

**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 2019**

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENT AND NOTES
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 SEPTEMBER 2019**

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

	<i>Notes</i>	<i>Current Period Unaudited 30 September 2019</i>	<i>Prior Period Audited 31 December 2018</i>
ASSETS			
Current Assets		1.533.677	1.560.812
Cash and Cash Equivalents		214.981	146.537
Financial Investments		167	376.949
- Financial Assets at Fair Value Through Profit or Loss	13	-	376.782
- Financial Assets at Fair Value Through Other Comprehensive Income	13	167	167
Trade Receivables		1.014.700	739.343
- Due from Third Parties	4	1.014.700	739.343
Other Receivables		1.092	7.978
- Due from Third Parties		1.092	7.978
Inventories		253.717	256.948
Prepaid Expenses		49.020	33.057
- Prepaid Expenses from Third Parties		49.020	33.057
Non-Current Assets		973.779	777.825
Other Receivables		224	262
- Due from Third Parties		224	262
Investment Properties	6	1.577	1.688
Property, Plant and Equipment	7	795.196	682.469
- Land		14.073	13.831
- Land Improvements		9.377	9.448
- Buildings		56.949	51.770
- Machinery and Equipment		338.431	321.525
- Motor Vehicles		7.973	8.285
- Furniture and Fixtures		343.344	268.438
- Construction in Progress		25.049	9.172
Right of Use Assets	2.2	31.546	-
Intangible Assets	8	5.406	7.549
- Rights		5.406	7.549
Deferred Tax Asset	11	27.753	20.884
Prepaid Expenses		112.077	64.973
- Prepaid Expenses from Third Parties		112.077	64.973
TOTAL ASSETS		2.507.456	2.338.637

The accompanying notes are 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 SEPTEMBER 2019**

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

		<i>Current Period Unaudited</i>	<i>Prior Period Audited</i>
	Notes	30 September 2019	31 December 2018
LIABILITIES			
Current Liabilities		1.272.853	892.461
Current Borrowings		360.845	80.845
- Current Borrowings to Third Parties		360.845	80.845
- Bank Loans	5	357.244	80.845
- Lease Liabilities	2.2	3.601	-
Trade Payables	4	206.019	213.327
- Due to Related Parties	3	3.826	4.746
- Due to Third Parties		202.193	208.581
Other Payables		42.069	38.556
- Due to Third Parties		42.069	38.556
Deferred Income Other Than Contract Liabilities		2	3.200
- Deferred Income Other Than Contract Liabilities from Third Parties		2	3.200
Current Income Tax Liability	11	52.328	12.756
Short-Term Provisions		136.533	117.016
- Provision for Employee Benefits		41.986	49.758
- Other Short-Term Provisions	9	94.547	67.258
Other Current Liabilities		475.057	426.761
- Other Current Liabilities due to Third Parties		475.057	426.761
Non-current liabilities		73.841	40.756
Non-Current Borrowings		25.025	-
- Non-Current Borrowings to Third Parties		25.025	-
- Lease Liabilities	2.2	25.025	-
Long-Term Provisions		22.566	20.209
- Provision for Employee Benefits		22.566	20.209
Deferred Tax Liability	11	26.250	20.547
TOTAL LIABILITIES		1.346.694	933.217
EQUITY		1.160.762	1.405.420
Equity Attributable to Equity Holders of the Group		1.160.762	1.405.420
Share Capital	10	322.508	322.508
Adjustment to Share Capital	10	277.613	277.613
Share Premium (Discount)	10	154	154
Items that will not be Reclassified to Profits (Losses)		(3.743)	(3.588)
- Revaluation of Defined Employee Benefits (Losses) Plans		(3.743)	(3.588)
Restricted Reserves Appropriated from Profits		91.512	18.642
- Legal Reserves	10	91.512	18.642
Accumulated Profits or Losses	10	180.555	362.420
Net Profit or Loss for the Period		292.163	427.671
TOTAL EQUITY AND LIABILITIES		2.507.456	2.338.637

The accompanying notes are 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 2019

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

	Notes	Unaudited Current Period 1 January - 30 September 2019	Unaudited Current Period 1 July - 30 September 2019	Unaudited Prior Period 1 January - 30 September 2018	Unaudited Prior Period 1 July - 30 September 2018
Profit or Loss					
Revenue		1.576.434	722.670	1.181.430	526.570
Cost of sales		(709.741)	(281.735)	(549.151)	(242.350)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		866.693	440.935	632.279	284.220
GROSS PROFIT (LOSS)		866.693	440.935	632.279	284.220
General administrative expenses		(60.731)	(19.914)	(47.766)	(15.592)
Marketing, selling and distribution expenses		(381.131)	(142.016)	(294.996)	(111.400)
Other income from operating activities		20.160	5.271	55.470	34.269
Other expense from operating activities		(29.681)	(1.886)	(62.680)	(33.757)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		415.310	282.390	282.307	157.740
Income from investment activities		68.809	13.364	259.172	165.824
Expenses from investment activities		(26.299)	(14.315)	(45.960)	(41.652)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSES)		457.820	281.439	495.519	281.912
Financial expenses		(84.840)	(29.855)	(12.285)	(5.146)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		372.980	251.584	483.234	276.766
Tax (expense) income, continuing operations		(80.817)	(51.170)	(108.444)	(60.107)
- Current period tax (expense) income	11	(81.944)	(51.966)	(102.489)	(54.768)
- Deferred tax (expense) income	11	1.127	796	(5.955)	(5.339)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		292.163	200.414	374.790	216.659
PROFIT (LOSS)		292.163	200.414	374.790	216.659
Profit (loss), attributable to					
Non-controlling interests		-	-	-	-
Equity holders of the Group		292.163	200.414	374.790	216.659
		292.163	200.414	374.790	216.659
Earnings per 100 shares for net profit attributable to the equity holders of the parent company (full TL)	12	0,91	0,62	1,16	0,67
Other comprehensive income/(expense)					
Items that will not be reclassified to profit or loss		(155)	454	(688)	161
- Gains (losses) on remeasurements of defined benefit plans		(194)	567	(860)	201
- Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss		39	(113)	172	(40)
- Taxes relating to gains (losses) on remeasurements of defined benefit plans		39	(113)	172	(40)
OTHER COMPREHENSIVE INCOME (LOSS)		(155)	454	(688)	161
TOTAL COMPREHENSIVE INCOME (LOSS)		292.008	200.868	374.102	216.820
Allocation of comprehensive income:					
Non-controlling interests		-	-	-	-
Equity holders of the Group		292.008	200.868	374.102	216.820
		292.008	200.868	374.102	216.820

The accompanying notes are 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 2019

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

<i>Unaudited</i>	Share Capital	Adjustment to Share Capital	Share Premium/ (Discounts)	<i>Items that will not be Reclassified To Profit or Loss</i>	Restricted Reserves	<i>Accumulated Profits/(Losses)</i>		Equity Holders of the Group	Total Equity
				Revaluation of Defined Employee Benefits/(Losses)		Accumulated Profits/(Losses)	Net Profit/(Loss) for the Period		
Balances at 1 January 2018	322.508	277.613	154	(2.714)	877	131.266	307.776	1.037.480	1.037.480
Transfers	-	-	-	-	13.492	294.284	(307.776)	-	-
Dividends	-	-	-	-	4.273	(63.130)	-	(58.857)	(58.857)
Total comprehensive income (loss)	-	-	-	(688)	-	-	374.790	374.102	374.102
- Profit (loss) for the period	-	-	-	-	-	-	374.790	374.790	374.790
- Other comprehensive income (loss)	-	-	-	(688)	-	-	-	(688)	(688)
Balances at 30 September 2018	322.508	277.613	154	(3.402)	18.642	362.420	374.790	1.352.725	1.352.725
<i>Unaudited</i>									
Balances at 1 January 2019	322.508	277.613	154	(3.588)	18.642	362.420	427.671	1.405.420	1.405.420
Transfers	-	-	-	-	20.816	406.855	(427.671)	-	-
Dividends	-	-	-	-	52.054	(588.720)	-	(536.666)	(536.666)
Total comprehensive income (loss)	-	-	-	(155)	-	-	292.163	292.008	292.008
- Profit (loss) for the period	-	-	-	-	-	-	292.163	292.163	292.163
- Other comprehensive income (loss)	-	-	-	(155)	-	-	-	(155)	(155)
Balances at 30 September 2019	322.508	277.613	154	(3.743)	91.512	180.555	292.163	1.160.762	1.160.762

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

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019

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

	Notes	<i>Current Period Unaudited 1 January - 30 September 2019</i>	<i>Prior Period Unaudited 1 January - 30 September 2018</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) for the period		292.163	374.790
- Profit (loss) for the period from continuing operations		292.163	374.790
Adjustments to reconcile net profit (loss) for the period		313.045	43.034
Adjustments for depreciation and amortisation expense		151.450	95.673
Adjustments for impairment loss (reversal)		8.366	6.741
Adjustments for impairment loss (reversal) of receivables	4	8.542	6.780
Adjustments for impairment loss (reversal) of inventory		(176)	(39)
Adjustments for provisions		53.837	33.334
Adjustments for (reversal of) provision related to employee benefits		26.548	14.745
Adjustments for (reversal of) provision related with legal case		1.802	1.213
Adjustments for (reversal of) other provisions		25.487	17.376
Adjustments for interest (income) expenses		46.618	(21.620)
Adjustments for interest income		(10.014)	(25.219)
Adjustments for interest expense		58.227	-
Incurred finance expense due to purchases	4	(2.805)	3.821
Unearned finance income due to sales	4	1.210	(222)
Adjustments for fair value losses (gains)		552	1.515
Adjustments for fair value losses (gains) of financial assets	13	552	1.515
Adjustments for taxation (income) expense	11	80.817	108.444
Adjustments for losses (gains) on sale of fixed assets		(1.494)	(2.100)
Adjustments for losses (gains) on sale of tangible assets		(1.494)	(2.100)
Adjustments for unrealised foreign exchange losses		(27.101)	(178.953)
Changes in working capital		(306.132)	(159.814)
Adjustments for decrease (increase) in trade receivables		(281.094)	(233.181)
(Increase) decrease in trade receivables from related party		-	135
Decrease (increase) in trade receivables from third party	4	(281.094)	(233.316)
Adjustments for (increase) decrease in other receivables		(1.797)	(468)
(Increase) decrease in other receivables from third party		(1.797)	(468)
Adjustments for (increase) decrease in inventories		3.407	(121.364)
(Increase) decrease in prepaid expenses		(66.741)	(24.695)
Adjustments for increase (decrease) in trade payables		(8.518)	69.742
(Decrease) increase in trade payables to related parties	3	(920)	4.165
Increase (decrease) in trade payables to third parties	4	(7.598)	65.577
Adjustments for (decrease) increase in other payables		3.513	1.043
(Decrease) increase in other payables to third parties		3.513	1.043
(Decrease) increase in deferred income		(3.198)	142
Adjustments for (decrease) increase in working capital		48.296	148.967
(Decrease) increase in other liabilities		48.296	148.967
		299.076	258.010

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

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019

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

	Notes	<i>Current Period Unaudited 1 January - 30 September 2019</i>	<i>Prior Period Unaudited 1 January - 30 September 2018</i>
Provisions paid related to employee benefits		(32.157)	(24.825)
Income taxes returns (paid)	11	(42.372)	(69.299)
Net Cash Generated/(Used) From Operating Activities		224.547	163.886
Cash Flow From Investing Activities:			
Cash inflow from sale of tangible and intangible assets		3.490	3.990
Cash inflow from sale of tangible assets		3.490	3.900
Cash inflow from sale of intangible assets		-	90
Cash outflow from purchase of tangible and intangible assets		(252.581)	(311.895)
Cash outflow from purchase of tangible assets	6-7	(252.375)	(311.512)
Cash outflow from purchase of intangible assets	8	(206)	(383)
Interest received		10.014	25.219
Cash inflow from sale of equity or debt instruments of other Companies	13	599.921	562.710
Cash outflow from acquisition of equity or debt instruments of other Companies	13	(204.344)	(596.583)
Net Cash Generated/(Used) In Investing Activities		156.500	(316.559)
Cash Flow From Financing Activities			
Proceeds from Borrowings		3.240.170	-
Proceeds from Loans	5	3.240.170	-
Repayments of Borrowings		(2.965.133)	-
Loan Repayments	5	(2.965.133)	-
Financial Lease Repayments		(3.674)	-
Dividends Paid	3	(536.666)	(58.857)
Interest Paid		(53.482)	-
Net Cash Generated/(Used) In Financing Activities		(318.785)	(58.857)
Net Increase (Decrease) In Cash and Cash Equivalents Before Currency Translation Differences		62.262	(211.530)
Effect of currency translation differences on cash and cash equivalents		6.182	35.357
Net Increase (Decrease) In Cash and Cash Equivalents		68.444	(176.173)
Cash and cash equivalents at the beginning of the period		146.537	344.292
Cash and Cash Equivalents at the end of the Period		214.981	168.119

The accompanying notes are 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 2019

(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 2019, the shares traded on BIST are 4,31% (31 December 2018: 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 10).

The average number of employees in the Company and Tuborg Pazarlama A.Ş., its subsidiary, (“Group”) as at 30 September 2019 is 1.430 (31 December 2018: 1.360).

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 which it produces to its subsidiary, Tuborg Pazarlama A.Ş. (“Tuborg Pazarlama” or “Subsidiary”), in which it holds a share of 99,99% (31 December 2018: 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 11 November 2019. The General Assembly of the Company and/or governmental authorities are entitled to modify the consolidated financial statements as enclosed herein.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

a) Statement of compliance

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/Turkey Financial Reporting Standards (“TAS”/“TFRS”) and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POAASA”) 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 2019

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

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 both the CMB's statement issued on 7 June 2013 and 15 July 2016 and POAASA's Financial Statement Formats and Guidance issued on 7 June 2019.

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 2018.

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 condensed 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 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 condensed consolidated financial statements for the accounting year commencing from 1 January 2005.

d) Basis of consolidation

The condensed 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 1 JANUARY - 30 SEPTEMBER 2019

(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 September 2019 and 31 December 2018 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 condensed consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the company ceases to control the subsidiary.

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

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

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

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

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

In order to allow the determination of the financial position and performance of the Group's condensed 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 condensed consolidated financial statements for the period and significant differences are disclosed.

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 2019

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

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

2.2 New and Revised Turkish Accounting Standards

2.2.1 Standards, amendments and interpretations applicable as at 30 September 2019

Amendments to TFRS 9	<i>Financial instruments¹</i>
Amendments to TFRS 28	<i>Investments in associates and joint venture¹</i>
TFRS 16	<i>Leases¹</i>
Interpretations to IFRIC 23	<i>Uncertainty over income tax treatments¹</i>
Annual improvements 2015-2017	<i>TFRS 3, TFRS 11, TAS 12, TAS 23¹</i>
Amendments to TFRS 19	<i>Employee Benefits¹</i>

¹ Effective for annual periods beginning on or after 1 January 2019.

The Group has adopted the new standards and amendments above, and except for TFRS 16, the new standards and amendments have had no significant effect on the current and comparative periods. Therefore, the comparative financial statement of the prior period have not been restated in accordance with the materiality principle.

Transition to TFRS 16 "Leases"

TFRS 16 'Leases' standard has been published by POAASA in April 2018. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognizes an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The cost of the right-of-use asset comprises:

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

To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

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

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

Impact of TFRS 16 on the Group's condensed consolidated statement of financial position is as follows:

Assets

	30 September 2019	1 January 2019
Property, plant and equipment (right-of-use assets - gross)	42.884	27.006
Property, plant and equipment (depreciation of right-of-use assets) (*)	(11.338)	-
Property, plant and equipment (right-of-use assets - net)	31.546	27.006

Liabilities

	30 September 2019	1 January 2019
Short term lease liabilities	(3.601)	(11.088)
Long term lease liabilities	(25.025)	(15.782)
	(28.626)	(26.870)

(*) The Group applies TAS 16 "Property, Plant and Equipment" to depreciate the right of use asset.

As of 30 September 2019, the interest expense effect of TFRS 16 Leases on the interim condensed consolidated statement of profit or loss and other comprehensive income is TL 2.839 (Annual discount rates used are TL: 32,50%, USD: 8,75%, Euro: 5,50%).

2.2.2 Standards, amendments and interpretations that are issued but not effective as at 30 September 2019:

Amendments to IAS 1 and IAS 8	<i>Definition of Material¹</i>
Amendments to TFRS 9, IAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform¹</i>
Amendments to TFRS 3	<i>Definition of a Business¹</i>
TFRS 17	<i>Insurance contracts²</i>

¹ Effective for annual periods beginning on or after 1 January 2020.

² Effective for annual periods beginning on or after 1 January 2021.

The Group will consider the effects of the aforementioned changes to the Group's operations and apply if necessary. The effects of the above mentioned changes in standards and comments are being evaluated.

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 2018, except for the effects of TFRS 16 Leases which is effective for periods beginning on or after 1 January 2019. The condensed consolidated financial statements for the period between 1 January - 30 September 2019 should be read in conjunction with the annual consolidated financial statements for the year ended 1 January - 31 December 2018.

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

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NOTE 3 - RELATED PARTY DISCLOSURES

a) Trade payables due to related parties:

	30 September 2019	31 December 2018
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	3.773	3.623
Other	53	1.123
	3.826	4.746

Trade payables due to related parties has a weighted average maturity of one month (31 December 2018: one month).

b) Product and service sales:

None (1 January - 30 September 2018: TL 512).

c) Product and service purchases:

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Desa Enerji	27.340	11.780	17.860	8.684
Other	1.082	344	13.074	6.356
	28.422	12.124	30.934	15.040

The Group purchases electricity and hot water from Desa Enerji.

d) Dividends to related parties- gross:

Group decided to distribute TL 536.666 gross dividend at Ordinary General Assembly Meeting dated 25 March 2019. The gross amount was paid to shareholders on 2 April 2019 and 4 April 2019 in accordance with the calendar announced to public.

e) Key management compensation:

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

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Short-term employee benefits	12.287	4.570	9.254	3.603
Termination benefits	-	-	-	-
Post- employment benefits	-	-	-	-
Share-based payments	-	-	-	-
Other	93	20	90	16
	12.380	4.590	9.344	3.619

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NOTE 4 - TRADE RECEIVABLE AND PAYABLES

a) Short-term trade receivables:

	30 September 2019	31 December 2018
Customer current accounts	850.158	674.326
Credit card receivables	142.570	66.809
Notes receivables and customer cheques	83.667	54.166
	1.076.395	795.301
Less: Provision for doubtful receivables	(52.883)	(44.341)
Incurred finance expense	(8.812)	(11.617)
	1.014.700	739.343

The effective weighted average interest rate applied to TL denominated receivables is 16,11% p.a. (31 December 2018: 24,28% p.a.) as of 30 September 2019. Trade receivables are all short term with a weighted average maturity of one month (31 December 2018: one month).

Movements in the provision for doubtful receivables are as follows:

	2019	2018
1 January	(44.341)	(36.188)
Collections in the current year	706	562
Reversal of provision	5.847	2.737
Charged to the consolidated statement of profit or loss and other comprehensive income	(15.095)	(10.079)
30 September	(52.883)	(42.968)

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 2019	31 December 2018
Supplier current accounts	173.735	193.898
Due to related parties (Note 3)	3.826	4.746
Accrued expenses	29.448	16.883
Less: Unearned finance income	(990)	(2.200)
	206.019	213.327

The effective weighted average interest rate on TL denominated payables is 15,67% p.a. as of 30 September 2019 (31 December 2018: 23,77% p.a.). Short-term payables have a weighted average maturity of one month (31 December 2018: one month).

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NOTE 5 - BORROWINGS

	30 September 2019			31 December 2018		
	Effective Interest Rate(%)	Original Currency	TL Equivalent	Effective Interest Rate(%)	Original Currency	TL Equivalent
Current borrowings						
Fixed Interest Rate - TL (*)	14,3	357.244	357.244	23,5	80.845	80.845
			357.244			80.845

(*) As of 30 September 2019 all current borrowings consist of bank loan with weighted average maturity of 18 October 2019 (31 December 2018: 2 January 2019).

Net financial debt reconciliation for the periods between 1 January - 30 September 2019 and 2018 is as follows:

	2019	2018
1 January	80.845	-
Proceeds from borrowings	3.240.170	-
Repayments of borrowings	(2.965.133)	-
Interest accrual	1.362	-
Less: Cash and cash equivalents	(214.981)	-
30 September	142.263	-

NOTE 6 - INVESTMENT PROPERTIES

	1 January 2019	Additions	Disposals	Transfers	30 September 2019
<u>Buildings and land improvements:</u>					
Cost	3.815	53	-	-	3.868
Accumulated depreciation	(2.127)	(164)	-	-	(2.291)
Net book value	1.688				1.577
	1 January 2018	Additions	Disposals	Transfers	30 September 2018
<u>Buildings and land improvements:</u>					
Cost	3.445	-	-	-	3.445
Accumulated depreciation	(2.006)	(85)	-	-	(2.091)
Net book value	1.439				1.354

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NOTE 6 - INVESTMENT PROPERTIES (Continued)

Total rental income from the investment properties between 1 January - 30 September 2019 amounts to TL 175 (1 January - 30 September 2018: TL 146). There are no operating expenses arising from the investment property.

As of 30 September 2019, the fair value of Group's investment properties, of which is carried at cost less accumulated depreciation, determined by TSKB Gayrimenkul Değerleme ve Danışmanlık A.Ş.:

Details of the Group's investment properties and information about the fair value hierarchy as at 30 September 2019 are as follows:

		<u>Fair values as at 30 September 2019</u>			
		30 September 2019	Level 1 TL	Level 2 TL	Level 3 TL
Commercial property	unit				
located in Ankara		5.005	-	5.005	-
Commercial property	unit				
located in İzmir		4.535	-	4.535	-

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 30 September 2019 were as follows:

	1 January 2019	Additions	Disposals	Transfers	30 September 2019
Cost:					
Land	13.831	242	-	-	14.073
Land improvements	19.657	75	-	127	19.859
Buildings	113.938	1.706	(165)	7.646	123.125
Machinery and equipment	630.560	160	-	37.084	667.804
Furniture and fixtures	575.612	178.564	(5.672)	9.707	758.211
Motor vehicles	13.678	1.134	(177)	-	14.635
Construction in progress	9.172	70.441	-	(54.564)	25.049
	1.376.448	252.322	(6.014)	-	1.622.756
Accumulated depreciation:					
Land improvements	(10.209)	(273)	-	-	(10.482)
Buildings	(62.168)	(4.030)	22	-	(66.176)
Machinery and equipment	(309.035)	(20.338)	-	-	(329.373)
Furniture and fixtures	(307.174)	(111.522)	3.829	-	(414.867)
Motor vehicles	(5.393)	(1.436)	167	-	(6.662)
	(693.979)	(137.599)	4.018	-	(827.560)
Net book value	682.469				795.196

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment between 1 January and 30 September 2018 were as follows:

	1 January 2018	Additions	Disposals	Transfers(*)	30 September 2018
Cost:					
Land	1.755	12.076	-	-	13.831
Land improvements	15.408	260	-	642	16.310
Buildings	95.807	234	(273)	15.061	110.829
Machinery and equipment	472.683	12.193	(6.301)	121.391	599.966
Furniture and fixtures	376.198	147.553	(9.390)	5.004	519.365
Motor vehicles	12.503	1.610	(46)	-	14.067
Construction in progress	31.782	137.586	-	(142.273)	27.095
	1.006.136	311.512	(16.010)	(175)	1.301.463
Accumulated depreciation:					
Land improvements	(9.934)	(199)	-	-	(10.133)
Buildings	(58.139)	(2.999)	168	-	(60.970)
Machinery and equipment	(294.763)	(14.257)	6.293	-	(302.727)
Furniture and fixtures	(209.165)	(74.185)	7.703	-	(275.647)
Motor vehicles	(4.012)	(1.315)	46	-	(5.281)
	(576.013)	(92.955)	14.210	-	(654.758)
Net book value	430.123				646.705

(*) Note 8.

Current year depreciation and amortisation expenses of TL 94.787 (30 September 2018: TL 63.461) have been charged to cost of production, TL 51.019 (30 September 2018: TL 27.734) to marketing, selling and distribution costs and TL 5.644 (30 September 2018: TL 4.478) to general administrative expenses.

There is no mortgage and pledge on property, plant and equipment as of 30 September 2019 and 2018.

NOTE 8 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the period 1 January - 30 September 2019 and 2018 were as follows:

	1 January 2019	Additions	Disposals	Transfers	30 September 2019
Rights	27.732	206	-	-	27.938
Accumulated amortisation	(20.183)	(2.349)	-	-	(22.532)
Net book value	7.549				5.406
	1 January 2018	Additions	Disposals	Transfers (*)	30 September 2018
Rights	23.291	383	(95)	175	23.754
Accumulated amortisation	(16.837)	(2.633)	5	-	(19.465)
Net book value	6.454				4.289

(*) Note 7.

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

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NOTE 9 – PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a) Other short-term provisions:

	30 September 2019	31 December 2018
Provision for sales discounts	51.404	27.469
Provision for excise duty (*)	35.864	34.062
Other	7.279	5.727
	94.547	67.258

(*) The Group management has allocated a provision of TL 35.864 (31 December 2018: TL 34.062) (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 year are as follows:

	2019	2018
1 January	34.062	32.337
Charge for the period	1.802	1.213
30 September	35.864	33.550

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 January 2006. 39 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 2019, the total value of legal actions is amounted to TL 3.208 (31 December 2018: TL 3.208) in relation to those legal actions not finalized yet.

As at 30 September 2019, the Group has letters of guarantee given amounting to TL 4.540 (31 December 2018: TL 3.848). The schedule for guarantee, pledge, mortgage and bails (GPM) given by the Group is as follows:

	30 September 2019	31 December 2018
A. Total value of GPM provided in favour of the Company itself	4.540	3.848
i. TL	4.540	3.848
B. Total value of GPM provided in favour of the subsidiary	342.680	338.332
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	-	-
	347.220	342.180

The ratio of total value of other GPM to equity is 0% at 30 September 2019 (31 December 2018: 0%).

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NOTE 10 - 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 full TL. The Company's historical authorized registered share capital at 30 September 2019 and 31 December 2018 are as follows:

	30 September 2019	31 December 2018
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 are as follows:

	30 September 2019		31 December 2018	
	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 2018: 32.250.825.300) units of shares with a face value of full TL 0,01. There are no preferred shares.

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

b) Other equity items:

	30 September 2019	31 December 2018
Adjustment to share capital	277.613	277.613
Restricted reserves appropriated from profits	91.512	18.642
Share premium	154	154
	369.279	296.409

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

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

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NOTE 10 - CAPITAL RESERVES AND OTHER SHARE CAPITAL RESERVES (Continued)

c) Accumulated profits:

As at 30 September 2019, accumulated profit in condensed consolidated financial position of the Group prepared in accordance with Turkish Accounting Standards amount to TL 180.555 (31 December 2018: TL 362.420).

There is not any privilege as to dividends. The policy of the Company concerning dividend distribution is to distribute the profit considering its medium and long term strategies, financial situation, the investments and financial plans, other fund requirements, market conditions, economical environment, Capital Market legislations and Turkish Commercial Code.

In the event that distributable profit is available in accordance with relevant regulation, the dividend distribution resolution to be taken by the Board of Directors in the form of cash and/or shares and/or installments as long as the amount is not below than 20% of the distributable profit within the frame of the provisions of Capital Market legislation and Turkish Commercial Code shall be submitted to the approval of General Assembly; and the distribution shall be completed within legal terms.

NOTE 11 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current income tax liability:

	30 September 2019	31 December 2018
Provision for corporate tax expense	81.944	116.400
Less: Prepaid taxes	(29.616)	(103.644)
Current income tax liability	52.328	12.756

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.

In accordance with the Law on the Amendment of Certain Tax Acts, published in the Official Gazette dated 5 December 2017, the corporate tax rate of all companies has been increased from 20% to 22% for the years 2019 and 2020 (31 December 2018: 22%). 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 corporate tax quarterly at the rate of 22% (31 December 2018: 22%) on their corporate income. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

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

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (31 December 2018: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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NOTE 11 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Taxation on income for the periods 1 January - 30 September 2019 and 2018 are as follows:

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Current tax expense	(81.944)	(51.966)	(102.489)	(54.768)
Deferred tax income/(expense)	1.127	796	(5.955)	(5.339)
	(80.817)	(51.170)	(108.444)	(60.107)

Reconciliation of the taxation on income for the periods 1 January - 30 September 2019 and 2018 are as follows:

	1 January - 30 September 2019	1 January - 30 September 2018
Income before tax	372.980	483.234
Tax calculated at tax rates applicable	(82.056)	(106.311)
Expenses not deductible for tax purposes	(3.283)	(2.688)
Other adjustments not subject to tax	2.964	(381)
Exemptions	1.558	936
Tax expense	(80.817)	(108.444)

Deferred taxes:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the condensed 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. Deferred taxes and liabilities are calculated on temporary differences that are expected in 2019 and 2020 under the liability method using the principal enacted rate of 22% and %20 is used for cancellation of temporary differences in 2021 and subsequent periods (31 December 2018: 22%).

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

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 30 September 2019 and 31 December 2018, using enacted tax rates at the statement of financial position dates, was as follows:

	30 September 2019		31 December 2018	
	Cumulative temporary differences	Deferred tax (liability)/asset	Cumulative temporary differences	Deferred tax (liability)/asset
Property, plant and equipment and intangible fixed assets	26.059	(5.235)	28.296	(5.683)
Inventory	(11.915)	2.621	(4.924)	1.083
Provision for employment termination benefits	(22.566)	4.538	(20.209)	4.067
Provision for unused vacation and other provisions	(41.986)	9.236	(49.758)	10.947
Provision for impairment of financial investments	(3.463)	693	(3.463)	693
Provision for doubtful receivables	(27.177)	5.979	(19.283)	4.243
Other - net	74.915	(16.329)	68.225	(15.013)
		1.503		337

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NOTE 11 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Thereof:

	30 September 2019	31 December 2018
Subsidiaries with net deferred income tax assets	27.753	20.884
Subsidiaries with net deferred income tax liabilities	(26.250)	(20.547)
	1.503	337

Movement of deferred tax assets for years ended 30 September 2019 and 2018 are as follows:

	2019	2018
1 January	337	5.369
Profit or loss effect	1.127	(5.955)
Other comprehensive income effect	39	172
30 September	1.503	(414)

NOTE 12 - EARNINGS PER SHARE

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

		1 January- 30 September 2019	1 July- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2018
Net profit for the year	A	292.163	200.414	374.790	216.659
Weighted number of ordinary shares	B	32.250.825.300	32.250.825.300	32.250.825.300	32.250.825.300
Gain per 100 shares (full TL)	A/B	0,91	0,62	1,16	0,67

There are no differences between basic and diluted gain per share for the periods ended 30 September 2019 and 2018.

NOTE 13 - FINANCIAL INVESTMENTS

	30 September 2019	31 December 2018
Financial assets at fair value through profit or loss	-	376.782
Financial assets at fair value through other comprehensive income	167	167
	167	376.949

Fair values as at 30 September 2019

	30 September 2019	Level 1 TL	Level 2 TL	Level 3 TL
Financial assets at fair value through other comprehensive income	167	-	-	167

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019

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

NOTE 13 - FINANCIAL INVESTMENTS (Continued)

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 2019	31 December 2018
Certificates of deposits	-	175.018
Private sector bonds and bills	-	201.764
	-	376.782

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

	2019	2018
1 January	376.782	247.836
Purchase of financial investments	204.344	596.583
Sale of financial investments	(599.921)	(562.710)
Fair value decrease	(552)	(1.515)
Foreign exchange gain - net	19.347	143.596
30 September	-	423.790

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019

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

NOTE 14 – FOREIGN CURRENCY POSITION

	Foreign Currency Position Schedule							
	30 September 2019				31 December 2018			
	TL Equivalent	USD	Euro	Other (TL Equivalent)	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade Receivables	3.342	437	67	455	1.582	188	50	287
2a. Monetary Financial Assets (Including Cash, Bank accounts)	174.586	8.818	20.156	47	494.976	84.607	7.960	71
2b. Non-Monetary Financial Assets	24.518	10	3.912	271	4.562	23	735	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	202.446	9.265	24.135	773	501.120	84.818	8.745	358
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	19.256	-	3.114	-	3.461	1	572	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	19.256	-	3.114	-	3.461	1	572	-
9. Total Assets (4+8)	221.702	9.265	27.249	773	504.581	84.819	9.317	358
10. Trade Payables	(13.868)	(75)	(2.174)	-	(54.408)	(1.047)	(8.020)	(420)
11. Financial Liabilities	(3.036)	-	(491)	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	(7)	(1)	-	(1)	(2.825)	(535)	-	-
13. Short Term Liabilities (10+11+12)	(16.911)	(76)	(2.665)	(1)	(57.233)	(1.582)	(8.020)	(420)
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	(20.845)	-	(3.371)	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	(20.845)	-	(3.371)	-	-	-	-	-
18. Total Liabilities (13+17)	(37.756)	(76)	(6.036)	(1)	(57.233)	(1.582)	(8.020)	(420)
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)	183.946	9.189	21.213	772	447.348	83.237	1.297	(62)
21. Net Foreign Currency Asset/(Liability) Position of								
Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	140.179	9.180	14.187	502	442.150	83.748	(10)	(62)
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	-	-	-	-	-	-	-	-

As of 30 September 2019, Group's export and import amount to TL 83.514 and TL 248.887 respectively (31 December 2018: TL 85.737 and TL 334.664).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019

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

NOTE 14 - FOREIGN CURRENCY POSITION (Continued)

30 September 2019:

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:		
1- Asset/Liability denominated in USD- net	5.195	(5.195)
2- The part of USD risk hedged (-)	-	-
3- USD effect- net (1+2)	5.195	(5.195)
Change of Euro by 10% against TL:		
4- Asset/Liability denominated in Euro- net	8.773	(8.773)
5- The part of EUR risk hedged (-)	-	-
6- Euro effect- net (4+5)	8.773	(8.773)
Change of other currencies by 10% against TL:		
7- Asset/Liability denominated in other currencies- net	50	(50)
8- The part of other currency risk hedged (-)	-	-
9- Other currency effect- net (7+8)	50	(50)
TOTAL (3+6+9)	14.018	(14.018)

31 December 2018:

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:		
1- Asset/Liability denominated in USD- net	44.227	(44.227)
2- The part of USD risk hedged (-)	-	-
3- USD effect- net (1+2)	44.227	(44.227)
Change of Euro by 10% against TL:		
4- Asset/Liability denominated in Euro- net	(6)	6
5- The part of EUR risk hedged (-)	-	-
6- Euro effect- net (4+5)	(6)	6
Change of other currencies by 10% against TL:		
7- Asset/Liability denominated in other currencies- net	(6)	6
8- The part of other currency risk hedged (-)	-	-
9- Other currency effect- net (7+8)	(6)	6
TOTAL (3+6+9)	44.215	(44.215)

There is no effect of foreign currency changes on equity apart from the effects on net income as of 30 September 2019 and 31 December 2018.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019

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

NOTE 15 - FINANCIAL INSTRUMENTS

Classes of financial instruments and their fair values:

30 September 2019:	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<u>Financial assets</u>				
Cash and cash equivalents	214.981	-	214.981	-
Trade receivables	1.014.700	-	1.014.700	4
<u>Financial liabilities</u>				
Bank loans	357.244	-	357.244	5
Trade payables	206.019	-	206.019	4
Lease liabilities	28.626	-	28.626	2.2
31 December 2018:	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<u>Financial assets</u>				
Cash and cash equivalents	146.537	-	146.537	-
Trade receivables	739.343	-	739.343	4
Financial investments	-	376.782	376.782	13
<u>Financial liabilities</u>				
Bank loans	80.845	-	80.845	5
Trade payables	213.327	-	213.327	4

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

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