

**CONVENIENCE TRANSLATION OF CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016**

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES  
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY****CONDENSED CONSOLIDATED FINANCIAL POSITION AS AT 30 SEPTEMBER 2016***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)*

		<i>Current Period Unaudited 30 September 2016</i>	<i>Prior Period Audited 31 December 2015</i>
	Notes		
<b>ASSETS</b>			
<b>Current assets</b>		<b>842.213</b>	<b>628.702</b>
Cash and cash equivalents		275.566	312.923
Financial investments		142.573	167
- Financial assets at fair value through profit or loss	12	142.406	-
- Financial assets available for sale	12	167	167
Trade receivables	4	350.241	256.206
- Due from related parties	3	547	220
- Due from third parties		349.694	255.986
Other receivables		1.071	369
- Due from third parties		1.071	369
Inventories		61.977	47.674
Prepaid expenses		10.785	11.363
- Prepaid expenses from third parties		10.785	11.363
<b>Non-current assets</b>		<b>326.589</b>	<b>282.690</b>
Other receivables		169	151
- Due from third parties		169	151
Investment properties	5	1.582	1.596
Property, plant and equipment	6	306.307	260.766
- Land		1.755	1.701
- Land Improvements		3.580	3.148
- Buildings		24.648	25.234
- Machinery and equipment		121.427	91.184
- Motor vehicles		3.036	2.459
- Furniture and fixtures		140.874	127.417
- Construction in progress		10.987	9.623
Intangible assets	7	3.535	4.798
- Other Rights		3.535	4.798
Deferred tax assets	10	11.715	14.166
Prepaid expenses		3.281	1.213
- Prepaid expenses from third parties		3.281	1.213
<b>TOTAL ASSETS</b>		<b>1.168.802</b>	<b>911.392</b>

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

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

**CONDENSED CONSOLIDATED FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

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

	<i>Notes</i>	<i>Current Period Unaudited 30 September 2016</i>	<i>Prior Period Audited 31 December 2015</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>457.406</b>	<b>386.438</b>
Trade payables	4	89.117	83.465
- Due to related parties	3	1.915	3.549
- Due to third parties		87.202	79.916
Other payables		49.414	41.978
- Due to third parties		49.414	41.978
Deferred income		476	1.136
- Deferred income due to third parties		476	1.136
Current income tax liability	10	24.653	11.989
Short term provisions		77.378	77.373
- Provision for employee benefits		15.426	21.066
- Other short term provisions	8	61.952	56.307
Other current liabilities		216.368	170.497
- Current liabilities due to third parties		216.368	170.497
<b>Non-current liabilities</b>		<b>20.792</b>	<b>15.451</b>
Long term provisions		13.371	12.418
- Provision for employee benefits		13.371	12.418
Deferred tax liability	10	7.421	3.033
<b>TOTAL LIABILITIES</b>		<b>478.198</b>	<b>401.889</b>
<b>EQUITY</b>		<b>690.604</b>	<b>509.503</b>
<b>Equity attributable to equity holders of the Group</b>		<b>690.604</b>	<b>509.503</b>
Share capital	9	322.508	322.508
Adjustment to share capital	9	277.613	277.613
Share premium (discount)	9	154	154
Items that will not be reclassified to profits (losses)		(2.169)	(2.327)
- Revaluation of defined employee benefits (losses) plans		(2.169)	(2.327)
Accumulated profits or losses	9	(88.445)	(246.197)
Net profit or loss for the period		180.943	157.752
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1.168.802</b>	<b>911.392</b>

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

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

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2016

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

Notes	<i>Unaudited Current Period 1 January- 30 September 2016</i>	<i>Unaudited Current Period 1 July - 30 September 2016</i>	<i>Unaudited Prior Period 1 January- 30 September 2015</i>	<i>Unaudited Prior Period 1 July - 30 September 2015</i>
<b>Profit or Loss</b>				
Revenue	717.866	288.762	534.469	207.923
Cost of sales	(302.280)	(116.268)	(234.321)	(93.026)
<b>GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS</b>	<b>415.586</b>	<b>172.494</b>	<b>300.148</b>	<b>114.897</b>
<b>GROSS PROFIT (LOSS)</b>	<b>415.586</b>	<b>172.494</b>	<b>300.148</b>	<b>114.897</b>
General administrative expenses	(30.708)	(9.895)	(24.979)	(8.005)
Marketing, selling and distribution expenses	(161.629)	(56.171)	(131.791)	(46.302)
Other income from operating activities	6.410	2.221	6.999	1.642
Other expense from operating activities	(16.523)	(5.667)	(11.975)	(4.748)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>213.136</b>	<b>102.982</b>	<b>138.402</b>	<b>57.484</b>
Income from investing activities	41.922	16.238	35.877	17.309
Expense from investing activities	(14.258)	(3.545)	(2.599)	(1.183)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSES)</b>	<b>240.800</b>	<b>115.675</b>	<b>171.680</b>	<b>73.610</b>
Financial expenses	(7.457)	(2.662)	(3.347)	(1.342)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>	<b>233.343</b>	<b>113.013</b>	<b>168.333</b>	<b>72.268</b>
Tax (expense) income, continuing operations	(52.400)	(23.553)	(35.102)	(14.470)
- Current period tax (expense) income	10 (45.601)	(22.570)	(34.022)	(15.185)
- Deferred tax (expense) income	10 (6.799)	(983)	(1.080)	715
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>180.943</b>	<b>89.460</b>	<b>133.231</b>	<b>57.798</b>
<b>PROFIT (LOSS)</b>	<b>180.943</b>	<b>89.460</b>	<b>133.231</b>	<b>57.798</b>
<b>Profit (loss), attributable to</b>				
Non-controlling interests	-	-	-	-
Equity holders of the Group	180.943	89.460	133.231	57.798
	<b>180.943</b>	<b>89.460</b>	<b>133.231</b>	<b>57.798</b>
<b>Earnings per share for net profit attributable to the equity holders of the parent company (full TL ) 11</b>	<b>0,56</b>	<b>0,28</b>	<b>0,41</b>	<b>0,18</b>
<b>Other comprehensive income:</b>				
Items that will not be reclassified to profit or (loss)	158	575	(119)	39
- Gains (losses) on remeasurements of defined benefit plans	198	719	(149)	49
- Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	(40)	(144)	30	(10)
- Taxes relating to remeasurements of defined benefit plans	(40)	(144)	30	(10)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>158</b>	<b>575</b>	<b>(119)</b>	<b>39</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>181.101</b>	<b>90.035</b>	<b>133.112</b>	<b>57.837</b>
<b>Allocation of comprehensive income:</b>				
Non-controlling interests	-	-	-	-
Equity holders of the Group	181.101	90.035	133.112	57.837
	<b>181.101</b>	<b>90.035</b>	<b>133.112</b>	<b>57.837</b>

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

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2016

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

Unaudited	Share Capital	Adjustment to Share Capital	Share Premium /(Discount)	<i>Items That Will Not Be Reclassified To Profit or Loss</i>	<i>Accumulated Losses</i>		Equity Holders of the Group	Total Equity
				Revaluation of Defined Emp. Benefits/(Loss)	Accumulated Profit/ Losses	Net Profit/Loss for the Period		
<b>Prior Period</b>								
<b>1 January – 30 September 2015</b>								
<b>Balances at beginning</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(653)</b>	<b>(366.199)</b>	<b>120.002</b>	<b>353.425</b>	<b>353.425</b>
Transfers	-	-	-	-	120.002	(120.002)	-	-
Total comprehensive income (expense)	-	-	-	(119)	-	133.231	133.112	133.112
- Profit (loss) for the period	-	-	-	-	-	133.231	133.231	133.231
- Other comprehensive income (expense)	-	-	-	(119)	-	-	(119)	(119)
<b>Balances at closing</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(772)</b>	<b>(246.197)</b>	<b>133.231</b>	<b>486.537</b>	<b>486.537</b>
<i>Unaudited</i>								
<b>Current Period</b>								
<b>1 January – 30 September 2016</b>								
<b>Balances at beginning</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(2.327)</b>	<b>(246.197)</b>	<b>157.752</b>	<b>509.503</b>	<b>509.503</b>
Transfers	-	-	-	-	157.752	(157.752)	-	-
Total comprehensive income (expense)	-	-	-	158	-	180.943	181.101	181.101
- Profit (loss) for the period	-	-	-	-	-	180.943	180.943	180.943
- Other comprehensive income (expense)	-	-	-	158	-	-	158	158
<b>Balances at closing</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(2.169)</b>	<b>(88.445)</b>	<b>180.943</b>	<b>690.604</b>	<b>690.604</b>

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

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

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

Notes	<i>Current Period Unaudited 1 January- 30 September 2016</i>	<i>Prior Period Unaudited 1 January- 30 September 2015</i>
<b>Cash flows provided from operating activities:</b>		
Profit (loss) for the period	<b>180.943</b>	<b>133.231</b>
- Profit (loss) for the period from continuing operations	180.943	133.231
<b>Adjustments to reconcile net profit (loss) for the period:</b>	<b>95.387</b>	<b>77.105</b>
Adjustments for depreciation and amortisation expense 5-6-7	53.331	40.774
Adjustments for impairment loss (reversal)	4.046	2.517
Adjustments for impairment loss (reversal) of receivables 4	3.688	2.428
Adjustments for impairment loss (reversal) of inventory	358	89
Adjustments for provisions	15.288	10.018
Adjustments for (reversal of) provision related to employee benefits	9.632	7.490
Adjustments for (reversal of) provision related with legal case 8	1.165	1.165
Adjustments for (reversal of) provisions	4.491	1.363
Adjustments for interest (income) expenses	(21.469)	(11.659)
Adjustments for interest income	(21.794)	(12.933)
Unearned finance income due to sales 4	(152)	1.313
Unincurred finance expense due to purchases 4	477	(39)
Adjustments for fair value losses (gains)	(514)	-
Adjustments for fair value losses (gains) of financial assets 12	(514)	-
Adjustments for taxation (income) expense 10	52.400	35.102
Adjustments for losses (gains) on sale of fixed assets	(1.643)	353
Adjustments for losses (gains) on sale of tangible assets	(1.643)	353
Other adjustments for non-cash items	(6.052)	-
<b>Changes in working capital:</b>	<b>(56.620)</b>	<b>(42.813)</b>
Adjustments for decrease (increase) in trade receivables	(97.571)	(91.390)
Decrease (increase) in trade receivables from related party 3	(327)	(25)
Decrease (increase) in trade receivables from third party 4	(97.244)	(91.365)
Adjustments for decrease (increase) in other receivables	(720)	668
Decrease (increase) in other receivables from third party	(720)	668
Adjustments for decrease (increase) in inventories	(14.661)	(5.951)
Decrease/ (increase) in prepaid expenses	(1.490)	(2.860)
Adjustments for increase (decrease) in trade payables	5.175	10.376
Increase (decrease) in trade payables to related parties 3	(1.634)	2.958
Increase (decrease) in trade payables to third party 4	6.809	7.418
Adjustments for increase (decrease) in other payables	7.436	7.185
Increase (decrease) in other receivables from third party	7.436	7.185
Increase (decrease) in deferred income	(660)	207
Adjustments for increase (decrease) in working capital	45.871	38.952
Increase (decrease) in other liabilities	45.871	38.952
	<b>219.710</b>	<b>167.523</b>
Provisions paid related to employee benefits	(14.121)	(10.947)
Other provisions paid	(11)	(17)
Income taxes return (paid) 10	(32.937)	(29.084)
<b>Net cash generated from operating activities</b>	<b>172.641</b>	<b>127.475</b>

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

**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY****CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS  
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)*

		<i>Current Period Unaudited 1 January- 30 September 2016</i>	<i>Prior Period Unaudited 1 January- 30 September 2015</i>
	<b>Notes</b>		
<b>Cash flow from investing activities:</b>			
Cash inflow from sale of tangible and intangible assets		4.212	823
Cash inflow from sale of tangible assets		4.212	823
Cash outflow from purchase of tangible and intangible assets		(99.097)	(66.875)
Cash outflow from purchase of tangible assets	6	(98.843)	(66.368)
Cash outflow from purchase of intangible assets	7	(254)	(507)
Interest received		21.794	11.964
Cash inflow from sale of equity or debt instruments of other companies	12	44.374	-
Cash outflow from acquisition of equity or debt instruments of other companies	12	(181.281)	-
<b>Net cash used in investing activities</b>		<b>(209.998)</b>	<b>(54.088)</b>
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(37.357)</b>	<b>73.387</b>
Cash and cash equivalents at the beginning of the period		312.923	184.264
<b>Cash and cash equivalents at the end of the period</b>		<b>275.566</b>	<b>257.651</b>

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



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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

(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 September 2016, the shares traded on BIST are 4,31% (31 December 2015: 4,31%) of the total shares. The ultimate shareholder and the party that controls the Company is International Beer Breweries Ltd. (“IBBL”) with a share of 95,69% (Note 9).

The average number of employees in the Company and Tuborg Pazarlama A.Ş. (together will be referred as the “Group”) as at 30 September 2016 is 1.008 (31 December 2015: 765).

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 2015: 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 9 November 2016. The General Assembly of the Company and/or governmental authorities are entitled to modify condensed the consolidated financial statements as enclosed herein.

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

#### 2.1 Basis of presentation

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

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

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

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

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

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

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

Group's condensed interim financial statements do not include all disclosure and notes that should be included at year end financial statements. Therefore the condensed interim financial statements should be examined together with the financial statements of 31 December 2015.

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

#### b) Presentation currency

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

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

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

#### d) Basis of consolidation

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

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

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

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

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

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

The details of the Company's subsidiary as at 30 September 2016 and 31 December 2015 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.

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

In order to allow the determination of the financial position and performance of the Group's consolidated financial statements are prepared in comparison with the previous period. When it is necessary, comparative figures are reclassified to comply with the presentation of the consolidated financial statements for the period and significant differences are disclosed. The Group has made certain reclassifications in its prior period financial statements and such reclassifications have no effect on equity, accumulated losses and net profit for the period.

- Companies do not declare consolidated tax return in Turkey. Therefore, due to the principle of presenting deferred tax position separately for the subsidiaries subject to consolidation, net deferred tax asset amounting to TL 11.133 in consolidated financial position of 31 December 2015 is shown in gross amounts as deferred tax asset of TL 14.166 and deferred tax liability of TL 3.033.
- Foreign exchange gain and foreign exchange loss resulting from bank deposits denominated in foreign currencies amounting to TL 21.971 and TL 1.382, respectively in 30 September 2015 that was originally presented at other operating income and other operating expenses in prior period consolidated financial statement, have been reclassified under income from investment activities and expense from investment activities in the current period, respectively.

## 2.2 New and Revised Turkish Accounting Standards

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

None.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

(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 2016 with no material effect on the condensed consolidated financial statements

Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
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> <sup>1</sup>
Amendments to TFRS 11 and TFRS 1 Annual Improvements to 2011-2013 Cycle	<i>Accounting for Acquisition of Interests in Joint operations</i> <sup>1</sup> <i>TFRS 1</i> <sup>2</sup>
Amendments to TAS 1	<i>Disclosure Initiative</i> <sup>2</sup>
Annual Improvements to 2014 Cycle	<i>TFRS 5, TFRS 7, TAS 34, TAS 19</i> <sup>2</sup>
Amendments to TAS 27	<i>Equity Method in Separate Financial Statements</i> <sup>2</sup>
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>2</sup>
TFRS 14	<i>Regulatory Deferral Accounts</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 31 December 2015.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016.

#### 2.2.4 Standards and amendments to existing standards that are not yet effective as of 30 September 2016 and have not been early adopted by the Group:

TFRS 9	<i>Financial Instruments</i> <sup>1</sup>
TFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i> <sup>1</sup>
TAS 7	<i>Statement of cash flows</i> <sup>2</sup>
TAS 12	<i>Income taxes</i> <sup>2</sup>
TFRS 2	<i>Shared based payments</i> <sup>1</sup>
TFRS 16	<i>Leases</i> <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019.

#### 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 2015. The condensed consolidated financial statements for the period between 1 January - 30 September 2016 should be read in conjunction with the annual consolidated financial statements for the year ended 1 January - 31 December 2015.

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

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

##### 2.4 Restatement and errors in the accounting estimates

Group management has made some corrections about the indexing and depreciation calculation of property, plant and equipment and investment property amounted to 1.067 TL and the accounting of vacation pay amounted to 1.096 TL during 2016 while the net effect of these corrections are amounted to 29 TL. It has been adjusted by reclassification in the other expenses from operating activities, marketing selling and distribution expenses and cost of sales according to materiality principle of accounting.

#### NOTE 3 - RELATED PARTY DISCLOSURES

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

TL 547 (31 December 2015: TL 220).

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

	30 September 2016	31 December 2015
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	1.407	1.342
United Romanian Breweries Bereprod S.R.L. ("URBB")	459	2.124
Other	49	83
	<b>1.915</b>	<b>3.549</b>

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

TL 2.251 (1 January - 30 September 2015: TL 329).

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

	1 January- 30 September 2016	1 July - 30 September 2016	1 January- 30 September 2015	1 July - 30 September 2015
Desa Enerji	10.388	3.826	9.603	3.165
URBB	9.686	4.484	3.784	3.726
Other	378	337	5	-
	<b>20.452</b>	<b>8.647</b>	<b>13.392</b>	<b>6.891</b>

The Group purchases electricity and hot water from Desa Enerji.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

### NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

#### 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 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Short-term employee benefits	6.404	2.503	5.691	2.211
Post-employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
Other	518	11	371	19
	<b>6.922</b>	<b>2.514</b>	<b>6.062</b>	<b>2.230</b>

### NOTE 4 - TRADE RECEIVABLE AND PAYABLES

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

	30 September 2016	31 December 2015
Customer current accounts	303.173	214.455
Credit card receivables	42.059	44.726
Notes receivables and customer cheques	40.427	29.234
Due from related parties (Note 3)	547	220
	<b>386.206</b>	<b>288.635</b>
Less: Provision for doubtful receivables	(33.026)	(29.338)
Unincurred finance income	(2.939)	(3.091)
	<b>350.241</b>	<b>256.206</b>

The effective weighted average interest rate applied to TL denominated receivables is 7,95% p.a. as of 30 September 2016 (31 December 2015: 10,99% p.a.). Trade receivables are all short term with a weighted average maturity of one month (31 December 2015: one month).

Movements in the provision for doubtful receivables are as follows:

	2016	2015
<b>1 January</b>	<b>(29.338)</b>	<b>(26.254)</b>
Reversals of current period provision	328	114
Charged to the consolidated statement of profit or loss and other comprehensive income	(4.016)	(2.542)
<b>30 September</b>	<b>(33.026)</b>	<b>(28.682)</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

### NOTE 4 - TRADE RECEIVABLE AND PAYABLES (Continued)

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 September 2016	31 December 2015
Supplier current accounts	74.394	72.116
Due to related parties (Note 3)	1.915	3.549
Accrued expenses	12.748	8.217
Less: Unearned finance expense	60	(417)
	<b>89.117</b>	<b>83.465</b>

The effective weighted average interest rate on TL denominated payables is 7,95% p.a. as of 30 September 2016 (31 December 2015: 10,93% p.a.). Short term payables have a weighted average maturity of one month (31 December 2015: one month).

### NOTE 5 - INVESTMENT PROPERTIES

	1 January 2016	Correction(*)	Additions	Disposals	Transfers	30 September 2016
<u>Buildings and land improvements:</u>						
Cost	3.297	148	-	-	-	3.445
Accumulated depreciation	(1.701)	(77)	(85)	-	-	(1.863)
<b>Net book value</b>	<b>1.596</b>					<b>1.582</b>

(\*) Note 2.4.

	1 January 2015	Additions	Disposals	Transfers	30 September 2015
<u>Buildings and land improvements:</u>					
Cost	3.297	-	-	-	3.297
Accumulated depreciation	(1.593)	(43)	-	-	(1.636)
<b>Net book value</b>	<b>1.704</b>				<b>1.661</b>

Total rental income from the investment property amounts to TL 115 between 1 January- 30 September 2016 (1 January- 30 September 2015: TL 108). There are no operating expenses arising from the investment property.

As at 30 September 2016, the fair value of Group's investment properties, of which is carried at cost less accumulated depreciation, have been arrived at on the basis of valuations carried out on 13 May 2016 for the commercial property unit located in İzmir and 20 May 2016 for the commercial property unit located in Ankara by TSKB Gayrimenkul Değerleme ve Danışmanlık A.Ş. ("TSKB"), independent valuers not related to the Group. TSKB has the appropriate qualifications from CMB and has recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties and cost approach regarding building and land improvements. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016**

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**NOTE 5 - INVESTMENT PROPERTIES (Continued)**

Details of the Group's investment properties and information about the fair value hierarchy as at 30 September 2016 are as follows:

Fair values as at 30 September 2016

	30 September 2016	Level 1 TL	Level 2 TL	Level 3 TL
Commercial property unit located in Ankara	4.220	-	4.220	-
Commercial property unit located in İzmir	2.350	-	2.350	-

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

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

	1 January 2016	Correction(*)	Additions	Disposals	Transfers(*)	30 September 2016
<b>Cost:</b>						
Land	1.701	62	-	(8)	-	1.755
Land improvements	12.180	418	615	-	-	13.213
Buildings	75.461	2.839	291	(1)	342	78.932
Machinery and equipment	358.855	11.313	1.265	(9.368)	37.120	399.185
Furniture and fixtures	278.517	21.197	53.808	(27.529)	2.952	328.945
Motor vehicles	5.343	45	1.086	(117)	-	6.357
Construction in progress	9.623	-	41.778	-	(40.414)	10.987
	<b>741.680</b>	<b>35.874</b>	<b>98.843</b>	<b>(37.023)</b>	<b>-</b>	<b>839.374</b>
<b>Accumulated depreciation:</b>						
Land improvements	(9.032)	(410)	(191)	-	-	(9.633)
Buildings	(50.227)	(2.206)	(1.851)	-	-	(54.284)
Machinery and equipment	(267.671)	(11.001)	(8.038)	8.952	-	(277.758)
Furniture and fixtures	(151.100)	(21.217)	(41.149)	25.395	-	(188.071)
Motor vehicles	(2.884)	(44)	(500)	107	-	(3.321)
	<b>(480.914)</b>	<b>(34.878)</b>	<b>(51.729)</b>	<b>34.454</b>	<b>-</b>	<b>(533.067)</b>
<b>Net book value</b>	<b>260.766</b>					<b>306.307</b>

(\*) Note 2.4.



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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

(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 September 2015 were as follows:

	1 January 2015	Additions	Disposals	Transfers(*)	30 September 2015
<b>Cost:</b>					
Land	1.701	-	-	-	1.701
Land improvements	10.509	177	-	640	11.326
Buildings	71.633	95	(3)	1.061	72.786
Machinery and equipment	322.816	779	(75)	24.649	348.169
Furniture and fixtures	233.921	42.733	(16.409)	5.916	266.161
Motor vehicles	4.401	1.008	(69)	-	5.340
Construction in progress	24.001	21.576	(24)	(33.716)	11.837
	<b>668.982</b>	<b>66.368</b>	<b>(16.580)</b>	<b>(1.450)</b>	<b>717.320</b>
<b>Accumulated depreciation:</b>					
Land improvements	(8.804)	(172)	-	-	(8.976)
Buildings	(48.053)	(1.645)	-	-	(49.698)
Machinery and equipment	(258.663)	(6.587)	75	-	(265.175)
Furniture and fixtures	(131.131)	(31.123)	15.281	-	(146.973)
Motor vehicles	(2.372)	(421)	48	-	(2.745)
	<b>(449.023)</b>	<b>(39.948)</b>	<b>15.404</b>	<b>-</b>	<b>(473.567)</b>
<b>Net book value</b>	<b>219.959</b>				<b>243.753</b>

(\*) Note 7.

Current year depreciation and amortisation expenses of TL 36.041 (1 January- 30 September 2015: TL 27.203) have been charged to cost of production, TL14.767 (1 January- 30 September 2015: TL 12.091) to marketing, selling and distribution costs and TL 2.523 (1 January- 30 September 2015: TL 1.480) to general administrative expenses.

Net book value of returnable bottles and crates classified under "Furniture and fixtures" amounts to TL 76.712 as at 30 September 2016 (31 December 2015: TL 75.207).

The Group does not have any financial leasing liability as of 30 September 2016 (31 December 2015: None).

### NOTE 7 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods ended 30 September 2016 and 2015 were as follows:

	1 January 2016	Correction(*)	Additions	Disposals	Transfers	30 September 2016
Other Rights	16.229	99	254	-	-	16.582
Accumulated amortisation	(11.431)	(99)	(1.517)	-	-	(13.047)
<b>Net book value</b>	<b>4.798</b>					<b>3.535</b>

(\*) Note 2.4.

	1 January 2015	Additions	Disposals	Transfers(*)	30 September 2015
Other Rights	11.853	507	-	1.450	13.810
Accumulated amortisation	(10.181)	(783)	-	-	(10.964)
<b>Net book value</b>	<b>1.672</b>				<b>2.846</b>

(\*) Note 6.

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

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

	30 September 2016	31 December 2015
Provision for excise duty (*)	30.384	29.219
Provision for sales discounts	24.038	23.165
Structured tax disputes (**)	4.513	-
Provision for legal cases fee	834	845
Other	2.183	3.078
	<b>61.952</b>	<b>56.307</b>

(\*) The Group management has allocated a provision of TL 30.384 (31 December 2015: TL 29.219) (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.

(\*\*) On the tax inspection reports related to the financial periods of 2008, 2009, 2010 and 2011, it was claimed in prior years 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. 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. In relation to the lawsuits, favorable court decisions for the periods of 2008 and 2009 and unfavorable court decision for the period of 2011 were formally notified while the court decision for the period of 2010 has been still pending. The Group management has decided to restructure such tax disputes in accordance with the Law Regarding the Restructuring of Certain Receivables No. 6736 which was published on Official Gazette on 19 August 2016 and accordingly provided a provision of TL 4.513.

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

	2016	2015
<b>1 January</b>	<b>29.219</b>	<b>27.660</b>
Charge for the period	1.165	1.165
<b>30 September</b>	<b>30.384</b>	<b>28.825</b>

#### b) Contingent assets and liabilities:

The Group management has filed legal actions for the cancellation and return of the excise tax and value added tax which was paid previously for September 2005 and January 2006. 38 of those legal actions filed for the cancellation and return of the excise tax and VAT were concluded against Türk Tuborg while the jurisdiction is continued for the others. As at 30 September 2016, the total value of legal actions is amounted to TL 7.173 (31 December 2015: TL 7.900) in relation to those legal actions not finalized yet.

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

As at 30 September 2016, the Group has bank letters of guarantee given amounting to TL 8.607 (31 December 2015: TL 7.746). The schedule for guarantee, pledge and mortgage ("GPM") given by the Group is as follows:

	<b>30 September 2016</b>	<b>31 December 2015</b>
A. Total value of GPM provided in favour of the Company itself	8.607	7.746
i. TL	8.607	7.746
B. Total value of GPM provided in favour of the subsidiary	174.553	119.537
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>183.160</b>	<b>127.283</b>

The ratio of total value of other GPM to equity is 0% at 30 September 2016 (31 December 2015: 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 September 2016 and 31 December 2015 is as follows:

	<b>30 September 2016</b>	<b>31 December 2015</b>
Registered share capital (historical values)	500.000	500.000
Share capital with a nominal value	322.508	322.508

The compositions of the Company's share capital at 30 September 2016 and 31 December 2015 were as follows:

	<b>30 September 2016</b>		<b>31 December 2015</b>	
	TL	Share (%)	TL	Share (%)
International Beer Breweries Ltd.	308.597	95,69	308.597	95,69
Public quotation	13.911	4,31	13.911	4,31
	<b>322.508</b>		<b>322.508</b>	

There are 32.250.825.300 (31 December 2015: 32.250.825.300) units of shares with a face value of full 0,01 TL each at 30 September 2016. There are no privileged stocks.

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

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

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

#### b) Other equity items:

	30 September 2016	31 December 2015
Adjustment to share capital	277.613	277.613
Share premium (discount)	154	154
	<b>277.767</b>	<b>277.767</b>

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

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

#### c) Accumulated losses:

As at 30 September 2016, accumulated losses in condensed consolidated financial position of the Group prepared in accordance with Turkish Accounting Standards amount to TL 88.445 (31 December 2015: TL 246.197).

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

#### Current income tax liability:

	30 September 2016	31 December 2015
Provision for corporate tax expense	45.601	42.830
Less: Prepaid taxes	(20.948)	(30.841)
<b>Current income tax liability</b>	<b>24.653</b>	<b>11.989</b>

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

Corporation tax is payable at a rate of 20% (31 December 2015: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed. Corporations are required to pay advance corporation tax quarterly at the rate of 20% (31 December 2015: 20%) on their corporate income. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

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

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

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

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (31 December 2015: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Taxation on income for the period ended 1 September- 30 September 2016 and 2015 is as follows:

	<b>1 January- 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January- 30 September 2015</b>	<b>1 July - 30 September 2015</b>
Current corporate tax expense	(45.601)	(22.570)	(34.022)	(15.185)
Deferred tax (expense)/ income	(6.799)	(983)	(1.080)	715
	<b>(52.400)</b>	<b>(23.553)</b>	<b>(35.102)</b>	<b>(14.470)</b>

Reconciliation of the taxation on income for the period ended 30 September 2016 and 2015 is as follows:

	<b>1 January- 30 September 2016</b>	<b>1 January - 30 September 2015</b>
<b>Income before tax</b>	<b>233.343</b>	<b>168.333</b>
Tax calculated at tax rates applicable	(46.669)	(33.667)
Expenses not deductible for tax purposes	(3.553)	(4.448)
Exemptions	19	253
Other adjustments not subject to tax	(2.197)	2.760
<b>Tax expense</b>	<b>(52.400)</b>	<b>(35.102)</b>

#### Deferred taxes:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the consolidated financial statements and the statutory tax financial statements. Deferred taxes are calculated on temporary differences that are expected to be realized or settled under the liability method using the principal enacted tax rate of 20% (31 December 2015: 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.

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

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 30 September 2016 and 31 December 2015, using enacted tax rates at the financial position dates, was as follows:

	<b>30 September 2016</b>		<b>31 December 2015</b>	
	<b>Cumulative temporary differences</b>	<b>Deferred tax (liability)/asset</b>	<b>Cumulative temporary differences</b>	<b>Deferred tax (liability)/asset</b>
Property, plant and equipment and intangible fixed assets	26.656	(5.366)	23.045	(4.654)
Inventory	(2.840)	568	(1.300)	260
Provision for employment termination benefits	(13.371)	2.700	(12.418)	2.509
Provision for vacation pay obligation and other provisions	(15.426)	3.085	(21.066)	4.212
Provision for impairment of financial investments	(3.463)	693	(3.463)	693
Provision for doubtful receivables	(15.214)	3.043	(12.562)	2.513
Other	2.142	(429)	(27.985)	5.600
		<b>4.294</b>		<b>11.133</b>

Thereof:

	<b>30 September 2016</b>	<b>31 December 2015</b>
Subsidiaries with net deferred income tax assets	11.715	14.166
Subsidiaries with net deferred income tax liabilities	(7.421)	(3.033)
	<b>4.294</b>	<b>11.133</b>

Movement of deferred tax assets for periods ended 30 September 2016 and 2015 are as follows:

	<b>2016</b>	<b>2015</b>
<b>1 January</b>	<b>11.133</b>	<b>9.011</b>
Profit or loss effect	(6.799)	(1.080)
Other comprehensive income effect	(40)	30
<b>30 September</b>	<b>4.294</b>	<b>7.961</b>

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### NOTE 11 - EARNINGS PER SHARE

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

		1 January- 30 September 2016	1 July - 30 September 2016	1 January- 30 September 2015	1 July- 30 September 2015
Net income for the period	A	180.943	89.460	133.231	57.798
Weighted number of ordinary shares	B	32.250.825.300	32.250.825.300	32.250.825.300	32.250.825.300
<b>Gain per share with a 0,01 full TL face value</b>	<b>A/B</b>	<b>0,56</b>	<b>0,28</b>	<b>0,41</b>	<b>0,18</b>

There are no differences between basic and diluted gain per share for the periods ended 30 September 2016 and 2015.

### NOTE 12 - FINANCIAL INVESTMENTS

	30 September 2016	31 December 2015
Financial assets at fair value through profit or loss	142.406	-
Available-for-sale financial assets	167	167
	<b>142.573</b>	<b>167</b>

	Fair values as at 30 September 2016			
	30 September 2016	Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at fair value through profit or loss	142.406	142.406	-	-
Available-for-sale financial assets	167	-	-	167

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

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

	30 September 2016	31 December 2015
Private sector bonds and bills	97.767	-
Certificates of deposits	44.639	-
	<b>142.406</b>	<b>-</b>

The financial assets which are acquired principally for the purpose of selling in the short term and classified as financial assets at fair value through profit or loss, consist of financial instruments that are traded in active markets and measured at their fair values derived from their quoted prices as of 30 September 2016.

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

Private sector bonds and bills, and certificates of deposits are dominated in USD and weighted average annual interest rates are 2% and 0,97%, respectively (2015: None).

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

	<b>2016</b>
<b>1 January</b>	-
Purchase of financial investments	181.281
Sale of financial investments	(44.374)
Fair value increase of financial investments	514
Foreign exchange gain- net	4.985
<b>30 September</b>	<b>142.406</b>

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

	<u>30 September 2016</u>		<u>31 December 2015</u>	
	Amount	Share (%)	Amount	Share (%)
Çamlı Yem Besicilik Sanayi ve Tic. A.Ş.	167	0,19	167	0,19
Desa Enerji	-	4,04	-	4,04
Bintur Turizm ve Catering Hizmetleri Tic. A.Ş.	-	4,66	-	4,66
	<b>167</b>		<b>167</b>	



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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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### NOTE 13 - FOREIGN CURRENCY POSITION

#### Foreign Currency Position Schedule

	30 September 2016				31 December 2015			
	TL Equivalent	USD (thousands)	Euro (thousands)	Other (TL Equivalent)	TL Equivalent	USD (thousands)	Euro (thousands)	Other (TL Equivalent)
1. Trade Receivables	1.658	172	340	-	2.557	841	35	-
2a. Monetary Financial Assets (Including Cash, Bank accounts)	154.288	51.495	-	14	117.611	40.443	4	6
2b. Non-Monetary Financial Assets	7.292	12	2.074	286	8.388	3	2.637	-
3. Other	-	-	-	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>163.238</b>	<b>51.679</b>	<b>2.414</b>	<b>300</b>	<b>128.556</b>	<b>41.287</b>	<b>2.676</b>	<b>6</b>
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	3.325	4	984	6	1.198	-	362	48
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>3.325</b>	<b>4</b>	<b>984</b>	<b>6</b>	<b>1.198</b>	<b>-</b>	<b>362</b>	<b>48</b>
<b>9. Total Assets (4+8)</b>	<b>166.563</b>	<b>51.683</b>	<b>3.398</b>	<b>306</b>	<b>129.754</b>	<b>41.287</b>	<b>3.038</b>	<b>54</b>
10. Trade Payables	(10.642)	(285)	(2.912)	(2)	(12.419)	(882)	(3.059)	(134)
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	(475)	(159)	-	-	(1.125)	(387)	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>(11.117)</b>	<b>(444)</b>	<b>(2.912)</b>	<b>(2)</b>	<b>(13.544)</b>	<b>(1.269)</b>	<b>(3.059)</b>	<b>(134)</b>
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>(11.117)</b>	<b>(444)</b>	<b>(2.912)</b>	<b>(2)</b>	<b>(13.544)</b>	<b>(1.269)</b>	<b>(3.059)</b>	<b>(134)</b>
<b>19. Net Asset/(Liability) Position of Off-Financial Position</b>								
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
<b>19a. Net Asset/(Liability) Position of Off-Financial Position</b>								
Derivative Instruments	-	-	-	-	-	-	-	-
<b>19b. Amount of Liability Nature Off-Financial Position</b>								
Derivative Instruments	-	-	-	-	-	-	-	-
<b>20. Net Foreign Asset/(Liability) Position (9+18+19)</b>	<b>155.446</b>	<b>51.239</b>	<b>486</b>	<b>304</b>	<b>116.210</b>	<b>40.018</b>	<b>(21)</b>	<b>(80)</b>
<b>21. Net Foreign Currency Asset/(Liability) Position of</b>								
Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	145.304	51.382	(2.572)	12	107.749	40.402	(3.020)	(128)
<b>22. Total Fair Value of Financial Instruments Used for</b>								
Foreign Currency Hedging	-	-	-	-	-	-	-	-
<b>23. Amount of foreign currency denominated assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Amount of foreign currency denominated liabilities hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**30 September 2016:**

	<b>Profit/ Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD- net	15.394	(15.394)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect- net (1+2)</b>	<b>15.394</b>	<b>(15.394)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro- net	(864)	864
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect- net (4+5)</b>	<b>(864)</b>	<b>864</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies- net	1	(1)
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect- net (7+8)</b>	<b>1</b>	<b>(1)</b>
<b>TOTAL (3+6+9)</b>	<b>14.531</b>	<b>(14.531)</b>

**31 December 2015:**

	<b>Profit/ Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD- net	11.747	(11.747)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect- net (1+2)</b>	<b>11.747</b>	<b>(11.747)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro- net	(960)	960
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect- net (4+5)</b>	<b>(960)</b>	<b>960</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies- net	(13)	13
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect- net (7+8)</b>	<b>(13)</b>	<b>13</b>
<b>TOTAL (3+6+9)</b>	<b>10.774</b>	<b>(10.774)</b>

Gains and losses on foreign currency does not affect the Group's equity except from the effect on net profit for the period (31 December 2015: None).

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### NOTE 14 - FINANCIAL INSTRUMENTS

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

##### **30 September 2016:**

	Loans and receivables	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<b><u>Financial assets</u></b>					
Cash and cash equivalents	275.566	-	-	275.566	
Trade receivables	350.241	-	-	350.241	4
Financial investments	-	-	142.406	142.406	12
<b><u>Financial liabilities</u></b>					
Trade payables	-	89.117	-	89.117	4

##### **31 December 2015:**

	Loans and receivables	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<b><u>Financial assets</u></b>					
Cash and cash equivalents	312.923	-	-	312.923	
Trade receivables	256.206	-	-	256.206	4
<b><u>Financial liabilities</u></b>					
Trade payables	-	83.465	-	83.465	4

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

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