profit attributable to the equity holders of the parent company (full TL ) 11</b>	<b>0,37</b>	<b>0,20</b>	<b>0,28</b>	<b>0,17</b>
<b>Other comprehensive income:</b>				
Items that will not be reclassified to profit or loss	(683)	(642)	(417)	(417)
- Gains (losses) on remeasurements of defined benefit plans	(854)	(803)	(521)	(521)
- Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	171	161	104	104
- Taxes relating to remeasurements of defined benefit plans	171	161	104	104
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>(683)</b>	<b>(642)</b>	<b>(417)</b>	<b>(417)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>120.007</b>	<b>63.770</b>	<b>91.066</b>	<b>53.587</b>
<b>Allocation of comprehensive income:</b>				
Non-controlling interests	-	-	-	-
Equity holders of the Group	120.007	63.770	91.066	53.587
	<b>120.007</b>	<b>63.770</b>	<b>91.066</b>	<b>53.587</b>

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

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY- 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

<i>Reviewed</i>	Share Capital	Adjustment to Share Capital	Share Premium /(Discount)	<i>Items That Will Not Be Reclassified To Profit or Loss</i>	Restricted Reserves	<i>Accumulated Profit/ Losses</i>		Equity Holders of the Group	Total Equity
				Revaluation of Defined Emp. Benefits/(Loss)		Accumulated Profit/ (Losses)	Net Profit/(Loss) for the Period		
<b>Prior Period</b>									
<b>1 January – 30 June 2016</b>									
<b>Balanaces at beginning</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(2.327)</b>	<b>-</b>	<b>(246.197)</b>	<b>157.752</b>	<b>509.503</b>	<b>509.503</b>
Transfers	-	-	-	-	-	157.752	(157.752)	-	-
Total comprehensive income (loss)	-	-	-	(417)	-	-	91.483	91.066	91.066
- Profit (loss) for the period	-	-	-	-	-	-	91.483	91.483	91.483
- Other comprehensive income (loss)	-	-	-	(417)	-	-	-	(417)	(417)
<b>Balanaces at closing</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(2.744)</b>	<b>-</b>	<b>(88.445)</b>	<b>91.483</b>	<b>600.569</b>	<b>600.569</b>
<b>Reviewed</b>									
<b>Current Period</b>									
<b>1 January – 30 June 2017</b>									
<b>Balanaces at beginning</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(1.679)</b>	<b>-</b>	<b>(88.445)</b>	<b>236.890</b>	<b>747.041</b>	<b>747.041</b>
Transfers	-	-	-	-	-	236.890	(236.890)	-	-
Dividends	-	-	-	-	877	(17.179)	-	(16.302)	(16.302)
Total comprehensive income (loss)	-	-	-	(683)	-	-	120.690	120.007	120.007
- Profit (loss) for the period	-	-	-	-	-	-	120.690	120.690	120.690
- Other comprehensive income (loss)	-	-	-	(683)	-	-	-	(683)	(683)
<b>Balanaces at closing</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(2.362)</b>	<b>877</b>	<b>131.266</b>	<b>120.690</b>	<b>850.746</b>	<b>850.746</b>

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

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Notes	<i>Current Period Reviewed 1 January- 30 June 2017</i>	<i>Prior Period Reviewed 1 January- 30 June 2016</i>
<b>Cash Flows Provided From Operating Activities:</b>		
Profit (loss) for the period	<b>120.690</b>	<b>91.483</b>
- Profit (loss) for the period from continuing operations	120.690	91.483
<b>Adjustments To Reconcile Net Profit (Loss) For The Period:</b>	<b>79.487</b>	<b>61.720</b>
Adjustments for depreciation and amortisation expense 5-6-7	42.433	34.169
Adjustments for impairment loss (reversal)	3.307	3.152
Adjustments for impairment loss (reversal) of receivables 4	2.613	2.714
Adjustments for impairment loss (reversal) of inventory	694	438
Adjustments for provisions	19.434	10.165
Adjustments for (reversal of) provision related to employee benefits	9.639	5.515
Adjustments for (reversal of) provision related with legal case	775	6.783
Adjustments for (reversal of) other provisions	9.020	(2.133)
Adjustments for interest (income) expenses	(13.408)	(13.420)
Adjustments for interest income	(14.524)	(13.701)
Unearned finance income due to sales	1.826	304
Unincurred finance expense due to purchases	(710)	(23)
Adjustments for fair value losses (gains)	(312)	(455)
Adjustments for fair value losses (gains) of financial assets	(312)	(455)
Adjustments for taxation (income) expense 10	27.055	28.847
Adjustments for losses (gains) on sale of fixed assets	(889)	(1.130)
Adjustments for losses (gains) on sale of tangible assets	(889)	(1.130)
Adjustments for unrealised foreign exchange losses	1.867	392
<b>Changes In Working Capital:</b>	<b>(98.993)</b>	<b>(64.757)</b>
Adjustments for decrease (increase) in trade receivables	(108.797)	(78.879)
Decrease (increase) in trade receivables from related party 3	(2)	(111)
Decrease (increase) in trade receivables from third party 4	(108.795)	(78.768)
Adjustments for decrease (increase) in other receivables	(2.316)	(670)
Decrease (increase) in other receivables from third party	(2.316)	(670)
Adjustments for decrease (increase) in inventories	(13.293)	(36.749)
Decrease (increase) in prepaid expenses	(27.284)	305
Adjustments for increase (decrease) in trade payables	18.960	22.118
Increase (decrease) in trade payables to related parties 3	516	12
Increase (decrease) in trade payables to third party 4	18.444	22.106
Adjustments for increase (decrease) in other payables	8.620	6.562
Increase (decrease) in other receivables from third party	8.620	6.562
Increase (decrease) in deferred income	(630)	(271)
Adjustments for increase (decrease) in working capital	25.747	22.827
Increase (decrease) in other liabilities	25.747	22.827
	<b>101.184</b>	<b>88.446</b>
Provisions paid related to employee benefits	(20.780)	(13.916)
Other provisions paid	-	(3)
Income taxes return (paid)	(27.193)	(16.951)
<b>Net Cash Generated From Operating Activities</b>	<b>53.211</b>	<b>57.576</b>

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



# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<i>Notes</i>	<i>Current Period Reviewed 1 January- 30 June 2017</i>	<i>Prior Period Reviewed 1 January- 30 June 2016</i>
<b>Cash Flow From Investing Activities:</b>			
Cash inflow from sale of tangible and intangible assets		1.153	2.726
Cash inflow from sale of tangible assets		1.153	2.726
Cash outflow from purchase of tangible and intangible assets		(106.420)	(70.595)
Cash outflow from purchase of tangible assets	6	(103.991)	(70.595)
Cash outflow from purchase of intangible assets	7	(2.429)	-
Interest received		14.524	13.701
Cash inflow from sale of equity or debt instruments of other companies		92.271	14.371
Cash outflow from acquisition of equity or debt instruments of other companies		(140.207)	(129.369)
<b>Net Cash Used In Investing Activities</b>		<b>(138.679)</b>	<b>(169.166)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents Before Currency Translation Differences</b>			
		<b>(85.468)</b>	<b>(111.590)</b>
Effect of currency translation differences on cash and cash equivalents		1.340	(991)
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>		<b>(84.128)</b>	<b>(112.581)</b>
Cash and cash equivalents at the beginning of the period		297.196	312.923
<b>Cash and Cash Equivalents at the end of the Period</b>		<b>213.068</b>	<b>200.342</b>

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

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Tuborg Bira ve Malt Sanayii A.Ş. (“Türk Tuborg” or the “Company”) was incorporated in İzmir in 1969. The Company is engaged in production, sales and distribution of beer and malt to the domestic and international markets.

The Company is registered in the Turkish Capital Markets Board (“CMB”) and its shares have been traded on the Istanbul Stock Exchange Market (“BIST”) since 1989. As at 30 June 2017, the shares traded on BIST are 4,31% (31 December 2016: 4,31%) of the total shares. The ultimate shareholder and the party that controls the Company is International Beer Breweries Ltd. (“IBBL”) with a share of 95,69% (Note 9).

The average number of employees in the Company and Tuborg Pazarlama A.Ş. (together will be referred as the “Group”) as at 30 June 2017 is 1.174 (31 December 2016: 1.018).

The address of the registered office is follows:

Türk Tuborg Bira ve Malt Sanayii A.Ş.  
Kemalpaşa Caddesi No: 258  
Işıkkent 35070  
İzmir

#### Subsidiary

The details of the subsidiary of the Company is as follows:

	Listed entity	Nature of operations	Core business
Tuborg Pazarlama A.Ş.	No	Selling and distribution	Selling and distribution of beer

The Company sells almost all of the beer it produces to its subsidiary, Tuborg Pazarlama A.Ş. (“Tuborg Pazarlama” or “Subsidiary”), in which it holds a share of 99,99% (31 December 2016: 99,99%). Accordingly, Tuborg Pazarlama performs sales and distribution of such products in the domestic market.

#### Approval of the condensed consolidated financial statements for issue:

The condensed consolidated financial statements of the Group were approved by the Board of Directors of Türk Tuborg Bira ve Malt Sanayii A.Ş. for issue on 21 August 2017. The General Assembly of the Company and/or governmental authorities are entitled to modify condensed the consolidated financial statements as enclosed herein.

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of presentation

##### a) Declaration of conformity to Turkish Accounting Standards (“TAS”)

The accompanying condensed consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying condensed financial statements are prepared based on the Turkish Accounting Standards/Turkey Financial Reporting Standards (“TAS”/“TFRS”) and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“KGK”) under Article 5 of the Communiqué.

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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#### **NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Condensed consolidated financial statements and its notes are also presented in accordance with the model requirements as announced by the CMB's statement issued on 7 June 2013 and 15 July 2016.

In compliance with the TAS 34, entities have preference in presenting their consolidated interim financial statements whether full set or condensed. In this framework, the Group preferred to present its interim financial statements in condensed.

Group's condensed interim financial statements do not include all disclosure and notes that should be included at year end financial statements. Therefore the condensed interim financial statements should be examined together with the financial statements of 31 December 2016.

The Group and its subsidiary operating in Turkey maintains its accounting records and prepare its statutory financial statements in accordance with the principles and requirements issued by CMB, Turkish Commercial Code("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The consolidated financial statements, except for financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL.

#### b) Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The condensed consolidated financial statements are presented in TL, which is the parent Company's functional and presentation currency.

#### c) Adjustment of financial statements in hyperinflationary economies

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the Turkish Accounting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", has not been applied in the consolidated financial statements for the accounting year commencing from 1 January 2005.

#### d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved when the Company;

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The details of the Company's subsidiary as at 30 June 2017 and 31 December 2016 are as follows:

<u>Subsidiary</u>	<u>Location of incorporation</u>	<u>Participation rate (%)</u>	<u>Voting power (%)</u>	<u>Core business</u>
Tuborg Pazarlama A.Ş.	Turkey	99,99%	99,99%	Selling and distribution of beer

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non controlling interests are not separately reported in the materiality principle of the accounting.

#### 2.2 New and Revised Turkish Accounting Standards

##### 2.2.1 New and Revised TASs affecting presentation and disclosure only

None.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.2.2 New and Revised TASs affecting the reported financial performance and/ or financial position

None.

#### 2.2.3 New and Revised TASs applied in 2017 with no material effect on the condensed consolidated financial statements

Amendments to TAS 7	<i>Statement of cash flows</i> <sup>1</sup>
Amendments to TAS 12	<i>Income taxes</i> <sup>1</sup>
Annual improvements to 2014-2016 cycle	<i>TFRS 12</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017.

#### 2.2.4 Standards and amendments to existing standards that are not yet effective as of 30 June 2017 and have not been early adopted by the Group:

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

Amendments to TFRS 2	<i>Share based payments</i> <sup>1</sup>
TFRS 9	<i>Financial Instruments</i> <sup>1</sup>
TFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
Amendments to TFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
TFRS 16	<i>Leases</i> <sup>2</sup>
Amendments to TFRS 4	<i>Insurance contracts</i> <sup>1</sup>
Amendments to TAS 40	<i>Investment property</i> <sup>1</sup>
Annual improvements to 2014-2016 cycle	<i>TFRS 1, TFRS 7, TAS 19, TFRS 10, TAS 28</i> <sup>1</sup>
IFRIC 22	<i>Foreign currency transactions and advance consideration</i> <sup>1</sup>
TFRS 17	<i>Insurance contracts</i> <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

#### 2.3 Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 1 January - 31 December 2016. The condensed consolidated financial statements for the period between 1 January - 30 June 2017 should be read in conjunction with the annual consolidated financial statements for the year ended 1 January - 31 December 2016.

The Group is not subject to seasonality or cyclicity of interim operations that might have a significant effect on condensed consolidated financial statements.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 3 - RELATED PARTY DISCLOSURES

#### a) Trade receivables due from related parties:

TL 94 (31 December 2016: TL 92).

#### b) Trade payables due to related parties:

	30 June 2017	31 December 2016
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	1.584	1.375
Other	501	194
	<b>2.085</b>	<b>1.569</b>

#### c) Other payables due to related parties:

As of 30 June 2017, other payables due to related parties amounting to TL 16.302 consist of the dividend which was approved in Ordinary General Assembly Meeting dated 23 May 2017 and not yet distributed as at the financial position date. The amount was paid to shareholders on 26 and 28 July 2017 in accordance with the calendar announced to public.

#### d) Product and service sales:

None (1 January - 30 June 2016: TL 1.092).

#### e) Product and service purchases:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Desa Enerji	6.974	3.905	6.562	3.414
Other	2.755	2.427	5.243	2.415
	<b>9.729</b>	<b>6.332</b>	<b>11.805</b>	<b>5.829</b>

The Group purchases electricity and hot water from Desa Enerji.

#### f) Key management compensation:

Key management includes general manager, assistant general managers and directors. The compensation paid or payable to key management for employee service is shown below:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Short-term employee benefits	4.539	1.975	3.901	2.290
Post-employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
Other	29	9	65	35
	<b>4.568</b>	<b>1.984</b>	<b>3.966</b>	<b>2.325</b>

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 4 - TRADE RECEIVABLE AND PAYABLES

#### a) Short-term trade receivables:

	30 June 2017	31 December 2016
Customer current accounts	408.673	307.527
Notes receivables and customer cheques	43.935	33.407
Credit card receivables	34.180	37.059
Due from related parties (Note 3)	94	92
	<b>486.882</b>	<b>378.085</b>
Less: Provision for doubtful receivables	(36.562)	(33.949)
Unincurred finance income	(4.833)	(3.007)
	<b>445.487</b>	<b>341.129</b>

The effective weighted average interest rate applied to TL denominated receivables is 9,98% p.a. as of 30 June 2017 (31 December 2016: 8,11% p.a.). Trade receivables are all short term with a weighted average maturity of one month (31 December 2016: one month).

Movements in the provision for doubtful receivables are as follows:

	2017	2016
<b>1 January</b>	<b>(33.949)</b>	<b>(29.338)</b>
Reversals of current period provision	197	280
Charged to the consolidated statement of profit or loss and other comprehensive income	(2.810)	(2.994)
<b>30 June</b>	<b>(36.562)</b>	<b>(32.052)</b>

Trade receivables are assessed by Group management on the basis of past experiences and required provision for impairment is booked. In relation to the calculation of such provision, guarantees received from customers are considered. Therefore, considering the past experiences the Group management believes that there is no additional doubtful risk for the collection of receivables.

#### b) Short-term trade payables:

	30 June 2017	31 December 2016
Supplier current accounts	124.667	108.046
Due to related parties (Note 3)	2.085	1.569
Accrued expenses	11.236	9.413
Less: Unearned finance expense	(960)	(250)
	<b>137.028</b>	<b>118.778</b>

The effective weighted average interest rate on TL denominated payables is 9,97% p.a. as of 30 June 2017 (31 December 2016: 8,10% p.a.). Short term payables have a weighted average maturity of one month (31 December 2016: one month).

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 5 - INVESTMENT PROPERTIES

	1 January 2017	Additions	Disposals	Transfers	30 June 2017
<u>Buildings and land improvements:</u>					
Cost	3.445	-	-	-	3.445
Accumulated depreciation	(1.892)	(57)	-	-	(1.949)
<b>Net book value</b>	<b>1.553</b>				<b>1.496</b>

	1 January 2016	Additions	Disposals	Transfers	30 June 2016
<u>Buildings and land improvements:</u>					
Cost	3.297	-	-	-	3.297
Accumulated depreciation	(1.701)	(55)	-	-	(1.756)
<b>Net book value</b>	<b>1.596</b>				<b>1.541</b>

Total rental income from the investment property amounts to TL 51 between 1 January- 30 June 2017 (1 January- 30 June 2016: TL 77). There are no operating expenses arising from the investment property.

As at 30 June 2017, the fair value of Group's investment properties, of which is carried at cost less accumulated depreciation, have been determined by TSKB Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Details of the Group's investment properties and information about the fair value hierarchy as at 30 June 2017 are as follows:

	<u>Fair values as at 30 June 2017</u>			
	30 June 2017	Level 1 TL	Level 2 TL	Level 3 TL
Commercial property unit located in Ankara	4.220	-	4.220	-
Commercial property unit located in İzmir	2.350	-	2.350	-



## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 30 June 2017 were as follows:

	1 January 2017	Additions	Disposals	Transfers	30 June 2017
<b>Cost:</b>					
Land	1.755	-	-	-	1.755
Land improvements	13.686	25	-	351	14.062
Buildings	85.696	171	-	5.159	91.026
Machinery and equipment	409.292	1.673	-	25.872	436.837
Furniture and fixtures	340.846	63.744	(16.254)	1.443	389.779
Motor vehicles	9.379	2.098	(370)	-	11.107
Construction in progress	23.656	36.280	-	(32.825)	27.111
	<b>884.310</b>	<b>103.991</b>	<b>(16.624)</b>	<b>-</b>	<b>971.677</b>
<b>Accumulated depreciation:</b>					
Land improvements	(9.697)	(116)	-	-	(9.813)
Buildings	(54.944)	(1.532)	-	-	(56.476)
Machinery and equipment	(280.635)	(6.802)	-	-	(287.437)
Furniture and fixtures	(194.332)	(31.823)	16.022	-	(210.133)
Motor vehicles	(3.224)	(652)	338	-	(3.538)
	<b>(542.832)</b>	<b>(40.925)</b>	<b>16.360</b>	<b>-</b>	<b>(567.397)</b>
<b>Net book value</b>	<b>341.478</b>				<b>404.280</b>

Movements of property, plant and equipment between 1 January and 30 June 2016 were as follows:

	1 January 2016	Additions	Disposals	Transfers	30 June 2016
<b>Cost:</b>					
Land	1.701	-	(7)	-	1.694
Land improvements	12.180	498	-	-	12.678
Buildings	75.461	254	-	-	75.715
Machinery and equipment	358.855	851	(7.113)	3.322	355.915
Furniture and fixtures	278.517	37.290	(17.986)	2.006	299.827
Motor vehicles	5.343	1.069	(113)	-	6.299
Construction in progress	9.623	30.633	-	(5.328)	34.928
	<b>741.680</b>	<b>70.595</b>	<b>(25.219)</b>	<b>-</b>	<b>787.056</b>
<b>Accumulated depreciation:</b>					
Land improvements	(9.032)	(121)	-	-	(9.153)
Buildings	(50.227)	(1.203)	-	-	(51.430)
Machinery and equipment	(267.671)	(5.103)	6.697	-	(266.077)
Furniture and fixtures	(151.100)	(26.341)	16.820	-	(160.621)
Motor vehicles	(2.884)	(324)	106	-	(3.102)
	<b>(480.914)</b>	<b>(33.092)</b>	<b>23.623</b>	<b>-</b>	<b>(490.383)</b>
<b>Net book value</b>	<b>260.766</b>				<b>296.673</b>

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Current year depreciation and amortisation expenses of TL 28.099 (1 January- 30 June 2016: TL 23.016) have been charged to cost of production, TL 12.049 (1 January- 30 June 2016: TL 9.524) to marketing, selling and distribution costs and TL 2.285 (1 January- 30 June 2016: TL 1.629) to general administrative expenses.

Net book value of returnable bottles and crates classified under "Furniture and fixtures" amounts to TL 92.646 at 30 June 2017 (31 December 2016: TL 81.391).

There is no mortgage and pledge on property, plant and equipment as of 30 June 2017 and 2016.

#### NOTE 7 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods ended 30 June 2017 and 2016 were as follows:

	1 January 2017	Additions	Disposals	Transfers	30 June 2017
Rights	18.305	2.429	-	-	20.734
Accumulated amortisation	(13.523)	(1.451)	-	-	(14.974)
<b>Net book value</b>	<b>4.782</b>				<b>5.760</b>

  

	1 January 2016	Additions	Disposals	Transfers	30 June 2016
Rights	16.229	-	-	-	16.229
Accumulated amortisation	(11.431)	(1.022)	-	-	(12.453)
<b>Net book value</b>	<b>4.798</b>				<b>3.776</b>

Rights are mainly composed of computer software. There were not any internally generated intangible assets.

#### NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

##### a) Other short-term provisions:

	30 June 2017	31 December 2016
Provision for sales discounts	36.808	27.280
Provision for excise duty (*)	31.553	30.778
Provision for legal cases fee	834	834
Other	2.128	2.636
	<b>71.323</b>	<b>61.528</b>

(\*) The Group management has allocated a provision of TL 31.553 (31 December 2016: TL 30.778) (for the principal of excise tax and its overdue charge) for the difference between the excise tax published in the Official Gazette dated 26 August 2005 and in the list no. 3 attached to the Excise Tax Act published in the Official Gazette dated 31 December 2004.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

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### NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

Movements of provision for excise duty in the current period are as follows:

	2017	2016
<b>1 January</b>	<b>30.778</b>	<b>29.219</b>
Charge for the period	775	775
<b>30 June</b>	<b>31.553</b>	<b>29.994</b>

#### b) Contingent assets and liabilities:

The Group management has filed legal actions for the cancellation and return of the excise tax and value added tax which was paid previously for September 2005 and January 2006. 38 of those legal actions filed for the cancellation and return of the excise tax and VAT were concluded against Türk Tuborg while the jurisdiction is continued for the others. As at 30 June 2017, the total value of legal actions is amounted to TL 7.173 (31 December 2016: TL 7.173) in relation to those legal actions not finalized yet.

As at 30 June 2017, the Group has bank letters of guarantee given amounting to TL 9.382 (31 December 2016: TL 9.087). The schedule for guarantee, pledge and mortgage ("GPM") given by the Group is as follows:

	30 June 2017	31 December 2016
A. Total value of GPM provided in favour of the Company itself	9.382	9.087
i. TL	9.382	9.087
B. Total value of GPM provided in favour of the subsidiary	180.432	180.716
C. Total value of GPM provided in favour of third parties engaged in ordinary course of operations	-	-
D. Total value of other GPM	-	-
i. Provided in favour of the main shareholder	-	-
ii. Provided in favour of related parties excluding those mentioned at article B and C above	-	-
iii. Provided in favour of third parties excluding those mentioned at C above	-	-
	<b>189.814</b>	<b>189.803</b>

The ratio of total value of other GPM to equity is 0% at 30 June 2017 (31 December 2016: 0%).

### NOTE 9 - CAPITAL, RESERVES AND OTHER SHARE CAPITAL RESERVES

#### a) Share capital:

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of 1 TL. The Company's historical authorized registered share capital at 30 June 2017 and 31 December 2016 is as follows:

	30 June 2017	31 December 2016
Registered share capital (historical values)	500.000	500.000
Share capital with a nominal value	322.508	322.508

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 9 - CAPITAL, RESERVES AND OTHER SHARE CAPITAL RESERVES (Continued)

The compositions of the Company's share capital at 30 June 2017 and 31 December 2016 were as follows:

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	TL	Share (%)	TL	Share (%)
International Beer Breweries Ltd.	308.597	95,69	308.597	95,69
Public quotation	13.911	4,31	13.911	4,31
	<b>322.508</b>		<b>322.508</b>	

There are 32.250.825.300 (31 December 2016: 32.250.825.300) units of shares with a face value of full 0,01 TL each at 30 June 2017. There are no privileged stocks.

	<b>Historical value</b>	<b>Restated value</b>	<b>Adjustment to share capital</b>
Share capital	322.508	600.121	277.613

#### b) Other equity items:

	<b>30 June 2017</b>	<b>31 December 2016</b>
Adjustment to share capital	277.613	277.613
Restricted reserves appropriated from profits	877	-
Share premium	154	154
	<b>278.644</b>	<b>277.767</b>

The legal reserves consist of first and second reserves, appropriated in accordance with the TCC. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% p.a, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% p.a. of all cash distributions in excess of 5% of the paid-in capital.

Other equity items shall be carried at the amounts in accordance with the Turkish Accounting Standards.

#### c) Accumulated profits or losses:

As at 30 June 2017, accumulated profit in condensed consolidated financial position of the Group prepared in accordance with Turkish Accounting Standards amount to TL 131.266 (31 December 2016: accumulated loss TL 88.445).

### NOTE 10 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

#### Current income tax liability:

	<b>30 June 2017</b>	<b>31 December 2016</b>
Provision for corporate tax expense	26.358	63.358
Less: Prepaid taxes	(11.547)	(43.580)
<b>Current income tax liability</b>	<b>14.811</b>	<b>19.778</b>

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the condensed consolidated financial statements, have been calculated on a separate-entity basis.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

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### NOTE 10 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Corporation tax is payable at a rate of 20% (31 December 2016: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed. Corporations are required to pay advance corporation tax quarterly at the rate of 20% (31 December 2016: 20%) on their corporate income. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing, during which time the tax authorities have the right to examine tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (31 December 2016: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Taxation on income for the period ended 1 June - 30 June 2017 and 2016 is as follows:

	<b>1 January- 30 June 2017</b>	<b>1 April- 30 June 2017</b>	<b>1 January- 30 June 2016</b>	<b>1 April- 30 June 2016</b>
Current tax expense (*)	(22.226)	(16.500)	(23.031)	(13.305)
Deferred tax (expense)/ income	(4.829)	(578)	(5.816)	(2.982)
	<b>(27.055)</b>	<b>(17.078)</b>	<b>(28.847)</b>	<b>(16.287)</b>

(\*) As of 30 June 2017, the adjustment amounting to TL 4.132 arising from the difference between the provisions booked as per the best estimate of Group management and the actual tax calculations determined in the following periods has been taken into consideration.

Reconciliation of the taxation on income for the period ended 30 June 2017 and 2016 is as follows:

	<b>1 January- 30 June 2017</b>	<b>1 January - 30 June 2016</b>
<b>Income before tax</b>	<b>147.745</b>	<b>120.330</b>
Tax calculated at tax rates applicable	(29.549)	(24.066)
Expenses not deductible for tax purposes	(1.619)	(2.163)
Exemptions	102	19
Other adjustments not subject to tax	4.011	(2.637)
<b>Tax expense</b>	<b>(27.055)</b>	<b>(28.847)</b>

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 10 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

#### Deferred taxes:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the consolidated financial statements and the statutory tax financial statements. Deferred taxes are calculated on temporary differences that are expected to be realized or settled under the liability method using the principal enacted tax rate of 20% (31 December 2016: 20%).

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not net off against subsidiaries that have deferred tax liabilities position and disclosed separately.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 30 June 2017 and 31 December 2016, using enacted tax rates at the financial position dates, was as follows:

	30 June 2017		31 December 2016	
	Cumulative temporary differences	Deferred tax (liability)/ asset	Cumulative temporary differences	Deferred tax (liability)/ asset
Property, plant and equipment and intangible fixed assets	34.534	(6.942)	32.882	(6.612)
Inventory	(6.378)	1.276	(2.045)	409
Provision for employment termination benefits	(14.514)	2.928	(12.874)	2.575
Provision for vacation pay obligation and other provisions	(20.263)	4.053	(32.190)	6.438
Provision for impairment of financial investments	(3.463)	693	(3.463)	693
Provision for doubtful receivables	(17.701)	3.541	(15.723)	3.145
Other	9.357	(1.873)	(8.429)	1.686
		<b>3.676</b>		<b>8.334</b>

Thereof:

	30 June 2017	31 December 2016
Subsidiaries with net deferred income tax assets	13.839	16.366
Subsidiaries with net deferred income tax liabilities	(10.163)	(8.032)
	<b>3.676</b>	<b>8.334</b>

Movement of deferred tax assets for periods ended 30 June 2017 and 2016 are as follows:

	2017	2016
<b>1 January</b>	<b>8.334</b>	<b>11.133</b>
Profit or loss effect	(4.829)	(5.816)
Other comprehensive income effect	171	104
<b>30 June</b>	<b>3.676</b>	<b>5.421</b>

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 11 - EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit for the current period by the weighted average number of ordinary shares in issue during the year.

		1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Net income for the period	A	120.690	64.412	91.483	54.004
Weighted number of ordinary shares	B	32.250.825.300	32.250.825.300	32.250.825.300	32.250.825.300
<b>Gain per share with a 0,01 full TL face value</b>	<b>A/B</b>	<b>0,37</b>	<b>0,20</b>	<b>0,28</b>	<b>0,17</b>

There are no differences between basic and diluted gain per share for the periods ended 30 June 2017 and 2016.

### NOTE 12 - FINANCIAL INVESTMENTS

	30 June 2017	31 December 2016
Financial assets at fair value through profit or loss	211.364	166.323
Available-for-sale financial assets	167	167
	<b>211.531</b>	<b>166.490</b>

#### Fair values as at 30 June 2017

	30 June 2017	Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at fair value through profit or loss	211.364	211.364	-	-
Available-for-sale financial assets	167	-	-	167

#### a) Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are financial assets held for trading and stated below:

	30 June 2017	31 December 2016
Private sector bonds and bills	143.281	113.699
Certificates of deposits	68.083	52.624
	<b>211.364</b>	<b>166.323</b>

The financial assets which are acquired principally for the purpose of selling in the short term and classified as financial assets at fair value through profit or loss, consist of financial instruments that are traded in active markets and measured at their fair values derived from their quoted prices as of 30 June 2017.

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 12 - FINANCIAL INVESTMENTS (Continued)

Private sector bonds and bills, and certificates of deposits are dominated in USD and weighted average annual interest rates are 2,19% and 1,22%, respectively (2016: 1,99% and 1,04% ).

Movements of financial assets at fair value through profit or loss are as follows:

	<b>2017</b>
<b>1 January</b>	<b>166.323</b>
Purchase of financial investments	140.207
Sale of financial investments	(92.271)
Fair value increase of financial investments	312
Foreign exchange loss- net	(3.207)
<b>30 June</b>	<b>211.364</b>

#### b) Available-for-sale financial assets:

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	Amount	Share (%)	Amount	Share (%)
Çamlı Yem Besicilik Sanayi ve Tic. A.Ş.	167	0,19	167	0,19
Desa Enerji	-	4,04	-	4,04
Bintur Turizm ve Catering Hizmetleri Tic. A.Ş.	-	4,66	-	4,66
	<b>167</b>		<b>167</b>	



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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 13 - FOREIGN CURRENCY POSITION

#### Foreign Currency Position Schedule

	30 June 2017				31 December 2016			
	TL Equivalent	USD (thousands)	Euro (thousands)	Other (TL Equivalent)	TL Equivalent	USD (thousands)	Euro (thousands)	Other (TL Equivalent)
1. Trade Receivables	2.742	653	113	-	955	226	43	-
2a. Monetary Financial Assets (Including Cash, Bank accounts)	252.227	71.913	2	13	208.213	59.156	4	16
2b. Non-Monetary Financial Assets	5.712	14	1.350	259	9.270	8	2.491	-
3. Other	-	-	-	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>260.681</b>	<b>72.580</b>	<b>1.465</b>	<b>272</b>	<b>218.438</b>	<b>59.390</b>	<b>2.538</b>	<b>16</b>
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	52	1	12	-	3.773	1	1.016	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>52</b>	<b>1</b>	<b>12</b>	<b>-</b>	<b>3.773</b>	<b>1</b>	<b>1.016</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>260.733</b>	<b>72.581</b>	<b>1.477</b>	<b>272</b>	<b>222.211</b>	<b>59.391</b>	<b>3.554</b>	<b>16</b>
10. Trade Payables	(12.928)	(874)	(2.445)	(75)	(19.893)	(1.048)	(4.368)	-
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	(189)	(54)	-	-	(833)	(233)	-	(13)
<b>13. Short Term Liabilities (10+11+12)</b>	<b>(13.117)</b>	<b>(928)</b>	<b>(2.445)</b>	<b>(75)</b>	<b>(20.726)</b>	<b>(1.281)</b>	<b>(4.368)</b>	<b>(13)</b>
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>(13.117)</b>	<b>(928)</b>	<b>(2.445)</b>	<b>(75)</b>	<b>(20.726)</b>	<b>(1.281)</b>	<b>(4.368)</b>	<b>(13)</b>
<b>19. Net Asset/(Liability) Position of Off-Financial Position</b>								
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
<b>19a. Net Asset/(Liability) Position of Off-Financial Position</b>								
Derivative Instruments	-	-	-	-	-	-	-	-
<b>19b. Amount of Liability Nature Off-Financial Position</b>								
Derivative Instruments	-	-	-	-	-	-	-	-
<b>20. Net Foreign Asset/(Liability) Position (9-18+19)</b>	<b>247.616</b>	<b>71.653</b>	<b>(968)</b>	<b>197</b>	<b>201.485</b>	<b>58.110</b>	<b>(814)</b>	<b>3</b>
<b>21. Net Foreign Currency Asset/(Liability) Position of</b>								
Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	242.041	71.692	(2.330)	(62)	189.275	58.334	(4.321)	16
<b>22. Total Fair Value of Financial Instruments Used for</b>								
Foreign Currency Hedging	-	-	-	-	-	-	-	-
<b>23. Amount of foreign currency denominated assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Amount of foreign currency denominated liabilities hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY**

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FOR THE PERIOD 1 JANUARY - 30 JUNE 2017**

*(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)*

**NOTE 13 - FOREIGN CURRENCY POSITION (Continued)**

**30 June 2017:**

	<b>Profit/ Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD- net	25.143	(25.143)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect- net (1+2)</b>	<b>25.143</b>	<b>(25.143)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro- net	(933)	933
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect- net (4+5)</b>	<b>(933)</b>	<b>933</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies- net	(6)	6
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect- net (7+8)</b>	<b>(6)</b>	<b>6</b>
<b>TOTAL (3+6+9)</b>	<b>24.204</b>	<b>(24.204)</b>

**31 December 2016:**

	<b>Profit/ Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD- net	20.529	(20.529)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect- net (1+2)</b>	<b>20.529</b>	<b>(20.529)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro- net	(1.603)	1.603
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect- net (4+5)</b>	<b>(1.603)</b>	<b>1.603</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies- net	2	(2)
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect- net (7+8)</b>	<b>2</b>	<b>(2)</b>
<b>TOTAL (3+6+9)</b>	<b>18.928</b>	<b>(18.928)</b>

There is no effect of foreign currency changes on equity apart from the effects on net income as of 30 June 2017 and 31 December 2016.

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 14 - FINANCIAL INSTRUMENTS

#### Classes of financial instruments and their fair values:

##### 30 June 2017:

	Loans and receivables	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<b><u>Financial assets</u></b>					
Cash and cash equivalents	213.068	-	-	213.068	
Trade receivables	445.487	-	-	445.487	4
Financial investments	-	-	211.364	211.364	12
<b><u>Financial liabilities</u></b>					
Trade payables	-	137.028	-	137.028	4

##### 31 December 2016:

	Loans and receivables	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<b><u>Financial assets</u></b>					
Cash and cash equivalents	297.196	-	-	297.196	
Trade receivables	341.129	-	-	341.129	4
Financial investments	-	-	166.323	166.323	12
<b><u>Financial liabilities</u></b>					
Trade payables	-	118.778	-	118.778	4

The Group management believes that the book values of financial instruments reflect their corresponding fair values.

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