

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

CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2015 TOGETHER WITH REVIEW REPORT

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Türk Tuborg ve Malt Sanayii A.Ş. and its subsidiaries (together will be referred as the “Group”) as of 30 June 2015 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

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

Gökhan Alpman
Partner

İzmir, 19 August 2015

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TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)*

		<i>Current Period Reviewed 30 June 2015</i>	<i>Prior Period Audited 31 December 2014</i>
	Notes		
ASSETS			
Current assets		511.075	424.508
Cash and cash equivalents		186.720	184.264
Financial investments		167	167
Trade receivables	4	264.922	198.551
Other receivables		550	542
Inventories		55.127	37.861
Prepaid expenses		3.589	3.123
Non-current assets		249.746	232.636
Other receivables		74	71
Investment properties	5	1.650	1.704
Property, plant and equipment	6	237.657	219.959
Intangible assets	7	2.787	1.672
Deferred tax assets		7.256	9.011
Prepaid expenses		322	219
TOTAL ASSETS		760.821	657.144

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

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)*

		<i>Current Period Reviewed 30 June 2015</i>	<i>Prior Period Audited 31 December 2014</i>
	Notes		
LIABILITIES			
Current liabilities		323.102	296.072
Trade payables	4	79.419	69.549
- Due to related parties	3	1.357	1.710
- Other trade payables		78.062	67.839
Other payables		34.792	29.271
Current income tax liability		12.799	12.993
Short term provisions		56.515	64.123
- Provision for employee benefits		10.569	16.616
- Other short term provisions	8	45.946	47.507
Other current liabilities		139.577	120.136
Non-current liabilities		9.019	7.647
Long term provisions		9.019	7.647
- Provision for employee benefits		9.019	7.647
TOTAL LIABILITIES		332.121	303.719
EQUITY		428.700	353.425
Equity attributable to equity holders of the Group		428.700	353.425
Share capital	9	322.508	322.508
Adjustment to share capital	9	277.613	277.613
Share premium	9	154	154
Items that will not be reclassified to profit or loss		(811)	(653)
- Revaluation of defined employee benefit plans		(811)	(653)
Accumulated losses	9	(246.197)	(366.199)
Net profit for the period		75.433	120.002
TOTAL EQUITY AND LIABILITIES		760.821	657.144

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY- 30 JUNE 2015

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

Notes	<i>Reviewed Current Period 1 January- 30 June 2015</i>	<i>Not Reviewed Current Period 1 April- 30 June 2015</i>	<i>Reviewed Prior Period 1 January- 30 June 2014</i>	<i>Not Reviewed Prior Period 1 April- 30 June 2014</i>
Statement of Profit or Loss				
Revenue	326.546	179.566	270.719	155.087
Cost of sales (-)	(141.295)	(79.117)	(122.042)	(68.288)
GROSS PROFIT	185.251	100.449	148.677	86.799
General administrative expenses (-)	(16.974)	(8.484)	(15.220)	(6.090)
Marketing, selling and distribution expenses (-)	(85.489)	(48.325)	(69.670)	(41.058)
Other income from operating activities	16.508	5.866	4.180	1.988
Other expense from operating activities (-)	(8.361)	(5.195)	(4.567)	(798)
OPERATING PROFIT	90.935	44.311	63.400	40.841
Income from investing activities	7.417	3.751	4.817	2.705
Expense from investing activities (-)	(282)	(22)	-	-
OPERATING PROFIT BEFORE FINANCIAL EXPENSES	98.070	48.040	68.217	43.546
Financial expenses (-)	(2.005)	(1.250)	(1.638)	(983)
PROFIT BEFORE TAXES	96.065	46.790	66.579	42.563
Taxes on income	(20.632)	(9.829)	(13.842)	(8.699)
- Corporate tax expense (-)	(18.837)	(9.831)	(14.656)	(9.222)
- Deferred tax (expense)/ income	(1.795)	2	814	523
NET PROFIT FOR THE PERIOD	75.433	36.961	52.737	33.864
Allocation of net profit for the period:				
Non-controlling interests	-	-	-	-
Equity holders of the Group	75.433	36.961	52.737	33.864
	75.433	36.961	52.737	33.864
Earnings per share for net profit attributable to the equity holders of the parent company (Kr)				
10	0,23	0,11	0,16	0,10
Other comprehensive income:				
Items that will not be reclassified to profit or loss	(158)	(50)	(42)	8
- Revaluation of defined employee benefit plans	(198)	(62)	(52)	10
- Effect of taxation	40	12	10	(2)
TOTAL COMPREHENSIVE INCOME	75.275	36.911	52.695	33.872
Allocation of comprehensive income:				
Non-controlling interests	-	-	-	-
Equity holders of the Group	75.275	36.911	52.695	33.872
	75.275	36.911	52.695	33.872

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY- 30 JUNE 2015**

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

Reviewed:

					<i>Items That Will Not Be Reclassified To Profit or Loss</i>	<i>Accumulated Losses</i>		
	Share Capital	Adjustment to Share Capital	Capital Advance	Share Premium	Revaluation of Defined Emp. Benefits	Accumulated Losses	Net Profit for the Period	Total Equity
1 January 2015	322.508	277.613	-	154	(653)	(366.199)	120.002	353.425
Transfer	-	-	-	-	-	120.002	(120.002)	-
Total comprehensive income	-	-	-	-	(158)	-	75.433	75.275
30 June 2015	322.508	277.613	-	154	(811)	(246.197)	75.433	428.700

					<i>Items That Will Not Be Reclassified To Profit or Loss</i>	<i>Accumulated Losses</i>		
	Share Capital	Adjustment to Share Capital	Capital Advance	Share Premium	Revaluation of Defined Emp. Benefits	Accumulated Losses	Net Profit for the Period	Total Equity
1 January 2014	322.508	277.613	-	154	(773)	(449.720)	83.521	233.303
Transfer	-	-	-	-	-	83.521	(83.521)	-
Total comprehensive income	-	-	-	-	(42)	-	52.737	52.695
30 June 2014	322.508	277.613	-	154	(815)	(366.199)	52.737	285.998

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY- 30 JUNE 2015**

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

Notes	<i>Reviewed Current Period 1 January- 30 June 2015</i>	<i>Reviewed Prior Period 1 January- 30 June 2014</i>
Cash flows provided from operating activities:		
	75.433	52.737
Net profit for the period		
Adjustments to reconcile net profit for the period:		
5-6-7	26.218	19.850
	(6.991)	(3.846)
	20.632	13.842
	521	267
4	1.829	1.351
4	(82)	(208)
	1.724	664
	4.002	3.125
	(72)	(912)
8	775	775
	108	86
	(2.336)	3.059
	121.761	90.790
Changes in working capital:		
	(68.619)	(61.822)
	(17.374)	597
	(270)	3.010
	9.850	14.101
	24.962	53.044
Cash flow from operating activities:		
	(10.049)	(7.361)
	(550)	(579)
	-	(10)
	(19.031)	(8.893)
	40.680	82.877
Cash flow from investing activities:		
6-7	(45.290)	(41.461)
	385	1.316
	6.681	3.824
	(38.224)	(36.321)
	2.456	46.556
	184.264	53.751
	186.720	100.307

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The Company is registered in the Turkish Capital Markets Board (“CMB”) and its shares have been traded on the Istanbul Stock Exchange Market (“BIST”) since 1989. As at 30 June 2015, the shares traded on BIST are 4,31% (31 December 2014: 4,31%) of the total shares. The ultimate shareholder and the party that controls the Company is International Beer Breweries Ltd (“IBBL”) with a share of 95,69% (Note 9).

The average number of employees in the Company and Tuborg Pazarlama A.Ş., its subsidiary, (“Group”) as at 30 June 2015 is 743 (31 December 2014: 692).

The address of the registered office is follows:

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

Subsidiary

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

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

The Company sells almost all of the beer it produces to its subsidiary, Tuborg Pazarlama A.Ş. (“Tuborg Pazarlama” or “Subsidiary”), in which it holds a share of 99,99% (31 December 2014: 99,99%). Accordingly, Tuborg Pazarlama performs sales and distribution of such products in the domestic market.

Approval of the condensed consolidated financial statements for issue:

The condensed consolidated financial statements of the Group were approved by the Board of Directors of Türk Tuborg Bira ve Malt Sanayii A.Ş. for issue on 19 August 2015. The General Assembly of the Company and/or governmental authorities are entitled to modify condensed the consolidated financial statements as enclosed herein.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

a) Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards ("TAS") and interpretations ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("KGK") under Article 5 of the Communiqué. In addition, consolidated financial statements and its notes are also presented in accordance with the model requirements as announced by the CMB's statement issued on 7 June 2013.

The Group has prepared its condensed consolidated financial statements ended 30 June 2015 in accordance with "Interim Financial Reporting Standard" (TAS 34).

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

c) Adjustment of financial statements in hyperinflationary economies

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

d) Basis of consolidation

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

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

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

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

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

The details of the Company's subsidiary as at 30 June 2015 and 31 December 2014 are as follows:

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

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

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

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

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

2.2 New and Revised Turkish Accounting Standards

2.2.1 New and Revised TASs affecting presentation and disclosure only

None.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

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

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

None.

2.2.3 New and Revised TASs applied in 2015 with no material effect on the condensed consolidated financial statements

Amendments to TAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Annual Improvements to 2010-2012 Cycle	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>TFRS 3, TFRS 13, TAS 40</i> ¹

¹ Effective for annual periods beginning on or after 30 June 2014.

2.2.4 New and Revised TFRSs in issue but not yet effective

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

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants</i> ¹
Amendments to TFRS 11 and TFRS 1	<i>Accounting for Acquisition of Interests in Joint operations</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>TFRS 1</i> ²
Amendments to TAS 1	<i>Disclosure Initiative</i> ²
Annual Improvements to 2012-2014 Cycle	<i>TFRS 5, TFRS 7, TAS 34, TAS 19</i> ²
Amendments to TAS 27	<i>Equity Method in Separate Financial Statements</i> ²
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ²
TFRS 14	<i>Regulatory Deferral Accounts</i> ²

¹ Effective for annual periods beginning on or after 31 December 2015.

² Effective for annual periods beginning on or after 1 January 2016.

2.3 Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 1 January - 31 December 2014. The condensed consolidated financial statements for the period between 1 January - 30 June 2015 should be read in conjunction with the annual consolidated financial statements for the year ended 1 January - 31 December 2014.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

NOTE 3 - RELATED PARTY DISCLOSURES

a) Due from related parties:

TL 32 (31 December 2014: TL 79).

b) Due to related parties:

	30 June 2015	31 December 2014
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	1.357	1.218
Other	-	492
	1.357	1.710

c) Product and service sales:

TL 210 (1 January - 30 June 2014: TL 579).

d) Product and service purchases:

	1 January- 30 June 2015	1 April- 30 June 2015	1 January- 30 June 2014	1 April- 30 June 2014
Desa Enerji	6.438	3.756	5.069	2.896
Other	63	37	53	27
	6.501	3.793	5.122	2.923

The Group purchases electricity and hot water from Desa Enerji.

e) Key management compensation:

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

	1 January- 30 June 2015	1 April- 30 June 2015	1 January- 30 June 2014	1 April- 30 June 2014
Short-term employee benefits	3.480	2.022	3.522	1.826
Post-employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
Other	352	25	296	5
	3.832	2.047	3.818	1.831

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

NOTE 4 - TRADE RECEIVABLE AND PAYABLES

a) Short-term trade receivables:

	30 June 2015	31 December 2014
Customer current accounts	213.013	162.091
Notes receivables and customer cheques	41.004	30.895
Credit card receivables	41.216	33.551
	295.233	226.537
Less: Provision for doubtful receivables	(28.001)	(26.254)
Unearned finance income	(2.310)	(1.732)
	264.922	198.551

The effective weighted average interest rate applied to TL denominated receivables is 9,34% p.a. as of 30 June 2015 (31 December 2014: 9,34% p.a.). Trade receivables are all short term with a weighted average maturity of one month (31 December 2014: one month).

Movements in the provision for doubtful receivables are as follows:

	2015	2014
1 January	(26.254)	(23.829)
Reversals	82	208
Charged to the consolidated comprehensive income statement	(1.829)	(1.351)
30 June	(28.001)	(24.972)

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

b) Short-term trade payables:

	30 June 2015	31 December 2014
Supplier current accounts	71.542	61.490
Due to related parties (Note 3)	1.357	1.710
Accrued expenses	6.981	6.753
Less: Unincurred finance cost	(461)	(404)
	79.419	69.549

The effective weighted average interest rate on TL denominated payables is 9,32% p.a. as of 30 June 2015 (31 December 2014: 9,36% p.a.). Short term payables have a weighted average maturity of one month (31 December 2014: one month).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

NOTE 5 - INVESTMENT PROPERTIES

	1 January 2015 Opening	Additions	Disposals	Transfers	30 June 2015 Closing
Buildings and land improvements:					
Cost	3.297	-	-	-	3.297
Accumulated depreciation	(1.593)	(54)	-	-	(1.647)
Net book value	1.704				1.650

	1 January 2014 Opening	Additions	Disposals	Transfers	30 June 2014 Closing
Buildings and land improvements:					
Cost	3.297	-	-	-	3.297
Accumulated depreciation	(1.483)	(43)	-	-	(1.526)
Net book value	1.814				1.771

Total rental income from the investment property amounts to TL 72 between 1 January- 30 June 2015 (1 January- 30 June 2014: TL 59). There are no operating expenses arising from the investment property.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 30 June 2015 were as follows:

	1 January 2015 Opening	Additions	Disposals	Transfers(*)	30 June 2015 Closing
Cost:					
Land	1.701	-	-	-	1.701
Buildings and land improvements	82.142	21	(3)	1.701	83.861
Machinery and equipment	322.816	75	(75)	22.448	345.264
Furniture and fixtures and returnable bottles and crates	233.921	28.057	(10.574)	3.780	255.184
Motor vehicles	4.401	1.008	-	-	5.409
Construction in progress	24.001	15.993	(24)	(29.379)	10.591
	668.982	45.154	(10.676)	(1.450)	702.010
Accumulated depreciation:					
Buildings and land improvements	(56.857)	(1.184)	-	-	(58.041)
Machinery and equipment	(258.663)	(4.232)	75	-	(262.820)
Furniture and fixtures and returnable bottles and crates	(131.131)	(19.996)	10.288	-	(140.839)
Motor vehicles	(2.372)	(281)	-	-	(2.653)
	(449.023)	(25.693)	10.363	-	(464.353)
Net book value	219.959				237.657

(*) Note 7.

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment between 1 January and 30 June 2014 were as follows:

	1 January 2014				30 June 2014
	Opening	Additions	Disposals	Transfers	Closing
Cost:					
Land	1.634	67	-	-	1.701
Buildings and land improvements	77.447	20	(109)	-	77.358
Machinery and equipment	297.879	393	-	19.171	317.443
Furniture and fixtures and returnable bottles and crates	196.801	30.347	(11.815)	1.033	216.366
Motor vehicles	3.494	919	-	-	4.413
Construction in progress	24.653	9.612	-	(20.204)	14.061
	601.908	41.358	(11.924)	-	631.342
Accumulated depreciation:					
Buildings and land improvements	(54.627)	(1.114)	6	-	(55.735)
Machinery and equipment	(251.181)	(3.622)	-	-	(254.803)
Furniture and fixtures and returnable bottles and crates	(125.879)	(14.720)	11.514	-	(129.085)
Motor vehicles	(1.901)	(233)	-	-	(2.134)
	(433.588)	(19.689)	11.520	-	(441.757)
Net book value	168.320				189.585

Current year depreciation and amortisation expenses of TL 17.430 (1 January- 30 June 2014: TL 14.015) have been charged to cost of production, TL 7.855 (1 January- 30 June 2014: TL 5.402) to marketing, selling and distribution costs and TL 933 (1 January- 30 June 2014: TL 433) to general administrative expenses.

Net book value of returnable bottles and crates classified under "Furniture and fixtures and returnable bottles and crates" amounts to TL 60.582 at 30 June 2015 (31 December 2014: TL 56.078).

The Group does not have any financial leasing liability as of 30 June 2015 (31 December 2014: None).

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NOTE 7 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods ended 30 June 2015 and 2014 were as follows:

	1 January 2015 Opening	Additions	Disposals	Transfers (*)	30 June 2015 Closing
Rights	11.853	136	-	1.450	13.439
Accumulated amortisation	(10.181)	(471)	-	-	(10.652)
Net book value	1.672				2.787

	1 January 2014 Opening	Additions	Disposals	Transfers	30 June 2014 Closing
Rights	10.215	103	-	-	10.318
Accumulated amortisation	(9.884)	(118)	-	-	(10.002)
Net book value	331				316

(*) Note 6.

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

NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a) Other short-term provisions:

	30 June 2015	31 December 2014
Provision for excise duty (*)	28.435	27.660
Provision for sales discounts	14.496	16.168
Provision for legal cases fee	862	862
Other	2.153	2.817
	45.946	47.507

(*) The Group management has allocated a provision of TL 28.435 (31 December 2014: TL 27.660) (for the principal of excise tax and its overdue charge) for the difference between the excise tax published in the Official Gazette dated 26 August 2005 and in the list no. 3 attached to the Excise Tax Act published in the Official Gazette dated 31 December 2004.

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

	2015	2014
1 January	27.660	26.101
Charge for the period	775	775
30 June	28.435	26.876

b) Contingent assets and liabilities:

On the tax inspection reports related to the financial periods of 2008, 2009, 2010 and 2011, it was claimed in 2013, 2014 and 2015 that the capital advances, which were paid in cash to the Company's bank account by the Company's former majority shareholder and then added to paid-in capital account during the capital increase process in 2012, should have been treated as payables until it is added to paid-in capital; based on such so-called payable, even if no interest charge was calculated, VAT on the imputed cost of such interest should have been taken into consideration.

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

As a result, tax office had notified a tax principal of TL 7.4 million for VAT and TL 11.2 million tax fine amounting to a total of TL 18.6 million. Considering that these capital advances were added to the paid-in capital in 2012 and that recent similar tax assessments made by the tax authorities were later decided in favor of companies at the exercise of jurisdiction, the Group management evaluated that the future outflow of resources from the Company is not probable and concluded that any situation requiring a provision to be provided to condensed consolidated financial statements has not arisen. The Company is following the legal processes against such tax assessment and the legal process is continuing as of the date of the approval of the Group's condensed consolidated financial statements.

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 June 2004, August 1-29, 2004, September 2004, November 2004, December 2004, May 2005, September 2005, and January 2006. 31 of those legal actions filed for the cancellation and return of the excise tax and VAT were concluded against Türk Tuborg while the jurisdiction is continued for the others. As at 30 June 2015, the total value of legal actions is amounted to TL 39.555 (31 December 2014: TL 40.388) in relation to those legal actions not finalized yet.

As at 30 June 2015, the Group has letters of guarantee given amounting to TL 7.646 (31 December 2014: TL 7.197). The schedule for guarantee, pledge, mortgage and bails (GPM) given by the Group is as follows:

	30 June 2015	31 December 2014
A. Total value of GPM provided in favour of the Company itself	7.646	7.197
i. TL	7.646	7.197
B. Total value of GPM provided in favour of the subsidiary	107.492	103.267
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	-	-
	115.138	110.464

The ratio of total value of other GPM to equity is 0% at 30 June 2015 (31 December 2014: 0%).

NOTE 9 - CAPITAL, RESERVES AND OTHER SHARE CAPITAL RESERVES

a) Share capital:

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of 1 TL. The Company's historical authorized registered share capital at 30 June 2015 and 31 December 2014 is as follows:

	30 June 2015	31 December 2014
Registered share capital (historical values)	500.000	500.000
Share capital with a nominal value	322.508	322.508

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

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

The compositions of the Company's share capital at 30 June 2015 and 31 December 2014 were as follows:

	30 June 2015		31 December 2014	
	TL	Share (%)	TL	Share (%)
International Beer Breweries Ltd	308.597	95,69	308.597	95,69
Public quotation	13.911	4,31	13.911	4,31
	322.508		322.508	

There are 32.250.825.300 (31 December 2014: 32.250.825.300) units of shares with a face value of full 0,01 TL each at 30 June 2015. There are no privileged stocks.

	Historical value	Restated value	Adjustment to share capital
Share capital	322.508	600.121	277.613

b) Other equity items:

	30 June 2015	31 December 2014
Adjustment to share capital	277.613	277.613
Share premium	154	154
	277.767	277.767

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

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

c) Accumulated losses:

As at 30 June 2015, accumulated losses in condensed consolidated financial position of the Group prepared in accordance with Turkish Accounting Standards amount to TL 246.197 (31 December 2014: TL 366.199).

NOTE 10 - EARNINGS PER SHARE

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

		1 January- 30 June 2015	1 April- 30 June 2015	1 January- 30 June 2014	1 April- 30 June 2014
Net income for the period	A	75.433	36.961	52.737	33.864
Weighted number of ordinary shares	B	32.250.825.300	32.250.825.300	32.250.825.300	32.250.825.300
Gain per share with a TL 0,01 face value	A/B	0,23	0,11	0,16	0,10

There are no differences between basic and diluted gain per share for the periods ended 30 June 2015 and 2014.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

NOTE 11 - FOREIGN CURRENCY POSITION

Foreign Currency Position Schedule

	30 June 2015				31 December 2014			
	TL Equivalent	USD (thousands)	Euro (thousands)	Other (TL Equivalent)	TL Equivalent	USD (thousands)	Euro (thousands)	Other (TL Equivalent)
1. Trade Receivables	1.922	670	41	-	2.860	1.193	33	-
2a. Monetary Financial Assets (Including Cash, Bank accounts)	81.859	28.896	1.418	7	58.642	25.287	1	1
2b. Non-Monetary Financial Assets	1.317	5	288	445	872	4	164	400
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	85.098	29.571	1.747	452	62.374	26.484	198	401
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	265	13	77	-	209	-	74	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	265	13	77	-	209	-	74	-
9. Total Assets (4+8)	85.363	29.584	1.824	452	62.583	26.484	272	401
10. Trade Payables	(8.309)	(125)	(2.667)	(20)	(4.970)	(811)	(1.087)	(23)
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	(8.309)	(125)	(2.667)	(20)	(4.970)	(811)	(1.087)	(23)
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	-	-	-	-	-	-	-	-
18. Total Liabilities (13+17)	(8.309)	(125)	(2.667)	(20)	(4.970)	(811)	(1.087)	(23)
19. Net Asset/(Liability) Position of Off-Financial Position								
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Net Asset/(Liability) Position of Off-Financial Position								
Derivative Instruments	-	-	-	-	-	-	-	-
19b. Amount of Liability Nature Off-Financial Position								
Derivative Instruments	-	-	-	-	-	-	-	-
20. Net Foreign Asset/(Liability) Position (9+18+19)	77.054	29.459	(843)	432	57.613	25.673	(815)	378
21. Net Foreign Currency Asset/(Liability) Position of								
Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	75.472	29.441	(1.208)	(13)	56.532	25.669	(1.053)	(22)
22. Total Fair Value of Financial Instruments Used for								
Foreign Currency Hedging	-	-	-	-	-	-	-	-
23. Amount of foreign currency denominated assets hedged	-	-	-	-	-	-	-	-
24. Amount of foreign currency denominated liabilities hedged	-	-	-	-	-	-	-	-

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NOTE 11 - FOREIGN CURRENCY POSITION (Continued)

30 June 2015:

	<u>Profit/ Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
Change of USD by 10% against TL:		
1- Asset/Liability denominated in USD- net	7.909	(7.909)
2- The part of USD risk hedged (-)	-	-
3- USD effect- net (1+2)	7.909	(7.909)
Change of Euro by 10% against TL:		
4- Asset/Liability denominated in Euro- net	(361)	361
5- The part of EUR risk hedged (-)	-	-
6- Euro effect- net (4+5)	(361)	361
Change of other currencies by 10% against TL:		
7- Asset/Liability denominated in other currencies- net	(1)	1
8- The part of other currency risk hedged (-)	-	-
9- Other currency effect- net (7+8)	(1)	1
TOTAL (3+6+9)	7.547	(7.547)

31 December 2014:

	<u>Profit/ Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
Change of USD by 10% against TL:		
1- Asset/Liability denominated in USD- net	5.952	(5.952)
2- The part of USD risk hedged (-)	-	-
3- USD effect- net (1+2)	5.952	(5.952)
Change of Euro by 10% against TL:		
4- Asset/Liability denominated in Euro- net	(297)	297
5- The part of EUR risk hedged (-)	-	-
6- Euro effect- net (4+5)	(297)	297
Change of other currencies by 10% against TL:		
7- Asset/Liability denominated in other currencies- net	(2)	2
8- The part of other currency risk hedged (-)	-	-
9- Other currency effect- net (7+8)	(2)	2
TOTAL (3+6+9)	5.653	(5.653)

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NOTE 12 - FINANCIAL INSTRUMENTS

Classes of financial instruments and their fair values:

30 June 2015:

	Loans and receivables	Financial liabilities at amortised cost	Book value	Note
<u>Financial assets</u>				
Cash and cash equivalents	186.720	-	186.720	
Trade receivables	264.922	-	264.922	4
<u>Financial liabilities</u>				
Trade payables	-	79.419	79.419	4

31 December 2014:

	Loans and receivables	Financial liabilities at amortised cost	Book value	Note
<u>Financial assets</u>				
Cash and cash equivalents	184.264	-	184.264	
Trade receivables	198.551	-	198.551	4
<u>Financial liabilities</u>				
Trade payables	-	69.549	69.549	4

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