

**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.**

CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2011  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION OF THE AUDIT REPORT  
AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To The Board of Directors of  
Türk Tuborg Bira ve Malt Sanayi A.Ş.  
İzmir

We have audited the accompanying consolidated balance sheet of Türk Tuborg Bira ve Malt Sanayi A.Ş. (the “Company”) and its subsidiary (together the “Group”) as of 31 December 2011 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management’s Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards published by the Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards published by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Türk Tuborg Bira ve Malt Sanayi A.Ş. and its subsidiary as of 31 December 2011, and its consolidated financial performance and its cash flows for the year then ended in accordance with legislation and generally accepted accounting principles published by the Capital Markets Board.

## **Emphasis of matter**

Without modifying our opinion, we draw your attention to the following matter;

As disclosed in detail on Note 28, the Group's current liabilities exceed its total current assets by TL 19.441.151 and the Group's net loss for the year and accumulated losses amounted to TL 8.452.745 and TL 482.532.607, respectively, as at 31 December 2011. These conditions cast doubt about the Group's ability to continue as a going concern. Furthermore, Group management has taken measures in order to strengthen the Group's financial structure.

İzmir, April 13, 2012

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

Gökhan Alpman  
Partner

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# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011

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

	Notes	<i>Audited</i> <i>Current Period</i> 31 December 2011	<i>Audited</i> <i>Prior Period</i> 31 December 2010
<b>ASSETS</b>			
<b>Current Assets</b>		<b>144.176.763</b>	<b>105.911.628</b>
Cash and cash equivalents	3	1.560.741	586.530
Financial investments	4	167.199	167.199
Trade receivables	6	109.525.788	77.486.370
Other receivables	7	176.426	450.176
Inventories	8	26.694.500	23.602.317
Other current assets	15	6.052.109	3.619.036
<b>Non-current assets</b>		<b>123.498.510</b>	<b>112.905.391</b>
Other receivables	7	20.361	37.071
Investment property	9	1.598.070	1.660.674
Property, plant and equipment	10	120.107.239	107.261.614
Intangible assets	11	977.269	1.333.624
Other non-current assets	15	795.571	2.612.408
<b>TOTAL ASSETS</b>		<b>267.675.273</b>	<b>218.817.019</b>

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

**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.****CONSOLIDATED BALANCE SHEET AS AT  
31 DECEMBER 2011***(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)*

		<i>Audited</i> <i>Current Period</i> <b>31 December 2011</b>	<i>Audited</i> <i>Prior Period</i> <b>31 December 2010</b>
	<b>Notes</b>		
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>163.617.914</b>	<b>106.730.445</b>
Financial liabilities	5	47.111.137	16.501.871
Trade payables	6	22.897.388	23.154.826
- Other trade payables		22.205.157	22.550.501
- Due to related parties	25	692.231	604.325
Other payables	7	2.007.085	15.380
Provisions	12	35.863.548	25.984.018
Provision for benefits provided to employees	14	3.179.715	2.632.599
Other current liabilities	15	52.559.041	38.441.751
<b>Non-current liabilities</b>		<b>4.488.546</b>	<b>4.065.016</b>
Provision for employment termination benefits	14	4.488.546	4.065.016
<b>TOTAL LIABILITIES</b>		<b>168.106.460</b>	<b>110.795.461</b>
<b>EQUITY</b>		<b>99.568.813</b>	<b>108.021.558</b>
<b>Equity attributable to equity holders of the Group</b>		<b>99.568.813</b>	<b>108.021.558</b>
Share capital	16	99.971.560	99.971.560
Adjustment to share capital	16	277.612.961	277.612.961
Capital advance	16	212.928.731	212.928.731
Share premium	16	40.913	40.913
Accumulated losses	16	(482.532.607)	(476.789.029)
Net loss for the year		(8.452.745)	(5.743.578)
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>267.675.273</b>	<b>218.817.019</b>

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

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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

	Notes	<i>Audited Current Period 1 January- 31 December 2011</i>	<i>Audited Prior Period 1 January- 31 December 2010</i>
Sales	17	214.427.422	189.094.750
Cost of sales	17	(115.686.275)	(108.584.390)
<b>GROSS PROFIT</b>		<b>98.741.147</b>	<b>80.510.360</b>
Marketing, selling and distribution expenses	18	(80.604.749)	(70.642.786)
General administrative expenses	18	(16.559.527)	(13.958.222)
Other operating income	20	2.574.825	3.598.598
Other operating expenses	20	(3.305.625)	(2.809.674)
<b>OPERATING PROFIT/ (LOSS)</b>		<b>846.071</b>	<b>(3.301.724)</b>
Financial income	21	1.598.524	2.381.900
Financial expenses	22	(10.897.340)	(4.823.754)
<b>LOSS BEFORE TAXATION ON INCOME</b>		<b>(8.452.745)</b>	<b>(5.743.578)</b>
Taxes on income		-	-
- Current corporate tax expense	23	-	-
- Deferred tax expense	23	-	-
<b>NET LOSS FOR THE YEAR</b>		<b>(8.452.745)</b>	<b>(5.743.578)</b>
<b>Other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE EXPENSE</b>		<b>(8.452.745)</b>	<b>(5.743.578)</b>
<b>Allocation of net loss for the year and total comprehensive expense::</b>			
Non-controlling interests		-	-
Equity holders of the Group		(8.452.745)	(5.743.578)
		<b>(8.452.745)</b>	<b>(5.743.578)</b>
<b>Loss per share for loss attributable to the equity holders of the parent company (Kr)</b>	<b>24</b>	<b>(0,08)</b>	<b>(0,06)</b>

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

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

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

**Audited:**

	Share Capital	Adjustment to Share Capital	Capital Advance	Share Premium	Accumulated Losses	Net Loss for the year	Total Equity
<b>1 January 2010</b>	<b>99.971.560</b>	<b>277.612.961</b>	<b>212.928.731</b>	<b>40.913</b>	<b>(475.342.992)</b>	<b>(1.446.037)</b>	<b>113.765.136</b>
Transfer	-	-	-	-	(1.446.037)	1.446.037	-
Total comprehensive expense	-	-	-	-	-	(5.743.578)	(5.743.578)
<b>31 December 2010</b>	<b>99.971.560</b>	<b>277.612.961</b>	<b>212.928.731</b>	<b>40.913</b>	<b>(476.789.029)</b>	<b>(5.743.578)</b>	<b>108.021.558</b>
Transfer	-	-	-	-	(5.743.578)	5.743.578	-
Total comprehensive expense	-	-	-	-	-	(8.452.745)	(8.452.745)
<b>31 December 2011</b>	<b>99.971.560</b>	<b>277.612.961</b>	<b>212.928.731</b>	<b>40.913</b>	<b>(482.532.607)</b>	<b>(8.452.745)</b>	<b>99.568.813</b>

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



# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

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

	Notes	<i>Audited Current Period 1 January- 31 December 2011</i>	<i>Audited Prior Period 1 January- 31 December 2010</i>
<b>Operating activities:</b>			
Loss before taxation on income		(8.452.745)	(5.743.578)
<b>Adjustments to reconcile net cash generated from/ (used in) operating activities to loss before taxation on income:</b>			
Depreciation and amortisation	9-10-11	20.619.025	16.014.314
Interest expense- net		4.066.648	585.706
Rediscount expense- net		587.675	101.999
Provision for doubtful receivables	20	1.225.375	1.726.064
Reversal of provision for doubtful receivables	20	(127.290)	(165.459)
Provision for employment termination benefits	14	924.139	2.089.724
Provision for vacation pay obligation	14	813.926	855.695
Gain on sale of property plant and equipment - net	20	(810.757)	(1.318.527)
Provision for excise duty	12	1.558.773	2.056.348
Provision for impairment of inventories- net	8	158.863	(109.102)
Other provisions and accruals- net	12	8.320.757	(988.334)
		<b>28.884.389</b>	<b>15.104.850</b>
<b>Changes in assets and liabilities:</b>			
Increase in trade receivables	6	(33.106.407)	(27.086.847)
Increase in inventory	8	(3.251.046)	(9.668.974)
Increase/ (decrease) in other receivables and other current assets	7-15	(2.159.323)	108.827
Decrease/ (increase) in non-current receivables and assets	7-15	1.833.547	(2.344.508)
(Decrease)/ increase in trade payables	6	(876.209)	2.916.136
Increase in other current liabilities	7-15	16.108.995	14.347.936
Vacation pay obligation paid	14	(266.810)	(334.524)
Employment termination benefits paid	14	(500.609)	(1.221.967)
<b>Net cash generated from/ (used in) operating activities</b>		<b>6.666.527</b>	<b>(8.179.071)</b>
<b>Investing activities:</b>			
Purchases of property, plant and equipment and intangible assets	10-11	(33.486.894)	(27.494.966)
Proceeds from sales of property, plant and equipment		1.251.960	2.419.449
<b>Net cash used in investing activities</b>		<b>(32.234.934)</b>	<b>(25.075.517)</b>
<b>Financing activities:</b>			
Proceeds from bank loans		407.203.938	254.495.749
Redemption of bank loans		(377.351.378)	(237.993.878)
Interest paid		(3.309.942)	(585.706)
<b>Net cash generated from financing activities</b>		<b>26.542.618</b>	<b>15.916.165</b>
<b>Increase/ (decrease) in cash and cash equivalents</b>		<b>974.211</b>	<b>(17.338.423)</b>
Cash and cash equivalents at the beginning of the year		586.530	17.924.953
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>1.560.741</b>	<b>586.530</b>

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

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

(Amounts expressed in 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 ("ISE") since 1989. As at 31 December 2011, the shares traded on ISE are 4,31% (2010: 4,31%) of the total shares. The ultimate shareholder of the Company is International Beer Breweries Ltd ("IBBL") with a share of 95,69% (Note 16).

The address of the registered office is follows:

Türk Tuborg Bira ve Malt Sanayii A.Ş.  
Kemalpaşa Caddesi No: 52  
Işıkkent 35070  
İzmir

#### Subsidiary

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

<u>Subsidiary</u>	<u>Listed entity</u>	<u>Nature of operations</u>	<u>Core business</u>
Bimpaş Bira ve Meşrubat Pazarlama A.Ş.	No	Selling and distribution	Selling and distribution of beer

The Company sells almost all of the beer which it produces to its subsidiary, Bimpaş Bira ve Meşrubat Pazarlama A.Ş. ("Bimpaş" or "Subsidiary"), in which it holds a share of 99,93% (2010: 99,93%). Accordingly, Bimpaş performs sales and distribution of such products in the domestic market.

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

The 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 13 April 2012. The General Assembly of the Company and/or governmental authorities are entitled to modify the consolidated financial statements as enclosed herein.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

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

#### 2.1 Basis of presentation

##### a) Basis of presentation of consolidated financial statements:

The Company and its Turkish subsidiary maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation.

The CMB regulated the principles and issued of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué XI, No: 29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes Communiqué XI, No: 25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB, which do not contradict with the aforementioned standards shall be applied.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the templates recommended by the CMB, with the weekly bulletins No: 2008/16, 2008/18, 2009/02, 2009/04 and 2010/4 including the mandatory disclosures.

Statutory Decree No: 660, which has been become effective and published in the Official Gazette on 2 November 2011, and the Additional Clause 1 of the Law No: 2499 were nullified and accordingly, Public Oversight, Accounting and Audit Standards Institution (the "Institution") was established. As per Additional Article 1 of the Statutory Decree, applicable laws and standards will apply until new standards and regulations be issued by the Institution and will become effective. In this respect, the respective matter has no effect over the 'Basis of The Preparation of Financial Statements' and notes disclosed in the accompanying financial statements as of the reporting date.

The consolidated financial statements are based on historical cost convention and prepared in terms of Turkish Lira ("TL"). In determination of historical cost, fair value of the cash consideration of the payment is taken into account.

##### 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 consolidated financial statements are presented in TL, which is the parent Company's functional and presentation currency.

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

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

##### 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 CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the consolidated financial statements for the accounting year commencing from 1 January 2005.

##### d) Comparatives and restatement of prior year consolidated financial statements

In the current period, the Group has made the following reclassification to the prior year consolidated financial statements to conform to changes in the current year presentation. In this respect, the Group has reviewed the allocation of provision for employment termination benefits amongst the cost of sales, marketing, selling and distribution expenses and general administrative expenses accounts. The Group has applied this updated allocation of expenses retrospectively to its provision for employment termination benefits arising in the prior period. Provision for employment termination benefits in the amount of TL 2.089.724 which was previously recorded to the general administrative expenses account for the period ending 31 December 2010, is distributed as TL 1.374.457, TL 627.133 and TL 88.134 to the cost of sales, marketing, selling and distribution expenses and general administrative expenses, respectively, in the Group's comparative financial statements which has been compared alongside the consolidated comprehensive statement of income for the period ending 31 December 2011.

##### e) Group accounting

The accompanying consolidated financial statements have been prepared under consideration of the going concern assumption of the Group. As disclosed in detail on Note 28, the Group's current liabilities exceed its total current assets by TL 19.441.151 and the Group's net loss for the year and accumulated losses amounted to TL 8.452.745 and TL 482.532.607, respectively, as at 31 December 2011. These conditions cast doubt about the Group's ability to continue as a going concern. Furthermore, Group management has taken measures in order to strengthen the Group's financial structure as explained in Note 28.

##### f) Group accounting

The consolidated financial statements include the accounts of the parent company, Türk Tuborg and its subsidiary on the basis set out below. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards, applying uniform accounting policies and presentation.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

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

#### Subsidiary

Subsidiaries are companies over which the Company has power to control the financial and operating policies for the benefit of the Group. This power is granted if Türk Tuborg can exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself. Subsidiary is included in the consolidated financial statements from the date of transfer of control any to the Company and it is excluded from the consolidated financial statements from the date of cease of control. The balance sheets and comprehensive income statements of the subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between group companies are eliminated. The cost of, and the dividends arising from, shares held by Group are eliminated from equity and income or loss for the year, respectively.

The details of the Company's subsidiary at 31 December 2011 and 2010 are as follows:

<u>Subsidiary</u>	<u>Location of incorporation</u>	<u>Participation rate (%)</u>	<u>Voting power (%)</u>	<u>Core business</u>
Bimpaş Bira ve Meşrubat Pazarlama A.Ş.	Turkey	%99,93	%99,93	Selling and distribution of beer

Any losses attributable to the non-controlling shareholders that exceed their share in net asset of the related subsidiary are allocated to the equity holders of the Group.

As the Subsidiary's net assets and related non-controlling shares do not have any significant impact on the net value of the Company, its financial position and operations, they are not separately classified as non-controlling interest in the consolidated balance sheet and comprehensive income statement.

#### **2.2 Changes in accounting policies**

Any significant changes in the accounting policies are retrospectively applied and the consolidated financial statements of the preceding terms are restated. There has been no change in the accounting policies of the Group in the current year.

#### **2.3 Changes in accounting estimates and errors**

Any significant changes in accounting estimates are prospectively applied in consolidated financial statements and accounted for in the current and preceding periods. There has been no significant change in the accounting estimates of the Group in the current year.

In relation to errors identified in financial reporting, they are accounted for retrospectively and prior year financial statements are restated.

#### **2.4 Amendments to International Financial Reporting Standards**

##### **2.4.1 New and Revised IFRSs affecting presentation and disclosure only**

None.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

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

#### **2.4.2 New and Revised IFRSs affecting the reported financial performance and/ or financial position**

None.

#### **2.4.3 New and Revised IFRSs applied in 2011 with no material effect on the consolidated financial statements**

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010): The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. As the Group does not have any other comprehensive income item, the application of the amendments has had no effect on the amounts reported in the current and prior years.
- IAS 24 Related Party Disclosures (as revised in 2009): IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities. The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in IAS 24 (as revised in 2009) in the current year has not resulted in the identification of related parties that were not identified as related parties under the previous Standard.
- Amendments to IAS 32 Classification of Rights Issues: The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. The application of the amendments has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement: The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's consolidated financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this nature.
- Improvements to IFRSs issued in 2010: The application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements

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

**2.4.4 New and Revised IFRSs in issue but not yet effective**

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

- **Amendments to IFRS 7 Disclosures - Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities:** The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013. The group management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures.
- **IFRS 9 Financial Instruments:** The standard requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. The group management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognized in profit or loss). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

- IFRS 10 Consolidated Financial Statements: IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 Joint Arrangements: The standard replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 Disclosure of Interests in Other Entities: The standard is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 Fair Value Measurement: The standard establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income: The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012.
- Amendments to IAS 12 Deferred Taxes – Recovery of Underlying Assets
- IAS 19 (as revised in 2011) Employee Benefits: The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits.



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

- IAS 27 (as revised in 2011) Separate Financial Statement
- IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities

#### 2.5 Summary of significant accounting policies

##### 2.5.1 Revenue recognition

Revenue is generated from beer sales to domestic and foreign dealers. Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable.

##### *Sale of goods:*

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### *Interest revenue:*

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### *Rental income:*

Rental income from properties is accounted for during the duration of rent agreement based on straight-line method.

##### 2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the consolidated comprehensive income statement in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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

#### 2.5.3 Property, plant and equipment

All other items of property, plant and equipment acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less the subsequent depreciation and impairment loss, if any, as of 31 December 2010. Borrowing costs directly attributable to the qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets in accordance with the Group's accounting policy. In 2011, the Group does not have any qualified assets, and borrowing costs are recognised in the consolidated comprehensive income statement in the period in which they are incurred.

Property, plant and equipment are capitalised and depreciated when they are fully commissioned and in a physical state to meet their designed production capacity. Residual values of property, plant and equipment are deemed as negligible.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Land is not depreciated and carried at cost less accumulated impairment. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets using the straight-line method.

The annual depreciation rates for property, plant and equipment, which are based on the approximate useful lives of such assets, are as follows:

	<u>Rate (%)</u>
Buildings	2,5 - 4
Machinery and equipments	6,7 - 20
Furniture and fixtures and returnable bottles and crates	6,7 - 33
Motor vehicles	12,5 - 20

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in consolidated comprehensive income statement.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Repairs and maintenance are charged to the consolidated statements of income during the financial period in which they are incurred. The Group derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Major overhauls are depreciated over shorter of their useful lives or the remaining useful life of the related assets.

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

#### **2.5.4 Investment property**

Investment property, which is property, held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis over 40 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in consolidated comprehensive profit or loss in the year of retirement or disposal.

#### **2.5.5 Financial leasing**

##### Leasing - the Group as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

#### **2.5.6 Intangible assets**

Intangible assets are mainly composed of computer software and other related intangible assets none of which were internally generated. All other items of intangible assets acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less the subsequent depreciation and impairment loss, if any, at the consolidated financial statements. Amortization is charged on a straight-line basis over their estimated useful lives of three years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Residual values of intangible assets are deemed as negligible. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

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

#### **2.5.7 Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is an impairment indication for the assets, except for the deferred income tax asset stated at revalued amounts. When an indication of impairment exists, the Group estimates the recoverable amounts of such assets. Recoverable amounts of intangible assets that are not available for use, are estimated at each reporting date. An impairment loss is recognised for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount, which is the higher of an asset's net selling price or value in use. Impairment losses are accounted for in the consolidated comprehensive income statement.

Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognised.

#### **2.5.8 Borrowing costs**

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are measured at amortised cost using the effective yield method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised at the consolidated comprehensive income statement as finance cost over the period of the borrowings. Loans with a maturity of less than 12 months are included in current liabilities and in non-current liabilities with a maturity of longer than 12 months.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. In 2011, the Group does not have any qualified assets, and borrowing costs are recognised in the consolidated comprehensive income statement in the period in which they are incurred.

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

#### 2.5.9 Financial instruments

##### a) Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. The Group management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group classifies its financial instruments in the following categories:

##### i. Receivables

Receivables constitute non-derivative financial instruments, which are not quoted in active markets and have fixed or scheduled payments. Receivables without held-for-sale intention arise from the Group's supply of goods and service to any debtor. If the maturity of these instruments are less than 12 months, these receivables are classified in current assets and if more than 12 months, classified in non-current assets. The receivables are included in trade receivables and other receivables in the consolidated balance sheet. Receivables are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, receivables are stated at amortised cost using the effective yield method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

##### ii. Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. The Group management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All financial investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments, and subsequently carried at fair value. The financial assets which the group has a participation rate less than 20% and are classified as available-for-sale investments, are carried at market value when there is quoted market price, they are carried at fair value by using generally accepted valuation techniques, when there is no active market for the financial asset quoted not active. When there is no quoted market price, and when a reasonable estimate of fair value could not be determined as a result of being other methods inappropriate and unworkable, available-for-sale investments acquired before 1 January 2005 are carried at cost expressed in purchasing power of TL as at 31 December 2004 and available-for-sale investments acquired after 1 January 2005 are carried at cost, less impairment losses, if any. Impairment losses are recognized at consolidated comprehensive income statement.

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

##### *iii. Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets, if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. The Group has no financial assets in this category.

##### *iv. Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the management has the positive intention and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity financial assets are carried at amortised cost using the effective interest method, less any provision for impairment. The Group has no financial assets classified in this category.

##### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

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

#### b) Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

#### *i. Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. The Group has no financial assets in this category.

#### *ii. Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### **2.5.10 Foreign currency transactions**

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL. In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise.

### **2.5.11 Loss per share**

Loss per share disclosed in the consolidated comprehensive statement of income are determined by dividing net loss for the year by the weighted average number of shares that have been outstanding during the year.

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of losses per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

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

#### **2.5.12 Events after the balance sheet date**

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorised for issue.

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the consolidated financial statements. Moreover, the events that occur subsequent to the balance sheet date and not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of consolidated financial statements are affected.

#### **2.5.13 Provisions, contingent assets and contingent liabilities**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **Onerous contracts**

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

#### **2.5.14 Related parties**

For the purpose of the consolidated financial statements, shareholders having control, joint control or significant influence over the Group, International Beer Breweries Ltd Group companies, fellow subsidiaries and key management personnel together with companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties.

#### **2.5.15 Operating segments**

Due to the fact that the Group only operates in one single industrial segment, that a substantial part of its operations occur in Turkey and that all of its assets are located in Turkey, the financial information are not required to be reported by segments.



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

#### 2.5.16 Taxation and deferred income taxes

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### *i. Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

##### *ii. Deferred tax*

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

#### **2.5.17 Provision for benefits provided to employees**

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. All actuarial gains and losses are charged to consolidated comprehensive income statement.

#### **2.5.18 Statement of cash flows**

In the consolidated cash flow statement, the consolidated cash flows for the term are classified and reported basing upon the operations, investment and financing activities. Consolidated cash flows from operating activities indicate the consolidated cash flow from the Group's activities. Consolidated cash flows related with the investment activities indicate the consolidated cash flows which the Group uses and acquires in its investment activities. Cash flows related with the financing activities indicate the consolidated resources which the Group uses in its financing activities and the repayments of such resources.

Cash and cash-like assets include the cash and bank deposits as well as short-term high-liquidity investments with certain amounts and with maturities equal to or less than 3 months, which may be easily liquidated.

#### **2.5.19 Capital and dividends**

Ordinary shares are classified as capital. As approved, the proportionate capital increases as applied to existing shareholders are reported at their nominal values. Dividend payments of ordinary shares are entered in the records in the term when they are described in the capital. And stock issuance premiums represent the difference between the face values of the publicly traded stocks and their sales prices.

### **2.6 Critical accounting estimates and judgements**

Preparation of consolidated financial statements requires disclosure of assets and liabilities, contingent assets and liabilities as at balance sheet date and utilisation of estimates and assumptions that can affect income and expense amounts. The results of these estimations and assumptions can differ from the actual results even these estimations and assumptions are based on the management's best estimate.

Significant estimates of the Group management are as follows:

#### ***a) Impairment of available-for-sale financial assets***

The Group reviews its portfolio of available-for-sale financial assets for potential impairment. The determination of impairment requires management to use significant judgment especially in available-for-sale financial assets that do not have independent market valuation benchmarks. In making its assessment, the Group evaluates various factors including the financial health of and outlook of the investee, the significance in the decline in the fair value of the investment and whether the decline is prolonged or temporary. In this respect, available-for-sale investments of the Group are stated at their costs less impairment losses, if any.

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

##### *b) Deferred taxes*

Deferred tax assets and liabilities are recorded using enacted tax rates for the effect of temporary differences between tax bases of assets and liabilities and their carrying values based on CMB Financial Reporting Standards. Currently, there are deferred tax assets resulting from tax losses carried forward and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized.

The main factors which are considered include potential future earnings; cumulative losses in recent years; history of losses carried forward and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. Based on the assessment of all available evidence, the Group management believes that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then all of the deferred tax assets are not recognized. If future results of operations exceed the Group management's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

##### *c) Income taxes*

The Group operates in various tax jurisdictions and is subject to the related tax regulations. Significant judgment is required to determine the Group provision for income taxes. The Group estimates its liabilities for tax obligations as well as the utilization of available loss carry forwards. When the final tax outcome is known, the actual positions may vary from these estimates and adjustments to deferred income tax positions may be required.

##### *d) Provision for doubtful receivables*

Impairment loss in the trade receivables and other receivables are based upon the Group management's evaluation about the volume of the amount of trade, past experiences and overall economic conditions.

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

#### e) *Useful lives of the assets*

The useful economic lives of the assets of the Group are determined on the acquisition date of such assets and reviewed at regular intervals by the Group management. The Group determines the useful life of an asset in consideration of the estimated benefit of such asset. Such evaluation is based upon the Group's experience with similar assets. In determining the useful life of an asset, the Group further considers the condition of the assets becoming useless in a technical and/or commercial manner as a consequence of the changes or developments in the market.

#### f) *Provision for employment termination benefits*

The Group management employs actuary evaluation methods in order to estimate the severance pay liability. The provision for severance pay has been calculated at its current net amount of any liability amounts which shall arise in the future due to the retirement of all the employees and reflected in the consolidated financial statements enclosed herein. Accordingly, the following estimates have been used in the calculation of the total liability:

	<b><u>31 December 2011</u></b>	<b><u>31 December 2010</u></b>
Discount rate	4,66%	4,66%
Probability of retirement	96,2%	96,4%

Basic assumption is the increase of the ceiling liability determined for each annual service in proportion with the inflation rate. Thus, the discount rate applied shows the actual rate which has been cleared of the expected impacts of the inflation.

### NOTE 3 - CASH AND CASH EQUIVALENTS

	<b>31 December 2011</b>	<b>31 December 2010</b>
Cash in hand	424.384	187.510
Banks	1.136.357	399.020
- TL denominated demand deposits	911.357	399.020
- TL denominated time deposits	225.000	-
	<b>1.560.741</b>	<b>586.530</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 4 - FINANCIAL INVESTMENTS

##### Available-for-sale investments:

	<u>31 December 2011</u>		<u>31 December 2010</u>	
	Amount	Share (%)	Amount	Share (%)
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş.	167.199	0,19	167.199	0,19
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	-	4,04	-	4,04
Bintur Turizm ve Catering Hizmetleri Tic. A.Ş.	-	4,66	-	4,66
	<b>167.199</b>		<b>167.199</b>	

Available-for-sale investments of the Group are stated at their costs less impairment losses amounted to 3.889.355 TL (2010: 3.889.355 TL) since they are not traded in active markets and their fair values could not be calculated reliably.

#### NOTE 5 - FINANCIAL LIABILITIES

	<b>31 December 2011</b>		
	<u>Interest rate (%)</u>	<u>Original currency</u>	<u>TL equivalent</u>
TL denominated bank loans	8,50-14,00	-	47.111.137
			<b>47.111.137</b>

  

	<b>31 December 2010</b>		
	<u>Interest rate (%)</u>	<u>Original currency</u>	<u>TL equivalent</u>
TL denominated bank loans	7,15-7,40	-	16.501.871
			<b>16.501.871</b>

At 31 December 2011, TL denominated bank borrowings consist of unsecured revolving loans with fixed interest rates and unsecured spot borrowings with fixed interest rates. The Group does not have any non-current financial liability as at 31 December 2011 (2010: None).

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### NOTE 6 - TRADE RECEIVABLES AND PAYABLES

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

	31 December 2011	31 December 2010
Customer current accounts	75.336.188	42.602.715
Notes receivables and customer cheques	49.248.395	54.211.236
Credit card receivables	6.269.907	218.820
	<b>130.854.490</b>	<b>97.032.771</b>
Less: Provision for doubtful receivables	(20.249.610)	(19.151.525)
Unearned finance income	(1.079.092)	(394.876)
	<b>109.525.788</b>	<b>77.486.370</b>

The effective weighted average interest rate applied to TL denominated receivables is 10,77% p.a. (2010: 6,45% p.a.) as of 31 December 2011. Trade receivables are all short term with a weighted average maturity of one month (2010: one month).

The amount of overdue trade receivables as of 31 December 2011 is TL 7.659.257 (2010: TL 8.573.380) and the aging of such receivables and credit risk analysis are disclosed in Note 26 in detail.

Movements in the provision for doubtful receivables are as follows:

	2011	2010
<b>1 January</b>	<b>(19.151.525)</b>	<b>(17.590.920)</b>
Collections (Note 20)	127.290	165.459
Charged to the consolidated comprehensive income statement (Note 20)	(1.225.375)	(1.726.064)
<b>31 December</b>	<b>(20.249.610)</b>	<b>(19.151.525)</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:

Supplier current accounts	22.363.501	22.612.304
Due to related parties (Note 25)	692.231	604.325
Less: Unincurred finance cost	(158.344)	(61.803)
	<b>22.897.388</b>	<b>23.154.826</b>

The effective weighted average interest rate on TL denominated payables is 11,41% p.a. as of 31 December 2011 (2010: 6,46% p.a.). Short term payables have a weighted average maturity of one month (2010: one month).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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#### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

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

	31 December 2011	31 December 2010
Advances given for business purposes	90.173	64.874
Deposit and guarantees given	70.894	74.051
Prepaid taxes and funds	11.682	27.008
Value added tax receivable	-	181.821
Other	3.677	102.422
	<b>176.426</b>	<b>450.176</b>

##### b) Long-term other receivables:

Deposit and guarantees given	20.361	37.071
	<b>20.361</b>	<b>37.071</b>

##### c) Short-term other payables:

Order advances received from customers	2.007.085	15.380
	<b>2.007.085</b>	<b>15.380</b>

#### NOTE 8 - INVENTORIES

	31 December 2011	31 December 2010
Raw material	6.542.788	9.419.719
Work in progress	11.363.380	5.776.062
Finished good	6.381.725	6.249.400
Other	2.406.607	2.157.136
	<b>26.694.500</b>	<b>23.602.317</b>

At 31 December 2011, other inventories are mainly composed of spare parts amounting to TL 1.394.272 (2010: TL 1.311.212).

At 31 December 2011, finished goods amounting to TL 6.643.501 (2010: TL 6.352.313) were stated at their net realisable values by recording an obsolescence provision amounting to TL 261.776 (2010: TL 102.913) while the other inventory items are valued at their costs. Such obsolescence provision was accounted for under cost of sales.

Cost of materials recognised as expense and included in cost of sales amounts to TL 69.055.763 (2010: TL 67.673.105) (Note 19).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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### NOTE 9 - INVESTMENT PROPERTY

	1 January 2011	Additions	Disposals	Transfers	31 December 2011
<u>Buildings and land improvements:</u>					
Cost	2.368.069	-	-	-	2.368.069
Accumulated depreciation	(707.395)	(62.604)	-	-	(769.999)
<b>Net book value</b>	<b>1.660.674</b>				<b>1.598.070</b>
	1 January 2010	(*) Transfers	Additions	Disposals	31 December 2010
<u>Buildings and land improvements:</u>					
Cost	-	2.368.069	-	-	2.368.069
Accumulated depreciation	-	(676.093)	(31.302)	-	(707.395)
<b>Net book value</b>	<b>-</b>	<b>1.691.976</b>			<b>1.660.674</b>

(\*) Note 10.

The fair value of investment property is TL 3.250.000 based on the valuation performed by an independent property valuation company certified by the CMB. The valuation has been made in accordance with International Valuation Standards and considered references to current market transactions of similar properties. Total rental income from the investment property in 2011 amounts to TL 240.000 (2010: TL 120.000).

### NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 31 December 2011 were as follows:

	1 January 2011	Additions	Disposals	Transfers	31 December 2011
<b>Cost:</b>					
Land	1.465.446	340.000	(43.000)	-	1.762.446
Buildings and land improvements	76.390.519	155.294	-	-	76.545.813
Machinery and equipment	281.135.627	511.140	(1.272.750)	5.143.715	285.517.732
Furniture and fixtures and returnable bottles and crates	115.799.573	24.469.597	(5.007.347)	761.664	136.023.487
Motor vehicles	2.516.209	60.399	(245.163)	-	2.331.445
Construction in progress	2.879.129	7.627.986	-	(5.905.379)	4.601.736
	<b>480.186.503</b>	<b>33.164.416</b>	<b>(6.568.260)</b>	<b>-</b>	<b>506.782.659</b>
<b>Accumulated depreciation:</b>					
Buildings and land improvements	(48.768.850)	(2.114.145)	-	-	(50.882.995)
Machinery and equipment	(236.060.170)	(5.065.335)	1.225.739	-	(239.899.766)
Furniture and fixtures and returnable bottles and crates	(86.660.023)	(12.578.755)	4.742.838	-	(94.495.940)
Motor vehicles	(1.435.846)	(197.911)	237.038	-	(1.396.719)
	<b>(372.924.889)</b>	<b>(19.956.146)</b>	<b>6.205.615</b>	<b>-</b>	<b>(386.675.420)</b>
<b>Net book value</b>	<b>107.261.614</b>				<b>120.107.239</b>



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### NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment between 1 January and 31 December 2010 were as follows:

	1 January 2010	Additions	Disposals	Transfers	Transfer to Investment Property	31 December 2010
<b>Cost:</b>						
Land	1.489.746	86.700	(111.000)	-	-	1.465.446
Buildings and land improvements	78.087.188	235.185	(37.314)	473.529	(2.368.069)	76.390.519
Machinery and equipment	287.588.841	719.777	(12.983.122)	5.810.131	-	281.135.627
Furniture and fixtures and returnable bottles and crates	104.651.546	17.191.041	(8.811.460)	2.768.446	-	115.799.573
Motor vehicles	1.789.384	974.975	(248.150)	-	-	2.516.209
Construction in progress	4.652.511	7.734.473	-	(9.507.855)	-	2.879.129
	<b>478.259.216</b>	<b>26.942.151</b>	<b>(22.191.046)</b>	<b>(*) (455.749)</b>	<b>(**) (2.368.069)</b>	<b>480.186.503</b>
<b>Accumulated depreciation:</b>						
Buildings and land improvements	(47.378.215)	(2.099.181)	32.453	-	676.093	(48.768.850)
Machinery and equipment	(243.962.367)	(5.073.829)	12.976.026	-	-	(236.060.170)
Furniture and fixtures and returnable bottles and crates	(86.308.471)	(8.192.337)	7.840.785	-	-	(86.660.023)
Motor vehicles	(1.498.922)	(177.784)	240.860	-	-	(1.435.846)
	<b>(379.147.975)</b>	<b>(15.543.131)</b>	<b>21.090.124</b>	<b>-</b>	<b>(**) 676.093</b>	<b>(372.924.889)</b>
<b>Net book value</b>	<b>99.111.241</b>					<b>107.261.614</b>

(\*) Note 11.

(\*\*) Note 9.

Current year depreciation and amortisation expenses of TL 12.719.804 (2010: TL 10.350.834) have been charged to cost of production (Note 17), TL 7.232.925 (2010: TL 5.143.917) to marketing, selling and distribution costs (Note 18) and TL 666.296 (2010: TL 519.563) to general administrative expenses (Note 18).

Net book value of returnable bottles and crates classified under "Furniture and fixtures and returnable bottles and crates" amounts to TL 13.300.724 (2010: TL 7.811.971) at 31 December 2011.

#### Net book value of financial leased assets:

	Machinery and equipment	Motor vehicles	Total
31 December 2011	76.619	-	<b>76.619</b>
31 December 2010	99.623	5.461	<b>105.084</b>

The property, plant and equipment acquired under finance leases are depreciated over the useful life of the related asset on straight-line basis. The Group does not have any financial leasing liability as of 31 December 2011 (2010: None).

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### NOTE 11 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December were as follows:

	1 January 2011	Additions	Disposals	Transfers	31 December 2011
Rights	9.525.418	322.478	(83.145)	-	9.764.751
Accumulated amortisation	(8.191.794)	(600.275)	4.587	-	(8.787.482)
<b>Net book value</b>	<b>1.333.624</b>				<b>977.269</b>

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Rights	8.516.854	552.815	-	(*) 455.749	9.525.418
Accumulated amortisation	(7.751.913)	(439.881)	-	-	(8.191.794)
<b>Net book value</b>	<b>764.941</b>				<b>1.333.624</b>

(\*) Note 10.

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

### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

#### a) Provisions:

	31 December 2011	31 December 2010
Provision for excise duty	22.983.653	21.424.880
Provision for sales discounts	2.329.592	640.830
Provision for legal case (*)	1.992.780	-
Provision for legal cases fee	1.022.411	850.062
Provision for licence fee	995.512	862.056
Other (**)	6.539.600	2.206.190
	<b>35.863.548</b>	<b>25.984.018</b>

(\*)The Group management has provided a provision based on the decision by the first degree court in relation to a lawsuit and accounted under other operating expenses and financial expenses.

(\*\*) It consists mainly composed of provision for salaries, sales premiums.

The Group management has filed for the repeal of the Decrees of Council of Ministers ("DCM") No. 04/6992, 04/7792, 05/8410, 05/9281 and 05/9796 at the Council of State in relation to excise tax. The Office No. 7 of the Council of State decreed the repeal of the first three DCM and that the last DCM to be null and void, while the jurisdiction is still continued for all DCMs. On the other hand, the Group management has allocated a provision of TL 22.983.653 (2010: TL 21.424.880) (for the principal of excise tax and its overdue charge) for the difference between the higher excise tax amount related to the aforementioned DCMs and the lower amount as stipulated for beer in the List no. 3 attached to the Excise Tax Act published in the Official Gazette dated December 31, 2004.

Movements of provision for excise duty in the current year were as follows:

	2011
<b>1 January</b>	<b>21.424.880</b>
Current year charge	1.558.773
<b>31 December</b>	<b>22.983.653</b>

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### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

Provision for legal cases fee is composed of charges accrued for several legal actions calculated over 0,396%. Movements of provision for legal cases fee in the current year were as follows:

	<b>2011</b>
<b>1 January</b>	<b>850.062</b>
Utilised in the current year	(981)
Current year charge	173.330
<b>31 December</b>	<b>1.022.411</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 the period of June-December 2004, the period of February-May 2005, the period of June-August 2005, August 26-31, 2005, September 2005, December 23-31, 2005, January 2006, and February 1-13, 2006. 15 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 31 December 2011, the total value of legal actions is amounted to TL 123.565.243 (2010: TL 123.601.243) in relation to those legal actions not finalised yet.

As at 31 December 2011, the Group has letters of guarantee given amounting to 6.416.761 TL (2010: TL 5.194.597). The schedule for guarantee, pledge and mortgage (GPM) given by the Group is as follows:

	<b>31 December 2011</b>	<b>31 December 2010</b>
A. Total value of GPM provided in favour of the Company itself	6.416.761	5.194.597
i. TL	6.416.761	3.844.752
ii. Euro (*)	-	1.349.845
B. Total value of GPM provided in favour of the subsidiary	-	-
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>6.416.761</b>	<b>5.194.597</b>

(\*) At 31 December 2010, related bank letters of guarantee are amounted to Euro 658.750 in terms of original currency.

The ratio of total value of other GPM to equity is 0% at 31 December 2011 (2010: 0%).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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### NOTE 13 - COMMITMENTS

Operational leasing liabilities as of 31 December 2011 and 2010 are indicated below:

Foreign currency	31 December 2011			
	1 year		1- 5 years	
	Original currency	TL equivalent	Original currency	TL equivalent
Euro	1.075.103	2.627.337	1.034.192	2.527.358
USD	185.625	350.627	654.375	1.236.049
TL	-	496.373	-	301.745
		<b>3.474.337</b>		<b>4.065.152</b>

  

Foreign currency	31 December 2010			
	1 year		1- 5 years	
	Original currency	TL equivalent	Original currency	TL equivalent
Euro	828.956	1.698.614	1.087.993	2.229.406
USD	178.125	275.381	840.000	1.298.640
TL	-	313.893	-	451.688
		<b>2.287.888</b>		<b>3.979.734</b>

### NOTE 14 - PROVISION FOR BENEFITS PROVIDED TO EMPLOYEES

#### a) Provision for vacation pay obligation:

	31 December 2011	31 December 2010
Provision for vacation pay obligation	3.179.715	2.632.599
	<b>3.179.715</b>	<b>2.632.599</b>

Movements of provision for vacation pay obligation in the current year were as follows:

	2011
<b>1 January</b>	<b>2.632.599</b>
Payment in the current year	(266.810)
Current year charge	813.926
<b>31 December</b>	<b>3.179.715</b>

#### b) Provision for employment termination benefit:

Provision for employment termination benefit	4.488.546	4.065.016
	<b>4.488.546</b>	<b>4.065.016</b>

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### NOTE 14 - PROVISION FOR BENEFITS PROVIDED TO EMPLOYEES (Continued)

Under Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TL 2.731,85 TL for each year of service as of 31 December 2011 (2010: TL 2.517,01).

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2011, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5,10% and a discount rate of 10%, resulting in a real discount rate of approximately 4,66% (2010: 4,66%).

The anticipated rate of forfeitures is considered as 96,2% (2010: 96,4%). As the maximum liability is revised semiannually, the maximum amount of TL 2.805,04 effective from 1 January 2012 has been taken into consideration in calculation of provision from employment termination benefits.

Movements of the provision for employment benefits were as follows:

	<b>2011</b>	<b>2010</b>
<b>1 January</b>	<b>4.065.016</b>	<b>3.197.259</b>
Service cost	677.370	915.807
Interest cost	189.520	149.063
Acturial loss	57.249	1.024.854
Paid during the year	(500.609)	(1.221.967)
<b>31 December</b>	<b>4.488.546</b>	<b>4.065.016</b>

The total of service cost, interest cost and acturial loss of for the year is amounted to TL 924.139 (2010: TL 2.089.724) and it is distributed as TL 236.184 (2010: TL 88.134), TL 264.516 (2010: TL 1.374.457) and TL 423.439 (2010: TL 627.133) to general administrative expenses, cost of production and marketing, selling and distribution expenses, respectively.

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

#### NOTE 15 - OTHER ASSETS AND LIABILITIES

##### a) Other current assets:

	31 December 2011	31 December 2010
Order advances- inventories	4.616.672	2.364.030
Prepaid expenses	1.435.437	1.255.006
	<b>6.052.109</b>	<b>3.619.036</b>

Prepaid expenses are mainly composed of prepaid insurance policies.

##### b) Other non-current assets:

Order advances- property, plant and equipment	767.040	2.566.913
Other	28.531	45.495
	<b>795.571</b>	<b>2.612.408</b>

##### c) Other current liabilities:

Taxes and funds payable	36.767.792	27.798.731
Deposit liability	11.638.771	9.529.597
Other	4.152.478	1.113.423
	<b>52.559.041</b>	<b>38.441.751</b>

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2011

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

### NOTE 16 - EQUITY

#### 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 31 December 2011 and 2010 is as follows:

	31 December 2011	31 December 2010
Registered share capital (historical values)	400.000.000	400.000.000
Share capital with a nominal value	99.971.560	99.971.560
Capital advance	212.928.731	212.928.731

The compositions of the Company's share capital at 31 December 2011 and 2010 were as follows:

	31 December 2011		31 December 2010	
	TL	Share (%)	TL	Share (%)
International Beer Breweries Ltd	95.659.374	95,69	95.659.374	95,69
Public quotation	4.312.186	4,31	4.312.186	4,31
	<b>99.971.560</b>		<b>99.971.560</b>	

There are 9.997.156.000 (2010: 9.997.156.000) units of shares with a face value of TL 0,01 each at 31 December 2011. There are no privileged stocks.

	Historical value	Restated value	Adjustment to share capital
Share capital	99.971.560	377.584.521	277.612.961

#### b) Restricted reserves:

	31 December 2011	31 December 2010
Share premium	40.913	40.913
Adjustment to share capital	277.612.961	277.612.961
	<b>277.653.874</b>	<b>277.653.874</b>

The Company does not have any legal reserve in statutory financial statements at 31 December 2011, which is subject to profit distribution.

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% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital.

In accordance with the CMB regulations effective until 1 January 2008, inflation adjustment differences arising at the initial application inflation accounting, which were recorded under "accumulated losses," could be net off from the profit to be distributed based on the CMB regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be net off against the reserves arising from the inflation adjustment of net off profit for the period and undistributed retained earnings. Remaining amount, if any, could be net off against the reserves arising from the inflation adjustment of extraordinary reserves, legal reserves and share capital, respectively.

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

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#### **NOTE 16 - EQUITY (Continued)**

In addition, in accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "Inflation adjustment to shareholders' equity" in equity at the initial application of inflation accounting. "Inflation adjustment to shareholders' equity" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No: XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premium" shall be carried at their statutory amounts. The valuation differences (like inflation adjustments) shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Adjustment to Share Capital",
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained earnings".

Other equity items shall be carried at the amounts in accordance with the CMB Financial Reporting Standards.

#### **c) Accumulated losses:**

As at 31 December 2011, accumulated losses in consolidated balance sheet of the Group prepared in accordance with CMB Financial Reporting Standards amount to TL 482.532.607 (2010: TL 476.789.029).



# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

### NOTE 17 - SALES AND COST OF SALES

	1 January- 31 December 2011	1 January- 31 December 2010
<b>Sales revenue</b>		
Domestic sales- net	167.068.179	142.184.626
Export sales- net	47.359.243	46.910.124
<b>Total sales revenue- net</b>	<b>214.427.422</b>	<b>189.094.750</b>
<b>Cost of sales</b>		
Cost of direct materials and change in stocks	(69.055.763)	(67.673.105)
Depreciation and amortisation	(12.719.804)	(10.350.834)
Labor expense	(8.994.688)	(8.729.903)
Other production cost	(24.916.020)	(21.830.548)
<b>Total cost of sales</b>	<b>(115.686.275)</b>	<b>(108.584.390)</b>
<b>GROSS PROFIT</b>	<b>98.741.147</b>	<b>80.510.360</b>

### NOTE 18 - MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

#### a) Marketing, selling and distribution expenses:

	1 January- 31 December 2011	1 January- 31 December 2010
Marketing	20.253.704	18.520.174
Personnel expenses	19.322.020	17.861.523
Transportation and distribution costs	17.271.625	13.821.102
Outsourced services	8.100.278	6.599.596
Depreciation and amortisation	7.232.925	5.143.917
Other	8.424.197	8.696.474
	<b>80.604.749</b>	<b>70.642.786</b>

#### b) General administrative expenses:

Personnel expenses	8.995.630	7.456.661
Outsourced services	3.333.872	2.555.829
Depreciation and amortisation	666.296	519.563
Taxes and funds	478.749	699.918
Employment termination benefits	236.184	88.134
Other	2.848.796	2.638.117
	<b>16.559.527</b>	<b>13.958.222</b>

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

### NOTE 19 - EXPENSES BY NATURE

	1 January- 31 December 2011	1 January- 31 December 2010
Sales revenue	214.427.422	189.094.750
Other operating income	2.574.825	3.598.598
Finance income	1.598.524	2.381.900
<b>Total revenue</b>	<b>218.600.771</b>	<b>195.075.248</b>
Cost of direct materials and change in stocks	(69.055.763)	(67.673.105)
Personnel expenses	(37.312.338)	(34.048.087)
Depreciation and amortisation	(20.619.025)	(16.014.314)
Other production cost	(24.916.020)	(21.830.548)
Marketing expenses	(20.253.704)	(18.520.174)
Other expense	(43.999.326)	(37.908.844)
Finance expense	(10.897.340)	(4.823.754)
<b>Total expense</b>	<b>(227.053.516)</b>	<b>(200.818.826)</b>
<b>Loss before taxes</b>	<b>(8.452.745)</b>	<b>(5.743.578)</b>
Tax expense	-	-
<b>Net loss for the year</b>	<b>(8.452.745)</b>	<b>(5.743.578)</b>

### NOTE 20 - OTHER OPERATING INCOME/ (EXPENSE)

#### a) Other operating income:

	1 January- 31 December 2011	1 January- 31 December 2010
Gain on sales of property, plant and equipment	841.131	1.727.095
Gain on sales of scrap materials	377.972	274.719
Indemnity income	240.186	101.321
Rent income	240.000	120.000
Reversal of provision for doubtful receivables	127.290	165.459
Other	748.246	1.210.004
	<b>2.574.825</b>	<b>3.598.598</b>

#### b) Other operating expense:

Provision for doubtful receivables	(1.225.375)	(1.726.064)
Provision for legal case	(1.054.893)	-
Loss on sales of property, plant and equipment	(30.374)	(408.568)
Other	(994.983)	(675.042)
	<b>(3.305.625)</b>	<b>(2.809.674)</b>

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2011

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

#### NOTE 21 - FINANCIAL INCOME

	<b>1 January- 31 December 2011</b>	<b>1 January- 31 December 2010</b>
Foreign exchange gain	1.345.551	1.206.821
Interest income	221.877	1.175.079
Other	31.096	-
	<b>1.598.524</b>	<b>2.381.900</b>

#### NOTE 22 - FINANCIAL EXPENSE

	<b>1 January- 31 December 2011</b>	<b>1 January- 31 December 2010</b>
Interest expense	(7.225.919)	(2.650.827)
Foreign exchange loss	(2.132.201)	(1.286.587)
Other	(1.539.220)	(886.340)
	<b>(10.897.340)</b>	<b>(4.823.754)</b>

#### NOTE 23 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

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 consolidated financial statements, have been calculated on a separate-entity basis.

Corporation tax is payable at a rate of 20% (2010: 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% (2010: 20%) on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. 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% (2010: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2011

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

### NOTE 23 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

In Corporate Tax Law, there has been settled a number of exemptions for companies, of which the Company may benefit are explained as follows:

According to Turkish Corporate Income Tax Law numbered 5520, effective from 21 June 2006, a 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

Dividend income from shares in the capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) is exempt from corporate tax.

75% of profit from sale of preferential right certificates and share premiums generated from sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax.

Taxation on income for the twelve-month periods ended 31 December 2011 and 2010 is as follows:

	<b>1 January- 31 December 2011</b>	<b>1 January - 31 December 2010</b>
Current corporation tax expense	-	-
Deferred tax income/ (expense)	-	-
	-	-

Reconciliation of the taxation on income for the nine-month periods ended 31 December 2011 and 2010 is as follows:

	<b>1 January- 31 December 2011</b>	<b>1 January - 31 December 2010</b>
<b>Loss before tax</b>	<b>(8.452.745)</b>	<b>(5.743.578)</b>
Tax calculated at tax rates applicable	1.690.549	1.148.716
Expenses not deductible for tax purposes	(4.887.007)	(4.358.690)
Other adjustments subject to tax	3.196.458	3.209.974
<b>Tax expense</b>	<b>-</b>	<b>-</b>

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2011

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

### NOTE 23 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

#### Deferred income taxation

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between the consolidated financial statements and the statutory tax financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled under the liability method using the principal enacted tax rate of 20% (2010: 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 income tax assets and liabilities provided at 31 December 2011 and 2010, using enacted tax rates at the balance sheet dates, was as follows:

	<u>31 December 2011</u>		<u>31 December 2010</u>	
	<u>Cumulative temporary differences</u>	<u>Deferred tax (liability)/asset</u>	<u>Cumulative temporary differences</u>	<u>Deferred tax (liability)/asset</u>
Property, plant and equipment and intangible assets	(150.668)	30.134	(471.112)	94.222
Other	7.799.136	(1.559.827)	5.127.704	(1.025.541)
Tax losses carried forward	(7.648.468)	1.529.693	(4.656.592)	931.319
	-	-	-	-

The Group did not recognise deferred income tax assets of TL 18.423.988 (2010: TL 32.465.466) arising from tax losses carried forward and certain deductible temporary differences listed below as their future utilisation is not virtually certain. While making the assessment of utilisation of deferred tax assets, the Group management considers such factors as the developments in the sector in which it operates, taxable profit forecasts in the forthcoming years, Turkey's general economic and political condition as well as international general economic and political conditions which may affect Turkey and/or the Group.

	<u>31 December 2011</u>	<u>31 December 2010</u>
Investment allowance	44.340.395	39.749.044
Deductible temporary differences	34.041.305	33.332.569
Tax losses carried forward	26.183.830	100.533.211
	<u>104.565.530</u>	<u>173.614.824</u>

Deductible temporary differences listed above are mainly composed of property, plant and equipment amounted to TL 226.944 (2010: TL 3.004.663), provision of doubtful receivables amounted to TL 7.660.031 (2010: TL 7.047.294), provision for employment termination benefits and vacation pay liability amounted to TL 7.668.261 (2010: TL 6.697.615) and impairment on available for sale investments amounted to TL 3.462.874 (2010: TL 3.462.874).

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

#### **NOTE 23 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)**

Years of expiration of tax losses carried forward over which no deferred income tax assets were recognised as of 31 December 2011 and 2010 are as follows:

<b>Expiration years</b>	<b>31 December 2011</b>	<b>31 December 2010</b>
2011	-	3.541.521
2012	1.116.363	46.856.756
2013- 2014	25.067.467	50.134.934
	<b>26.183.830</b>	<b>100.533.211</b>

#### **NOTE 24 - LOSS PER SHARE**

Loss per share is calculated by dividing the loss for the current period by the weighted average number of ordinary shares in issue during the year.

	<b>1 January- 31 December 2011</b>	<b>1 January - 31 December 2010</b>
Net loss for the year	(8.452.745)	(5.743.578)
Weighted number of ordinary shares	9.997.156.000	9.997.156.000
Loss per share with a 0,01 TL face value	<b>(0,08)</b>	<b>(0,06)</b>

There are no differences between basic and diluted loss per share for the years ended 31 December.

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

#### NOTE 25 - RELATED PARTY DISCLOSURES

##### a) Due from related parties:

None (2010: None).

##### b) Due to related parties:

	31 December 2011	31 December 2010
Desa Enerji	684.730	604.179
Other	7.501	146
	<b>692.231</b>	<b>604.325</b>

##### c) Product and service sales:

IBBL	-	-
Other	86.854	29.378
	<b>86.854</b>	<b>29.378</b>

##### d) Product and service purchases:

	1 January - 31 December 2011	1 January - 31 December 2010
Desa Enerji	6.100.412	6.535.898
Other	775.339	107.169
	<b>6.875.751</b>	<b>6.643.067</b>

The Group purchases electricity and hot water from Desa Enerji.

##### e) Key management compensation:

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

Short-term employee benefits	5.677.371	5.359.017
Post-employment benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Other	148.674	116.413
	<b>5.826.045</b>	<b>5.475.430</b>

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

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#### **NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

##### **a) Credit risk:**

Ownership of financial assets brings about the risk of the other party's failure to perform the obligation of the contract. The Group management covers such risks by restricting the average risk for the other party (excluding related parties) in each contract and receiving guarantees if and when necessary. The Group does business through a dealers system to a great extent in the country. The Group reduces its collection risk with letters of guarantee, mortgages and pre-sales binding notes which it received from its dealers and controls the purchase orders of its dealers not covered by such guarantees by comparing such guarantees received from dealers with its receivables. Considering the past experience in the collection of the trade receivables of the Group, one can see that the provisions allocated are within the anticipated limits. Therefore, the Group management does not anticipate any additional risks related with the Group's trade receivables.



# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Group's credit risk analysis as of 31 December 2011 and 2010 are as follows:

#### 31 December 2011:

	Receivables				Bank Deposits	Financial Investments	Total
	Trade Receivables (1)		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
<b>Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)</b>	-	<b>109.525.788</b>	-	<b>164.744</b>	<b>1.136.357</b>	<b>167.199</b>	<b>110.994.088</b>
- The part of maximum credit risk covered with guarantees etc	-	86.333.836	-	-	-	-	86.333.836
<b>A.</b> Net book value of financial assets not past due and not impaired (3)	-	101.866.531	-	164.744	1.136.357	-	103.167.632
<b>B.</b> Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-	-
<b>C.</b> Net book value of assets past due but not impaired (3)	-	5.540.162	-	-	-	-	5.540.162
- The part covered by guarantees etc.	-	1.989.225	-	-	-	-	1.989.225
<b>D.</b> Net book value of assets impaired	-	2.119.095	-	-	-	167.199	2.286.294
- Past due (gross book value)	-	20.087.027	-	-	-	-	20.087.027
- Impairment (-)	-	(17.967.932)	-	-	-	-	(17.967.932)
- The part of net value covered with guarantees etc.	-	2.119.095	-	-	-	-	2.119.095
- Not due (gross book value)	-	2.281.678	-	-	-	4.056.554	6.338.232
- Impairment (-)	-	(2.281.678)	-	-	-	(3.889.355)	(6.171.033)
- The part of net value covered with guarantees etc	-	-	-	-	-	-	-
<b>E.</b> Off balance items exposed to credit risk	-	-	-	-	-	-	-

(1) Trade receivables of the Group are mainly resulted from sales of beer and malt.

(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.

(3) Considering the past experiences, the Group management believes that there are no additional credit risk for the collection of these receivables.

## TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

#### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2010:

	Receivables				Bank Deposits	Financial Investments	Total
	Trade Receivables (1)		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
<b>Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)</b>	-	<b>77.486.370</b>	-	<b>241.347</b>	<b>399.020</b>	<b>167.199</b>	<b>78.293.936</b>
- The part of maximum credit risk covered with guarantees etc	-	43.045.994	-	-	-	-	43.045.994
<b>A.</b> Net book value of financial assets not past due and not impaired (3)	-	68.912.990	-	241.347	399.020	-	69.553.357
<b>B.</b> Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-	-
<b>C.</b> Net book value of assets past due but not impaired (3)	-	5.440.153	-	-	-	-	5.440.153
- The part covered by guarantees etc.	-	2.994.734	-	-	-	-	2.994.734
<b>D.</b> Net book value of assets impaired	-	3.133.227	-	-	-	167.199	3.300.426
- Past due (gross book value)	-	20.583.560	-	-	-	-	20.583.560
- Impairment (-)	-	(17.450.333)	-	-	-	-	(17.450.333)
- The part of net value covered with guarantees etc.	-	3.133.227	-	-	-	-	3.133.227
- Not due (gross book value)	-	1.701.192	-	-	-	4.056.554	5.757.746
- Impairment (-)	-	(1.701.192)	-	-	-	(3.889.355)	(5.590.547)
- The part of net value covered with guarantees etc	-	-	-	-	-	-	-
<b>E.</b> Off balance items exposed to credit risk	-	-	-	-	-	-	-

(1) Trade receivables of the Group are mainly resulted from sales of beer and malt.

(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.

(3) Considering the past experiences, the Group management believes that there are no additional credit risk for the collection of these receivables.

# TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The aging analysis of overdue financial assets as of 31 December 2011 and 2010 is as follows:

#### 31 December 2011:

	Trade Receivables		
	Related Parties	Other Parties	Total
1-30 days overdue	-	2.863.371	2.863.371
1-3 months overdue	-	1.078.709	1.078.709
3-12 months overdue	-	1.163.767	1.163.767
1-5 years overdue	-	2.553.410	2.553.410
	-	7.659.257	7.659.257
The part covered by guarantees	-	(4.108.320)	(4.108.320)
- Mortgage	-	(2.395.718)	(2.395.718)
- Bank letters of guarantee	-	(1.712.602)	(1.712.602)
	-	<b>3.550.937</b>	<b>3.550.937</b>

#### 31 December 2010:

	Trade Receivables		
	Related Parties	Other Parties	Total
1-30 days overdue	-	3.860.869	3.860.869
1-3 months overdue	-	761.709	761.709
3-12 months overdue	-	1.481.016	1.481.016
1-5 years overdue	-	2.469.786	2.469.786
	-	8.573.380	8.573.380
The part covered by guarantees	-	(6.127.961)	(6.127.961)
- Mortgage	-	(3.590.485)	(3.590.485)
- Bank letters of guarantee	-	(2.537.476)	(2.537.476)
	-	<b>2.445.419</b>	<b>2.445.419</b>

#### b) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk is managed by obtaining sufficient financing facilities from various financial institutions to be able to fund the present and future potential borrowing requirement. Liquidity risk represents the Group's risk of failure to cover its financial liabilities when they are due. The Group's liquidity management approach is to have sufficient liquidity in each and every term and to cover any liabilities both under normal and hard conditions when they are due without causing any unacceptable loss nor damaging the reputation of the Group in the market.

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**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

<b>31 December 2011</b>					
	<b>Book value</b>	<b>Total cash outflows per agreement (=I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3- 12 months (II)</b>	<b>1- 5 years (III)</b>
<b>Contractual terms:</b>					
<b>Non-derivative financial liabilities:</b>					
Financial liabilities	47.111.137	48.321.999	25.852.720	22.469.279	-
Trade payables	22.897.388	23.055.732	23.055.732	-	-
Other payables	2.007.085	2.007.085	2.007.085	-	-
Provisions	35.863.548	35.863.548	9.864.704	25.998.844	-
Other current liabilities	15.791.249	15.791.249	4.152.478	11.638.771	-
	<b>123.670.407</b>	<b>125.039.613</b>	<b>64.932.719</b>	<b>60.106.894</b>	<b>-</b>

<b>31 December 2010</b>					
	<b>Book value</b>	<b>Total cash outflows per agreement (=I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3- 12 months (II)</b>	<b>1- 5 years (III)</b>
<b>Contractual terms:</b>					
<b>Non-derivative financial liabilities:</b>					
Financial liabilities	16.501.871	16.522.998	16.522.998	-	-
Trade payables	23.154.826	23.216.629	23.216.629	-	-
Other payables	15.380	15.380	15.380	-	-
Provisions	25.984.018	25.984.018	3.709.076	22.274.942	-
Other current liabilities	10.643.020	10.643.020	1.113.423	9.529.597	-
	<b>76.299.115</b>	<b>76.382.045</b>	<b>44.577.506</b>	<b>31.804.539</b>	<b>-</b>

The Group does not have any derivative financial liability as at 31 December 2011 (2010: None).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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#### **NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

##### **c) Market risk:**

###### i) Interest risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

###### ii) Price risk

The operational profitability of the Group and the cash flows provided from the operations are affected by the beer sector which are changing according to the competition in the relevant market and the changes in the raw material prices. These relevant prices are closely followed up by the Group management and Audit Committee to reduce the pressure of the costs on selling prices and necessary precautions for cost reductions are taken accordingly. Price risk is monitored by Board of Directors and Audit Committee via regular meetings.

###### iii) Foreign exchange risk

The Group is exposed to foreign exchange risk through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. These risks are discussed at the meetings of Board of Directors and Audit Committee, and closely monitored by analysis of the foreign currency position.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	Foreign Currency Position Schedule							
	31 December 2011				31 December 2010			
	TL Equivalent	USD	Euro	Other (TL Equivalent)	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade Receivables	2.606.879	1.379.082	790	-	1.685.725	1.086.882	2.638	-
2a. Monetary Financial Assets (Including Cash, Bank accounts)	-	-	-	-	-	-	-	-
2b. Non-Monetary Financial Assets	4.402.034	6.160	1.788.209	20.373	1.546	1.000	-	-
3. Other	-	-	-	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>7.008.913</b>	<b>1.385.242</b>	<b>1.788.999</b>	<b>20.373</b>	<b>1.687.271</b>	<b>1.087.882</b>	<b>2.638</b>	-
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	754.345	-	308.677	-	4.679.183	168.063	2.156.389	701
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>754.345</b>	-	<b>308.677</b>	-	<b>4.679.183</b>	<b>168.063</b>	<b>2.156.389</b>	<b>701</b>
<b>9. Total Assets (4+8)</b>	<b>7.763.258</b>	<b>1.385.242</b>	<b>2.097.676</b>	<b>20.373</b>	<b>6.366.454</b>	<b>1.255.945</b>	<b>2.159.027</b>	<b>701</b>
10. Trade Payables	(2.306.845)	(657.395)	(433.421)	(5.897)	(3.653.992)	(430.465)	(1.457.416)	(2.102)
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Monetary Other Liabilities	(2.065.740)	(1.083.040)	(8.178)	-	-	-	-	-
12b. Non-Monetary Other Liabilities	(46.384)	(24.556)	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>(4.418.969)</b>	<b>(1.764.991)</b>	<b>(441.599)</b>	<b>(5.897)</b>	<b>(3.653.992)</b>	<b>(430.465)</b>	<b>(1.457.416)</b>	<b>(2.102)</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>18. Total Liabilities (13+17)</b>	<b>(4.418.969)</b>	<b>(1.764.991)</b>	<b>(441.599)</b>	<b>(5.897)</b>	<b>(3.653.992)</b>	<b>(430.465)</b>	<b>(1.457.416)</b>	<b>(2.102)</b>
<b>19. Net Asset/(Liability) Position of Off-Balance Sheet</b>								
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
<b>19a. Net Asset/(Liability) Position of Off-Balance Sheet</b>								
Derivative Instruments	-	-	-	-	-	-	-	-
<b>19b. Amount of Liability Nature Off-Balance Sheet</b>								
Derivative Instruments	-	-	-	-	-	-	-	-
<b>20. Net Foreign Asset/(Liability) Position (9-18+19)</b>	<b>3.344.289</b>	<b>(379.749)</b>	<b>1.656.077</b>	<b>14.476</b>	<b>2.712.462</b>	<b>825.480</b>	<b>701.611</b>	<b>(1.401)</b>
<b>21. Net Foreign Currency Asset/(Liability) Position of</b>								
Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.765.706)	(361.353)	(440.809)	(5.897)	(1.968.267)	656.417	(1.454.778)	(2.102)
<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>24. Amount of foreign currency denominated liabilities hedged</b>	-	-	-	-	-	-	-	-
<b>25. Export</b>	<b>17.793.811</b>	<b>10.269.471</b>	<b>218.363</b>	-	<b>16.824.355</b>	<b>10.812.681</b>	<b>293.024</b>	-
<b>26. Import</b>	<b>32.370.449</b>	<b>64.596</b>	<b>12.445.298</b>	<b>4.534.612</b>	<b>27.162.552</b>	<b>780.765</b>	<b>10.730.617</b>	<b>4.339.112</b>

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

**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**31 December 2011:**

	<u>Profit/ Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD- net	(71.731)	71.731
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect- net (1+2)</b>	<b>(71.731)</b>	<b>71.731</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro- net	404.712	(404.712)
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect- net (4+5)</b>	<b>404.712</b>	<b>(404.712)</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies- net	1.448	(1.448)
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect- net (7+8)</b>	<b>1.448</b>	<b>(1.448)</b>
<b>TOTAL (3+6+9)</b>	<b>334.429</b>	<b>(334.429)</b>

**31 December 2010:**

	<u>Profit/ Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD- net	127.619	(127.619)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect- net (1+2)</b>	<b>127.619</b>	<b>(127.619)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro- net	143.767	(143.767)
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect- net (4+5)</b>	<b>143.767</b>	<b>(143.767)</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies- net	(140)	140
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect- net (7+8)</b>	<b>(140)</b>	<b>140</b>
<b>TOTAL (3+6+9)</b>	<b>271.246</b>	<b>(271.246)</b>

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### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### d) Capital risk management:

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total liability (including borrowings, trade, due to related parties and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents.

	31 December 2011	31 December 2010
Total liabilities	168.106.460	110.795.461
Less: Cash and cash equivalents	(1.560.741)	(586.530)
Net Debt	166.545.719	110.208.931
Total equity	99.568.813	108.021.558
<b>Debt/ equity ratio</b>	<b>167%</b>	<b>102%</b>

### NOTE 27 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

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

#### 31 December 2011:

	Loans and receivables	Financial liabilities at amortised cost	Book value	Note
<b><u>Financial assets</u></b>				
Cash and cash equivalents	1.560.741	-	1.560.741	3
Trade receivables	109.525.788	-	109.525.788	6
Other current assets	164.744	-	164.744	26
<b><u>Financial liabilities</u></b>				
Financial liabilities	-	47.111.137	47.111.137	5
Trade payables	-	22.897.388	22.897.388	6
Other payables	-	2.007.085	2.007.085	7



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#### NOTE 27 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Continued)

##### 31 December 2010:

	Loans and receivables	Financial liabilities at amortised cost	Book value	Note
<b><u>Financial assets</u></b>				
Cash and cash equivalents	586.530	-	586.530	3
Trade receivables	77.486.370	-	77.486.370	6
Other current assets	241.347	-	241.347	26
<b><u>Financial liabilities</u></b>				
Financial liabilities	-	16.501.871	16.501.871	5
Trade payables	-	23.154.826	23.154.826	6
Other payables	-	15.380	15.380	7

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

#### NOTE 28 - DISCLOSURE OF OTHER MATTERS

##### Management plans:

The Group's current liabilities exceed its total current assets by TL 23.225.304 and the Group's net loss for the year and accumulated losses amounted to TL 3.129.319 and TL 490.985.352, respectively, as at 31 March 2012. These conditions cast doubt about the Group's ability to continue as a going concern. The Group management has taken measures and formed a plan in order to strengthen the Group's financial structure. Accordingly,

- i. The Group continued the application of its cost-effective policies in 2012 and harvested favourable outputs especially in production costs. Related projects are planned to be continued in 2012 by the Group management.
- ii. Within the scope of Brewmaster project launched in 2011, superpremium brands namely Corona, Guinness, Leffe and Hoegaarden have been introduced to Turkish consumer and favourable results have been achieved. Those favourable results are expected to be increased in 2012.
- ii. Focusing on the quality of guarantees and average collection maturities is planned to be continued in 2012 in order to make the Group's consolidated cash flow better.
- iii. The Group's export potential has been successfully utilised by entering new markets while the current export volume is planned to be increased in 2012 as well.