Efes Breweries International N.V. and its Subsidiaries

Consolidated Financial Statements
Together With Auditors' Report
December 31, 2009

TABLE OF CONTENTS

To: Management Board, the Shareholders and the Supervisory Board of Efes Breweries International N.V.

Auditor’s report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements 2009 of Efes Breweries International N.V., Amsterdam, which comprise the consolidated statement of financial position as at December 31, 2009, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Efes Breweries International N.V. as at December 31, 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, March 29, 2010

Ernst & Young Accountants LLP

Signed by J.J.Vernooij

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2009
(Currency – Thousands of U.S. Dollars unless otherwise indicated)

	Notes	2009	2008
ASSETS			
Current assets			
Cash and cash equivalents	4	**219,142**	220,827
Trade and other receivables	5	**56,913**	88,078
Due from related parties	29	**479**	4,195
Inventories	6	**126,603**	166,385
Prepayments and other current assets	7	**29,349**	43,419
Total current assets		**432,486**	522,904
Non-current assets			
Available-for-sale investments	10	**3,001**	1,525
Investments in associates	11	**30,123**	35,004
Property, plant and equipment	8	**676,441**	710,311
Intangible assets	9	**456,137**	474,397
Deferred tax asset	24	**24,404**	24,758
Prepayments and other non-current assets		**4,354**	423
Total non-current assets		**1,194,460**	1,246,418
Total assets		**1,626,946**	1,769,322
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	**135,752**	189,193
Due to related parties	29	**18,309**	21,459
Income tax payable		**180**	502
Short-term borrowings	13	**26,615**	123,613
Current portion of long-term borrowings	13	**201,367**	307,409
Total current liabilities		**382,223**	642,176
Non-current liabilities			
Long-term borrowings-net of current portion	13	**473,652**	386,301
Deferred tax liability	24	**7,826**	2,775
Other non-current liabilities	30	**60,074**	30
Total non-current liabilities		**541,552**	389,106
Equity	14		
Issued capital		**237,488**	237,488
Share premium		**319,318**	319,318
Currency translation reserve		**19,247**	48,503
Retained earnings		**110,843**	110,451
Equity attributable to equity holders of the parent		**686,896**	715,760
Minority interest		**16,275**	22,280
Total equity		**703,171**	738,040
Total liabilities and equity		**1,626,946**	1,769,322

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

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2009
(Currency – In thousands of U.S. Dollars unless otherwise indicated)

	Notes	2009	2008
Revenue		**857,251**	1,038,046
Cost of sales	16	**(455,115)**	(613,752)
Gross profit		**402,136**	424,294
Selling and marketing expenses	17	**(213,755)**	(258,363)
General and administrative expenses	18	**(101,836)**	(115,810)
Other operating income	19	**2,485**	30,742
Other operating expense	19	**(6,529)**	(7,218)
Operating profit		**82,501**	73,645
Finance income	22	**10,437**	4,975
Finance expense	22	**(75,358)**	(150,795)
Share of loss from associates	11	**(7,068)**	(5,010)
Profit/(Loss) before tax		**10,512**	(77,185)
Income tax	23	**(10,745)**	18,347
Loss for the period		**(233)**	(58,838)
Attributable to:			
Equity holders of the parent company		**392**	(57,386)
Minority interest		**(625)**	(1,452)
		(233)	(58,838)

Earnings / (Loss) per share (in full U.S. Dollars)			
Basic		**0.00**	(0.27)
Diluted		**0.00**	(0.27)

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

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2009
(Currency – In thousands of U.S. Dollars unless otherwise indicated)

	2009	2008
Loss for the period	**(233)**	(58,838)
Other comprehensive income		
Exchange differences on translation of foreign operations	**(33,060)**	(83,855)
Disposal of foreign operations	**-**	(6,046)
Other comprehensive income for the period, net of tax	**(33,060)**	(89,901)
Total comprehensive income for the period, net of tax	**(33,293)**	(148,739)
Attributable to:		
Equity holders of the parent company	**(28,864)**	(147,677)
Minority interest	**(4,429)**	(1,062)
	(33,293)	(148,739)

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

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2009
(Currency – In thousands of U.S. Dollars unless otherwise indicated)

	Attributed to equity holders of the parent						
	Issued Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Total	Minority Interest	Total Equity
At January 1, 2009	**237,488**	**319,318**	**48,503**	**110,451**	**715,760**	**22,280**	**738,040**
Net loss for the year	-	-	-	392	392	(625)	(233)
Other comprehensive income	-	-	(29,256)	-	(29,256)	(3,804)	(33,060)
Total comprehensive income	**-**	**-**	**(29,256)**	**392**	**(28,864)**	**(4,429)**	**(33,293)**
Acquisition of minority shares	-	-	-	-	-	(1,553)	(1,553)
Dividends of subsidiaries	-	-	-	-	-	(23)	(23)
At December 31, 2009	**237,488**	**319,318**	**19,247**	**110,843**	**686,896**	**16,275**	**703,171**
At January 1, 2008	237,488	319,318	138,794	167,837	863,437	9,572	873,009
Net loss for the year	-	-	-	(57,386)	(57,386)	(1,452)	(58,838)
Other comprehensive income	-	-	(90,291)	-	(90,291)	390	(89,901)
Total comprehensive income	-	-	(90,291)	(57,386)	(147,677)	(1,062)	(148,739)
Disposal of subsidiary	-	-	-	-	-	20,338	20,338
Partial disposal of subsidiary	-	-	-	-	-	(6,531)	(6,531)
Dividends of subsidiaries	-	-	-	-	-	(37)	(37)
At December 31, 2008	237,488	319,318	48,503	110,451	715,760	22,280	738,040

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

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2009
(Currency – Thousands of U.S. Dollars unless otherwise indicated)

	Notes	2009	2008
Cash flows from operating activities			
Profit/(Loss) before tax		**10,512**	(77,185)
Adjustments to reconcile profit before tax to cash flows			
Gain on holding activities	19	**-**	(25,713)
Depreciation and amortization	8,21	**84,243**	95,467
Loss from disposal of property, plant and equipment	19	**2,218**	2,106
Provision for bad debt	18	**728**	1,927
Provision for inventories	19	**1,756**	4,771
(Reversal of provision) / Provision for other assets	19	**(334)**	341
(Reversal of provision) / Provision for vacation pay liability		**(355)**	1,224
Reversal of provision for bad debt	19	**(612)**	(287)
Share of loss of associates	11	**7,068**	5,010
Amortised borrowing costs	13	**1,919**	1,259
Unrealised foreign exchange loss on loans		**19,547**	59,559
Interest income	22	**(10,437)**	(4,975)
Interest expense	22	**39,704**	45,385
Net income adjusted for non-cash items		**155,957**	108,889
Changes in trade receivables		**28,179**	(11,485)
Changes in due from related parties		**3,716**	5,069
Changes in inventories		**38,360**	(3,643)
Changes in other current assets		**16,118**	19,647
Changes in other non-current assets		**(1,683)**	2,485
Changes in trade and other payables		**43,097**	(1,939)
Changes in due to related parties		**(3,150)**	(1,346)
Changes in other non-current liabilities		**(11)**	179
Interest received		**10,728**	5,834
Interest paid		**(41,639)**	(44,867)
Taxes paid		**(7,170)**	(11,019)
Net cash flows from operating activities		**242,502**	67,804
Cash flows from investing activities			
Purchase of property, plant and equipment	8	**(100,522)**	(169,750)
Purchase of other intangible assets	9	**(779)**	(1,659)
Proceeds from sale of property, plant and equipment		**3,023**	9,270
Proceeds from sales of subsidiaries, net of cash disposed		**-**	56,747
Acquisition of minority shares	3	**(32,344)**	-
Acquisition of available-for-sale investment shares	10	**(1,476)**	-
Acquisition of subsidiaries, net of cash acquired	3,25	**-**	(87,874)
Capital increase in associates		**-**	(2,682)
Net cash flows used in investing activities		**(132,098)**	(195,948)
Cash flows from financing activities			
Proceeds from short-term and long term borrowings		**339,076**	547,192
Repayment of short-term and long term borrowings		**(435,401)**	(274,593)
Dividends paid to minority interests		**(23)**	(37)
Net cash flows (used in)/from financing activities		**(96,348)**	272,562
Net increase in cash and cash equivalents		**14,056**	144,418
Currency translation differences		**(15,741)**	17,883
Cash and cash equivalents at beginning of year		**220,827**	58,526
Cash and cash equivalents at the end of the period		**219,142**	220,827

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

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

1. GENERAL

Efes Breweries International N.V. (the Company) was incorporated in the Netherlands on October 2, 1996. The registered address of the Company is Strawinskylaan 1227, 1077XX Amsterdam, the Netherlands. The Company's ordinary shares are listed on the London Stock Exchange in the form of global depositary receipts (GDR's) representing five Company ordinary shares.

The parent of the Company is Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi (Anadolu Efes-the Parent Company). Anadolu Efes is a Turkish Corporation, which was established in Istanbul in 1966. The operations of Anadolu Efes consist of production, bottling, selling and distribution of beer under a number of trademarks and also production, bottling, selling and distribution of sparkling and still beverages with The Coca- Cola Company trademark. Certain shares of Anadolu Efes are listed on the Istanbul Stock Exchange.

The consolidated financial statements of the Company for the year 2009 were authorised for issue by the directors on, March 29, 2010.

Nature of Activities of the Company/Group

The Company acts as a Dutch Holding company, facilitating investments in breweries. For the purpose of the consolidated financial statements, the Company and its consolidated subsidiaries are referred to as "the Group".

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2009 and 2008 were as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			2009	2008
CJSC Moscow-Efes Brewery (Efes Moscow) (i)	Russia	Production and marketing of beer	**90.85**	90.85
JSC AMSTAR" (Amstar) (ii)	Russia	Production of beer	**90.85**	90.85
ZAO Efes Entertainment (Efes Entertainment) (ii)	Russia	Entertainment	**90.85**	90.85
CJSC.Rostov Beverage (Rostov Beverages) (ii)	Russia	Lease	**90.85**	90.85
LLC Stary Melnik (ii)	Russia	Advertising	**90.85**	90.85
JSC Brewing Union «Krasny Vostok-Solodovbeer (KV Group) (ii)	Russia	Production of beer	**90.83**	84.36
LLC "KV - SibPivCompaniya"(iii)	Russia	Production and marketing of beer	**90.84**	88.61
LLC "Vostok solod"(iii)	Russia	Production of malt	**90.83**	84.36
LLC "Krasny Vostok – Invest"(iii)	Russia	Finance	**90.83**	84.36
LLC "T'sentralny Torgovy Dom "Krasny Vostok"(iii)	Russia	Trading house	**90.83**	84.36
CJSC "MTD "Krasny Vostok" (iii)	Russia	Trading house	**90.83**	84.36
CJSC "Samarskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**90.83**	84.36
CJSC "Saratovskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**90.83**	84.36
LLC "Ufimskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Volgogradskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**90.83**	84.36
LLC "Ekaterinburgskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Krasnodarskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Krasnoyarskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Kurskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**90.83**	84.36
LLC "Nizhegorodskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**90.83**	84.36
LLC "Nizhnekamskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Permskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Sankt-Peterburgskii torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Chelyabinskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

1. GENERAL (continued)

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			2009	2008
JSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and marketing of beer	**72.00**	72.00
LLP Dinal (Dinal) (iv)	Kazakhstan	Distribution of beer	**72.00**	72.00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production and marketing of beer and low alcoholic drinks	**96.50**	96.50
JSC Lomisi (Efes Georgia)	Georgia	Production and marketing of beer and soft drink	**100.00**	100.00
FLLC Efes Trade BY (Efes Belarus)	Belarus	Marketing of beer	**100.00**	100.00
Efes Commerce d.o.o Belgrade (Efes Commerce)	Serbia	Marketing of beer	**-**	100.00
Euro-Asian Brauerein Holding GmbH (Euro Asian)	Germany	Investment company	**100.00**	100.00
Efes Romania Industrie Si Comert S.A. (ERIC) (v)	Romania	Distribution of beer	**100.00**	100.00

(i) Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), a further 9.15 interest has also been consolidated for Efes Moscow.
(ii) Subsidiaries of Efes Moscow.
(iii) Subsidiaries of KV Group.
(iv) Subsidiary of Efes Karaganda.
(v) In the process of being liquidated.

Environments and Economic Conditions of Subsidiaries

The countries, in which some of the consolidated subsidiaries are operating, have undergone substantial, political and economical changes in the recent years. Accordingly such markets do not possess well-developed business infrastructures and the operations in such countries might carry risks, which are not typically associated with those in more developed markets. Uncertainties regarding the political, legal, tax and / or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the subsidiaries' ability to operate commercially.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, which comprise standards approved by the International Accounting Standards Board (IASB). The consolidated financial statements also comply with the interpretations issued by Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) appointed by the IASC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

IFRS 7, Financial Instruments: Disclosures

In accordance with the new disclosure requirements, the Group provided additional disclosures regarding liquidity risk and a fair value hierarchy table as disclosed in note 26.

IFRS 8, Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the geographical segments previously identified under IAS 14, Segment Reporting.

IAS 1, Presentation of Financial Statements (Revised)

The standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 23, Borrowing Costs (Revised)

The standard has been revised to require capitalisation of borrowing costs on qualifying assets and the Group has amended its accounting policy accordingly. In accordance with the transitional requirements of the Standard, this has been adopted as a prospective change. Therefore, borrowing costs have been capitalised on qualifying assets with a commencement date on or after 1 January 2009. No changes have been made for borrowing costs incurred before this date that have been expensed.

The adoption of following standards and new interpretations below did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 2 Share Based Payment: Vesting Conditions and Cancellations
- IAS 32 Financial Instruments: Presentation and IAS1 Puttable Financial Instruments and Obligations Arising on Liquidation.
- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 13 Customer Loyalty Programmes

The amendments to the following standards and interpretations below did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IAS 8 Accounting Policies, Change in Accounting Estimates and Error
- IAS 10 Events after the Reporting Period
- IAS 16 Property, Plant and Equipment
- IAS 18 Revenue
- IAS 19 Employee Benefits
- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investment in Associates
- IAS 31 Interest in Joint Ventures
- IAS 34 Interim Financial Reporting
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revised standards that are not effective as of December 31, 2009 and have not been early adopted by the Group:

- IAS 1 Presentation of Financial Statements (Revised)
- IAS 24 Related Party Disclosures (Revised)
- IFRS 2 Share Based Payment: Vesting Conditions and Cancellations (Revised)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Revised)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Basis of Preparation

The Company maintains its books and records in accordance with the requirements of the Netherlands' civil code. The subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the regulations of the countries in which they operate. The consolidated financial statements have been prepared from financial statements of the Company and its subsidiaries and presented in accordance with IFRS as adopted by EU in U.S. Dollars. In December 2000, ERIC adopted a plan of liquidation and as a result changed its basis of accounting, from the going-concern basis to a liquidation basis.

The consolidated financial statements have been prepared based on the historical cost convention with some items presented at fair value, as disclosed in below notes. The Company-only condensed income statement has been prepared as permitted by Section 402, Book 2 of the Netherlands Civil Code.

Comparative Information

Starting from January 1, 2009, the Group has rearranged its presentation of foreign exchange gains and losses and presented the net amount in "net foreign exchange gains and losses" line under finance expense, which have been disclosed separately as finance income and finance expense in previous year consolidated income statement. To be consistent with current year presentation, previous year finance income rearranged by USD 23,837.

Foreign Currency Translation

The Company is domiciled in the Netherlands. The Company transacts most of its business in U.S. Dollars, loans granted by the Company are denominated in U.S. Dollars, and contributions to the capital of the subsidiaries are denominated in U.S. Dollars and dividends from subsidiaries are received in U.S. Dollars. Accordingly, USD was determined to be the Company's functional and presentation currency which reflects the economic substance of the underlying events and circumstances relevant to the Company.

The assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date. The income statements of foreign subsidiaries are translated at the exchange rates existing at the dates of the transactions or a weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of the equity. On disposal of a foreign entity, accumulated exchange differences (currency translation reserve) are recognised in the income statement as a component of the gain or loss on disposal.

Each entity within the Group translates its foreign currency transactions and balances into its functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognised in the income statement in the period in which they arise.

Goodwill arising on the acquisition of a foreign entity is treated as an asset of the acquiring company and is translated and recorded at the rate of exchange ruling at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2009.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated in full.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting principles.

The purchase method of accounting is used for acquired businesses. Subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

Minority Interest

Minority interest represents the portion of profit and loss and net assets that is not held by the Group and is presented separately in the consolidated income statement and within the equity in the consolidated statement of financial position, separately from the parent shareholders' equity.

Acquisitions of minority interest are accounted for using the parent entity extension method, whereby, the difference between the consideration and the net book value of the share of the net assets acquired is recognised in goodwill.

Investments in an associate

An associate is an entity in which Group has significant influence. The Group's investment in its associate is accounted for using the equity method. The financial statements of the associate are prepared for the same reporting period as the parent company.

The investment in associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates. Where there has been a change recognised directly in the equity of associate, the Group recognises its share in the statement of changes in equity.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the impairment amount in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are initially recognised at fair value represented by the original invoice amount less an allowance for any uncollectible amounts. After initial recognition, receivables are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the receivables are derecognised or impaired, as well as through the amortisation process.

Provision is made individually for each receivable when there is objective evidence that the Group will no longer be able to collect the debts. Bad debts are written off when identified.

Available-for-sale Investments

Available-for-sale financial investments include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. The Group evaluated its available-for-sale financial assets whether the ability and intention to sell them in the near term is still valid.

Available-for-sale financial investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by alternative valuation methods are measured at cost. The carrying amounts of such investments are reviewed at each reporting date for impairment.

Inventories

Inventories, including work-in-process are valued at the lower of cost and net realizable value, after provision for obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by weighted average and first in first out methods. For processed inventories, cost includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory has been fully written off.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Land is not depreciated.

Depreciation which is calculated on straight-line basis method over the estimated useful life of the assets is as follows:

Buildings	10-40 years
Infrastructure	5-40 years
Machinery and equipment	5-20 years
Vehicles	5-10 years
Furniture and Fixtures	3-15 years
Other tangible assets	2-14 years
Returnable packaging	5-10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less cost to sell and value in use. At each reporting date, an assessment is made as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and the impairment loss is reversed. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Cash generating units are the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognised in the income statement.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognized.

The residual value of assets, useful life and depreciation methodologies are reviewed, and adjusted if appropriate, at each financial year end.

Business Combinations

Business combinations are accounted for using the purchase method .The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attribute to acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Business combinations achieved in stages are accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Goodwill

Goodwill is initially measured at the cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of cash-generating unit and part of operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying mount of the operation when determining the gain or loss on disposal of the operation.

Brand

The cost of brands acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, the brands are carried at cost less accumulated impairment losses, if any. The useful live for the brands are assessed to be indefinite and therefore are not amortised. The brands are tested for impairment and the useful life is reviewed to determine whether indefinite life assessment continues to be supportable, annually.

Other Intangible Assets

Other intangible assets acquired separately from a business are capitalized at cost which is the fair value at the date of acquisition. Other intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if the fair value can be measured reliably on initial recognition. Other intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred.

Following the initial recognition, other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Other intangible assets which are identified to have a finite useful life are amortised on a straight-line basis over the periodically reviewed best estimate of useful lives and assessed for impairment whenever there is an indication that the assets may be impaired. The carrying values of other intangible assets which are identified to have an indefinite useful life are not amortised but reviewed for impairment annually and when events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised on a straight-line basis over 1 to 5 years.

Recognition and Derecognition of Financial Instruments

The Group recognizes a financial asset or financial liability in its consolidated statement of financial position when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when the contractual rights to receive cash flows from the asset expire or the Group transfers the contractual rights to receive cash flows together with the risks of the asset or assumes a contractual obligation to pay the cash flows from a financial asset to one or more recipients under an additional agreement.

The Group derecognizes a financial liability when and only when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another liability from the same lender on substantially different terms or if the terms of the existing financial liability are substantially modified, such exchange or modification is treated as derecognition of the existing liability and the recognition of the new liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Liabilities

Borrowings

All borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Borrowing costs are expensed as incurred, except borrowing costs that have been capitalised on qualifying assets with a commencement date on or after 1 January 2009.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Leases

(a) Finance Lease – Group as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(b) Operating Lease – Group as lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes.

The following specific recognition criteria must also be met before revenue is recognized:

(a) Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of goods.

(b) Interest income

Interest income is recognized as interest accrues. Interest income is included in financial income in the consolidated income statement.

(c) Dividends

Revenue is recognized when the right to collect the dividend is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to such grants, and that the grants will be received. They are recognised to income over the period to match them with the related costs that they are intended to compensate. Income relating to government grants is recognised as a deduction from the appropriate expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Events after the Reporting Period

Post-year-end events that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate (adjusting events), are reflected in the accompanying consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Segment Reporting

The management monitors the operating results of its two business units separately for the purpose of making decisions about the resource allocation and performance assessment. The two of segments are "Russia & Moldova" and "Kazakhstan & Georgia". Segment performance is evaluated based on operating profit which has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business.

Significant Accounting Judgement, Estimates and Assumptions

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of Assets

The Group's impairment test for goodwill and intangible assets with indefinite useful lives is based on the value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next ten years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested. The key assumptions used to determine the recoverable amount for the different cash generating units are further explained in Note 9.

Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from the active markets, they are determined using valuation techniques.

Useful life of Property Plant and Equipment

The useful lives of property plant and equipment have been determined based on the available technical data and information from previous periods taking into account residual values.

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

3. CHANGES IN GROUP'S ORGANIZATION

For the year 2009

The put option, which had been granted by EBI to Tradex Partner Limited Co. (Tradex) and that was exercisable between 2007 and 2010, has been exercised by purchasing the shares in KV Group by Efes Moscow in August 2009 for a cash consideration of USD 30,308. Following the completion of the purchase, Efes Moscow increased its shareholding in KV Group to 99.55% from 92.85%. Subsequent to purchase of option shares, a further 0.43% of KV Group minority shares have been acquired with a cash consideration of USD 2,036. The excess of the acquisition costs over the fair value of net assets acquired was USD 483 and recognized as goodwill in the consolidated statement of financial position. With the purchase of 0.43% minority shares, Efes Moscow increased its shareholding in KV Group to 99.98% from 99.55%.

For the year 2008

In February 2008, the Group acquired 100.00% shares of JSC Lomisi, the leading brewery in Georgia, for a total cash consideration of USD 73,570. The excess of the acquisition costs over the fair value of net assets acquired was USD 30,870 and recognized as goodwill in the consolidated statement of financial position.

In August 2008, the Group sold all of its shares in Efes Ukraine for a cash consideration of USD 2,145, which resulted in a gain amounting to USD 3,187 recognized in the consolidated income statement.

In October 2008, the Group acquired 100.00% shares of Dinal, a brewery in Kazakhstan, for a total cash consideration of USD 16,482. The excess of the acquisition costs over the fair value of net assets acquired was USD 2,060 and has been recognized as goodwill in the consolidated statement of financial position.

Following the acquisition of Dinal, within the scope of collaboration with Heineken International B.V. ("Heineken"), the Group sold 28% of its shares of Efes Karaganda to Heineken for a cash consideration of USD 55,754. The gain amounting USD 37,028 arising from this transaction, is recognized in the consolidated income statement.

Within the scope of collaboration with Heineken in Serbia, the Group and Heineken established the holding entity based company Central Europe Beverages B.V. ("CEB"), which is 28% owned by the Company and 72% by Heineken. The Group has contributed to CEB by transferring all of its shares on Efes Weifert and Efes Zajecar, resulting in a loss of USD 14,502 recognized in the consolidated income statement.

A Share Purchase Agreement is executed between the Company and Efes Moscow regarding the sale of all shares owned by the Company, representing 92.85% of the voting shares of KV Group, to Efes Moscow in February 2008. Following this transaction, effective shareholding percentage of the Company in KV Group reduced to 84.36% excluding the effect of put options granted. The transaction has been treated in accordance with the principles of under common control, thus there is no amount recognized in equity or consolidated income statement.

4. CASH AND CASH EQUIVALENTS

	2009	2008
Cash on hand	**125**	212
Banks accounts (including short-term time deposits)	**218,995**	220,581
Other	**22**	34
	219,142	220,827

As of December 31, 2009 no loans are secured with cash at banks. (2008 - Loans utilized by Efes Moscow and Krasny Vostok amounting to USD 74,599 and USD10,046 respectively, have been secured with cash amount of USD 86,600 (Note 13)).

Time deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest between 1.25% and 7.10% (2008 - 3%-10%).

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

5. TRADE AND OTHER RECEIVABLES

	2009	2008
Trade receivables	**57,510**	87,395
Others	**1,731**	3,168
Less: provision for doubtful accounts	**(2,328)**	(2,485)
	56,913	88,078

The following table shows the development of allowances on trade receivables:

	2009	2008
As of January 1	**2,485**	5,873
Charge for the year	**728**	1,927
Reversal of unused provision	**(612)**	(287)
Addition through subsidiary acquired	**-**	157
Disposal through subsidiary sold	**-**	(4,288)
Currency translation differences	**(273)**	(897)
	2,328	2,485

The following table shows the analysis of the age of trade receivables:

		Of which: neither impairment nor past due on the reporting date	Of which: not impaired on the reporting date and past due in the following periods		
			less than 30 days	between 31 and 60 days	more than 60 days
Trade receivables	**2009**	**30,628**	**10,696**	**5,665**	**8,193**
	2008	44,837	27,392	4,984	7,697

6. INVENTORIES

	2009	2008
Raw materials	**64,475**	105,370
Finished goods	**32,479**	23,424
Supplies and spare parts	**20,544**	20,492
Work-in-process	**7,950**	11,684
Others	**7,042**	9,841
Less: reserve for obsolescence	**(5,887)**	(4,426)
	126,603	166,385

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	2009	2008
Advances given to suppliers	**8,485**	11,977
VAT deductible	**8,280**	15,183
Prepaid expenses	**1,714**	5,006
Other receivables	**11,461**	12,385
Less: provision for other receivables	**(591)**	(1,132)
	29,349	43,419

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Infrastructure	Machinery and Equipment	Furniture and Vehicles	Other Tangible Assets	Construction in Progress	Total
Cost								
January 1, 2009	13,191	255,341	19,703	563,945	26,812	79,117	55,800	1,013,909
Additions	34	252	-	2,776	317	12,669	84,474	100,522
Disposals	-	(155)	(369)	(7,943)	(1,503)	(4,257)	(179)	(14,406)
Currency translation difference	(974)	(12,879)	(830)	(30,486)	(1,963)	(11,267)	(4,654)	(63,053)
Transfers	-	18,045	2,097	76,646	549	-	(97,337)	-
December 31, 2009	**12,251**	**260,604**	**20,601**	**604,938**	**24,212**	**76,262**	**38,104**	**1,036,972**
Depreciation and Impairment								
January 1, 2009	-	41,613	4,055	218,633	10,649	28,648	-	303,598
Depreciation for the year	-	7,567	893	59,828	3,187	12,061	-	83,536
Disposals	-	(30)	(56)	(6,518)	(884)	(2,399)	-	(9,887)
Currency translation difference	-	(1,841)	(291)	(8,825)	(589)	(5,170)	-	(16,716)
December 31, 2009	**-**	**47,309**	**4,601**	**263,118**	**12,363**	**33,140**	**-**	**360,531**
Net book value	**12,251**	**213,295**	**16,000**	**341,820**	**11,849**	**43,122**	**38,104**	**676,441**

<u>Equipment under finance lease</u>

The cost of property, plant and equipment held under finance lease is USD 1,613 and USD 1,897 and has a net book value of USD 841 and USD 1,172 as at December 31, 2009 and 2008, respectively (Refer to Note 27).

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Infrastructure	Machinery and Equipment	Furniture and Vehicles	Other Tangible Assets	Construction in Progress	Total
Cost								
January 1, 2008	11,445	296,551	23,332	570,413	32,830	55,939	58,724	1,049,234
Additions	39	1,021	-	4,962	4,111	21,575	138,042	169,750
Disposals	(2)	(217)	(324)	(14,392)	(1,308)	(3,761)	(1,219)	(21,223)
Additions through subsidiary acquired	3,535	3,352	-	14,304	867	6,357	129	28,544
Disposals through subsidiary sold	-	(23,500)	(1,907)	(45,434)	(9,445)	(156)	(349)	(80,791)
Currency translation difference	(1,826)	(39,137)	(3,067)	(78,911)	(2,422)	(939)	(5,303)	(131,605)
Transfers	-	17,271	1,669	113,003	2,179	102	(134,224)	-
December 31, 2008	13,191	255,341	19,703	563,945	26,812	79,117	55,800	1,013,909
Depreciation and Impairment								
January 1, 2008	-	50,119	4,752	218,813	13,300	19,622	-	306,606
Depreciation for the year	-	11,285	1,137	64,211	4,874	12,880	-	94,387
Disposals	-	(379)	(209)	(4,795)	(1,220)	(3,244)	-	(9,847)
Disposals through subsidiary sold	-	(13,662)	(1,283)	(25,480)	(5,272)	(572)	-	(46,269)
Currency translation difference	-	(5,750)	(342)	(34,116)	(1,033)	(38)	-	(41,279)
December 31, 2008	-	41,613	4,055	218,633	10,649	28,648	-	303,598
Net book value	13,191	213,728	15,648	345,312	16,163	50,469	55,800	710,311

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

9. INTANGIBLE ASSETS

	Goodwill	Brands	Other intangible assets	Total
Cost				
January 1, 2009	362,229	108,444	8,547	479,220
Additions	483	-	779	1,262
Change in fair value of put options (Note 30)	(5,471)	-	-	(5,471)
Disposals	-	-	(784)	(784)
Currency translation difference	(9,595)	(2,751)	(490)	(12,836)
December 31, 2009	**347,646**	**105,693**	**8,052**	**461,391**
Amortisation and impairment				
January 1, 2009	-	-	4,823	4,823
Amortisation for the year	-	-	707	707
Disposals	-	-	(62)	(62)
Currency translation difference	-	-	(214)	(214)
December 31, 2009	**-**	**-**	**5,254**	**5,254**
Net book value	**347,646**	**105,693**	**2,798**	**456,137**

	Goodwill	Brands	Other intangible assets	Total
Cost				
January 1, 2008	441,312	92,616	7,976	541,904
Additions	32,930	-	1,659	34,589
Additions through subsidiary acquired	-	30,065	1,084	31,149
Change in fair value of put options (Note 30)	(31,736)	-	-	(31,736)
Disposals	(16,299)	-	(148)	(16,447)
Disposals through subsidiaries sold	-	-	(1,056)	(1,056)
Currency translation difference	(63,978)	(14,237)	(968)	(79,183)
December 31, 2008	362,229	108,444	8,547	479,220
Amortisation and impairment				
January 1, 2008	-	-	4,955	4,955
Amortisation for the year	-	-	1,080	1,080
Disposals	-	-	(24)	(24)
Disposals through subsidiaries sold	-	-	(437)	(437)
Currency translation difference	-	-	(751)	(751)
December 31, 2008	-	-	4,823	4,823
Net book value	362,229	108,444	3,724	474,397

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

9. INTANGIBLE ASSETS (continued)

As a Group policy, the management performs impairment tests for goodwill and brands with an indefinite useful life on an annual base. Based on the impairment test for goodwill and brands, no grounds were identified for an impairment charge as of December 31, 2009. The recoverable amount of cash generating units, which is determined by discounting the future cash flows, exceeded the carrying amount of the cash generating units including goodwill and brands. Goodwill of USD 314,571 was attributable to the cash generating units in Russia (2008 – 328,628) and the remaining goodwill of USD 33,075 was attributable to the other cash generating units (2008 – 33,601) as of December 31, 2009. Brands of USD 78,069 were attributable to the cash generating unit in Russia (2008 – 80,366) and the remaining brands of USD 27,624 were attributable to the other cash generating units (2008 – 28,078) as of December 31, 2009.

Cash flows were projected with a combination of the strategic business plans of the Company for the period 2010 till 2012 and were extrapolated for the following periods. Key assumptions such as country specific market growth rates, GDP per capita and consumer price indices were derived from external sources. Main estimates such as beer and raw material prices, working capital requirements and capital expenditures were based on key assumptions and historical operating data. Perpetuity growth rate was estimated to be 3%. These projections were discounted at the post-tax weighted average cost of capital of the cash generating units ranged primarily between 13.19% and 10.52% (2008 – 16.77% and 12.69%). The Company believes that all of its management estimates and key assumptions are reasonable. Management believes that no reasonable possible change in any of the disclosed key assumptions would cause the carrying value materially exceed its recoverable amount. If perpetuity growth rate would have gone down by 3%, carrying value and recoverable amount would be equal to each other.

10. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
ZAO Mutena Maltery (Mutena Maltery)	**2,987**	1,511
Others	**14**	14
	3,001	1,525

In February, 2009 EBI acquired additional 8.89% of Mutena Maltery shares and increased its ownership to 19.98% (2008 - 11.09%). Mutena Maltery is carried at cost, since it does not have a quoted market price in an active market and its fair value cannot be reliably measured by alternative valuation methods as at December 31, 2009.

11. INVESTMENTS IN ASSOCIATES

The Group has a 28% interest in CEB, an investment in associate involved in operating breweries in Serbia.

	2009	2008
Carrying amount of CEB	**30,123**	35,004

The share of the associate’s statement of financial position as at December 31, 2009 and 2008 as follows:

	2009	2008
Current assets	**4,433**	6,356
Non-current assets	**41,284**	41,933
Current liabilities	**13,499**	9,495
Non-current liabilities	**2,095**	3,790
	30,123	35,004
Share of associate’s loss	**(7,068)**	(5,010)

The Group has no share of any contingent liabilities or capital commitments as at December 31, 2009 and 2008.

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

12. TRADE AND OTHER PAYABLES

	2009	2008
Trade accounts payable	**79,119**	43,575
Taxes payable other than income tax	**25,788**	16,034
Accrued expenses	**4,351**	5,137
Other short-term payables	**26,494**	28,613
	135,752	93,359

Trade payables are non interest bearing and generally on 30-90 days' term.

	2009	2008
Liability for puttable instruments (Note 30)	**-**	95,834

13. BORROWINGS

	2009	2008
Current		
Bank borrowings (including current portion of long-term borrowings)	**227,608**	430,597
Finance lease liabilities	**374**	425
	227,982	431,022
Non-current		
Bank borrowings	**473,312**	385,823
Finance lease liabilities	**340**	478
	473,652	386,301
	701,634	817,323

In July 2009, EBI has closed and signed a USD 300 million (equivalent amount) Term Loan to refinance its existing syndicated term loan dated September 13, 2006. The related amount has been received on September 10, 2009. The issue costs of USD 7,497 associated with the refinancing loan has been netted off.

Total amortised cost on borrowings for 2009 is USD 1,919 (2008 - USD 1,259) and has been recognised as finance expense in income statement.

As of December 31, 2009 USD 539,088 (2008 – USD 625,423) of the total borrowings are secured with the followings till the maturity of the borrowings:

(i) No cash collaterals. (2008 – USD 86,600)
(ii) A corporate guarantee amounting to USD 390,000 and EURO 107,000, provided by Anadolu Efes (2008 – USD 540,000).

The ability of Efes Karaganda, Efes Moldova and Efes Georgia to declare dividends is subject to prior consent of the related financial institution under the provisions of the loan agreements.

Certain parts of property plant and equipment are pledged as security for long-term borrowings of Efes Georgia.

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

13. BORROWINGS (continued)

The effective interest rates at the reporting date were as follows:

	2009	2008
Bank borrowings		
Non-current		
USD and EURO denominated borrowings	**Base rate + (1.25%-4.75%)**	Base rate + (1.25%-4.25%)
	-	(12.00%)
Other currency denominated borrowings	**-**	Base rate + (3.65%)
	(8.11%)	(8.11%)
Current		
USD and EURO denominated borrowings	**Base rate + (1.25%-4.75%)**	Base rate + (2.00%)
	(4.00%-4.25%)	(6.50%)
Other currency denominated borrowings	**Base rate + (1.03%-3.65%)**	Base rate + (0.50%)
	(8.11%)	(9.00%-20.00%)
Finance lease liabilities	**(6.00%-12.50%)**	(6.00%-14.50%)

Repayments of long-term debt are scheduled as follows (excluding finance lease obligation):

	2009	2008
2009	**-**	306,984
2010	**200,995**	193,581
2011	**108,021**	107,898
2012	**322,282**	-
Thereafter	**43,007**	84,344
	674,305	692,807

Future minimum lease payments for finance lease liabilities are as follows:

	2009	2008
Next 1 year	**384**	471
1 to 5 years	**408**	527
After 5 years	**-**	-
Total minimum lease obligations	**792**	998
Interest	**(78)**	(95)
Present value of minimum obligations	**714**	903

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

14. SHARE CAPITAL AND RESERVES

Number of shares as at December 31, 2009 and 2008 are as follows:

	2009	2008
Common shares, par value of EURO 1		
Authorized	**250,000,000**	250,000,000
Issued and outstanding	**211,428,569**	211,428,569

As at December 31, 2009 and 2008, the composition of shareholders and their respective % of ownership can be summarised as follows:

	2009	2008
Anadolu Efes	**73.47%**	70.22%
Public	**26.53%**	29.78%
	100.00%	100.00%

In July 2009, Anadolu Efes announced its firm intention to make a cash offer for the entire issued share capital of EBI, not already owned by Anadolu Efes. The aforementioned shares are held in the form of GDR's, listed on the London Stock Exchange, held only by Qualified Institutional Buyers and represent approximately 29.78% of the entire issued share capital of EBI. The Offer values EBI at full USD 11.10 in cash for each GDR. As of September 3, 2009, Anadolu Efes acquired 6,872,085 shares of EBI; representing 3.25% of EBI's issued capital and increased its share in EBI to 73.47%.

Currency Translation Reserve

The currency translation reserve is used to record the exchange differences arising on the translation of the financial statements of foreign subsidiaries.

15. EARNINGS PER SHARE

Basic earnings per share (EPS), which is same as fully diluted EPS is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computation:

	2009	2008
Net profit/(loss) attributable to ordinary shareholders	**392**	(57,386)
Weighted average number of ordinary shares	**211,428,569**	211,428,569
Earnings/(Loss) per share (in full U.S. Dollars)	**0.00**	(0.27)

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

16. COST OF SALES

Cost of sales comprised the following expenses:

	2009	2008
Inventory used	**337,289**	472,770
Depreciation & amortisation	**47,580**	54,941
Personnel expenses	**23,371**	29,275
Energy expenses	**22,779**	26,949
Repair and maintenance expenses	**13,739**	16,203
Other expenses	**10,357**	13,614
	455,115	613,752

17. SELLING AND MARKETING EXPENSES

Selling and marketing expenses include the following:

	2009	2008
Marketing and advertising expenses	**69,927**	77,565
Distribution expenses	**65,804**	86,848
Personnel expenses	**35,878**	41,977
Depreciation & amortisation	**30,894**	33,818
Other expenses	**11,252**	18,155
	213,755	258,363

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include the following:

	2009	2008
Personnel expenses	**37,429**	44,598
Consulting and legal fees and other business services	**13,415**	12,426
Taxes and duties	**9,966**	11,498
Royalty expenses	**7,542**	7,529
Management fees and technical assistance	**6,059**	6,695
Depreciation & amortisation	**5,461**	6,289
Waste expenses	**3,261**	3,674
Insurance expenses	**1,560**	1,473
Rent expenses	**1,347**	641
Vehicle expenses	**1,191**	1,759
Representation and communication expenses	**1,030**	1,708
Bad debt provision	**728**	1,927
Travel	**381**	671
Repair and maintenance	**353**	489
Security expenses	**274**	548
Other expenses	**11,839**	13,885
	101,836	115,810

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

19. OTHER OPERATING INCOME / (EXPENSE)

Other operating income:

	2009	2008
Income from equipment renting	**1,266**	1,490
Release of unused provision -bad debt	**612**	287
Income from toll filling of soft drinks	**273**	759
Release of unused provision – other assets	**334**	-
Gain on holding activities, net	**-**	25,713
Other income, net	**-**	2,493
	2,485	30,742

Other operating expense:

	2009	2008
Loss on disposal of property, plant and equipment	**(2,218)**	(2,106)
Provision for obsolete inventory	**(1,756)**	(4,771)
Provision for litigation	**-**	(341)
Other expense, net	**(2,555)**	-
	(6,529)	(7,218)

20. PERSONNEL EXPENSES AND AVERAGE NUMBER OF EMPLOYEES

	2009	2008
Wages and salaries	**86,584**	101,177
Other social expenses	**10,094**	14,673
	96,678	115,850

The average number of employees for the years was:

	2009	2008
Russia	**3,149**	3,049
Kazakhstan	**758**	1,035
Moldova	**438**	481
Georgia	**343**	522
Others	**16**	436
	4,704	5,523

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

21. DEPRECIATION AND AMORTISATION EXPENSES

	2009	2008
Property, plant and equipment		
Cost of sales	**47,553**	54,913
Selling and marketing	**30,868**	33,794
General and administrative	**4,807**	5,261
Other operating expense	**308**	419
Total depreciation	**83,536**	94,387
Intangible assets		
Cost of sales	**27**	28
Selling and marketing	**26**	24
General and administrative	**654**	1,028
Total amortisation	**707**	1,080
Total depreciation and amortisation	**84,243**	95,467

22. FINANCE INCOME AND EXPENSE

	2009	2008
Interest income	**10,437**	4,975
Finance income	**10,437**	4,975

	2009	2008
Interest expense on borrowings	**(39,614)**	(45,275)
Interest expense on finance lease	**(90)**	(110)
Foreign currency exchange losses, net	**(31,574)**	(100,863)
Other financial expense	**(4,080)**	(4,547)
Finance expense	**(75,358)**	(150,795)
Net finance expense	**(64,921)**	(145,820)

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

23. INCOME TAXES

	2009	2008
Current income tax	**(5,829)**	(3,888)
Deferred income tax	**(4,916)**	22,235
	(10,745)	18,347

The reconciliation of the total income tax to the theoretical amount is as follows:

	2009	2008
Profit/(Loss) before tax	**10,512**	(77,185)
Dividend income	**(267)**	(234)
Gain on sale of subsidiary	**-**	(25,713)
Loss on share of associates	**7,068**	5,010
Tax effect of loss making subsidiaries	**18,569**	100,049
Taxable profit	**35,882**	1,927
Tax calculated at the Company's tax rate of 25.5%	**(9,150)**	(491)
Impact of different tax rates in other countries	**2,395**	1,265
Tax losses carried forward	**2,590**	18,595
Change in tax rate	**-**	3,865
Non deductible expenses	**(2,154)**	(2,244)
Other reconciling items	**(4,426)**	(2,643)
Total income tax	**(10,745)**	18,347

24. DEFERRED TAXES

Components of deferred tax assets and liabilities are as follows:

	Assets		**Liabilities**		**Net**	
	2009	2008	**2009**	2008	**2009**	2008
Tax loss carried forward	**34,190**	31,600	**-**	-	**34,190**	31,600
Accruals	**6,860**	7,463	**-**	-	**6,860**	7,463
Inventory	**1,655**	400	**-**	-	**1,655**	400
Tangible assets	-	-	**(23,501)**	(21,493)	**(23,501)**	(21,493)
Other	**-**	4,013	**(2,626)**	-	**(2,626)**	4,013
	42,705	43,476	**(26,127)**	(21,493)	**16,578**	21,983

Deferred tax arises on the above in the following circumstances:

(i) property, plant and equipment: accelerated tax depreciation lead to tax bases lower than carrying amounts;
(ii) buildings and other investments (available-for-sale and trading investments) have different tax bases and carrying amounts because revaluation is only done for accounting purposes. In the case of buildings carried at revalued amounts and of available-for-sale investments, deferred tax is taken directly to equity (except when revaluation increase or decrease is recognised in income);
(iii) inventories may have carrying amounts lower than tax bases due to the elimination of unrealized profits on intercompany sales;
(iv) deferred charges are in some countries allowed to be fully deducted in the period in which they are incurred whereas they may be charged to income over a longer period;
(v) some provisions may not be tax deductible in some countries until a payment is made to settle the obligation;
(vi) fair value adjustments upon acquisition of a subsidiary may impact all of the above captions.

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

24. DEFERRED TAXES (continued)

Movements in deferred tax during the year 2009 are as follows:

	Balance at January 1, 2009	Recognised in income statement	Translation effect	**Balance at December 31, 2009**
Tax loss carried forward	31,600	3,316	(726)	**34,190**
Accruals	7,463	(301)	(302)	**6,860**
Inventory	400	1,253	2	**1,655**
Tangible assets	(21,473)	(3,115)	1,079	**(23,509)**
Other	3,993	(6,069)	(542)	**(2,618)**
	21,983	(4,916)	(489)	**16,578**

The Company has tax losses of USD 34,190 (2008 - 31,600) that are available for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have been recognized in respect of these losses.

Movements in deferred tax during the year 2008 are as follows:

	Balance at January 1, 2008	Additions through subsidiary acquired	Disposals through subsidiary sold	Recognised in income statement	Translation effect	Balance at December 31, 2008
Tax loss carried forward	13,005	2,897	(2,456)	20,500	(2,346)	31,600
Accruals	12,024	-	(28)	(3,170)	(1,363)	7,463
Inventory	499	(267)	(64)	298	(66)	400
Tangible assets	(26,347)	(864)	458	1,792	3,488	(21,473)
Other	3,713	(3,410)	2,090	2,815	(1,215)	3,993
	2,894	(1,644)	-	22,235	(1,502)	21,983

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

25. NOTES TO CASH FLOW STATEMENTS

For the year 2009

There were no acquisitions and disposal of subsidiaries during 2009.

For the year 2008

The fair value of assets and liabilities of subsidiaries at the date of acquisition/ (disposal) and the related cash flows were;

	2008		2008
	Fair values recognized in acquisition	Previous carrying values	Disposals
Cash and cash equivalents	2,178	2,178	(1,152)
Trade receivables	688	688	(10,595)
Due from related parties	1,734	1,734	(2,039)
Inventories-net	7,997	7,997	(12,387)
Other current assets	2,059	2,059	(1,392)
Property, plant and equipment-net	28,544	23,361	(34,522)
Intangible assets	31,149	2,061	(618)
Deferred tax assets	238	-	-
Other non-current asset	-	-	(35)
Trade and other payables	(1,823)	(1,823)	3,308
Due to related parties	(559)	(559)	1,093
Short-term loans	(5,202)	(5,202)	33,261
Other current liabilities	(615)	(616)	3,360
Income tax payable	15	15	-
Long-term debt – net of current portion	(7,399)	(7,399)	-
Deferred tax liability	(1,882)	(1,890)	-
Accumulated exchange differences	-	-	5,854
Net assets	57,122	22,604	(15,864)
Net assets acquired/(disposed)	57,122		(10,733)
Goodwill recognized/(disposed)	32,930		(16,299)
Partial disposal of subsidiary	-		(18,726)
Gain on holding activities, net	-		(25,713)
Total consideration in cash	90,052		(57,899)
Total consideration in kind (Note 3)	-		(13,572)
Net cash acquired with subsidiaries	(2,178)		-
Net cash disposed with subsidiaries	-		1,152
Net cash outflow/(inflow)	87,874		(56,747)

Fair value of shares purchased	89,591
Costs associated with the acquisitions	461
Total cost	90,052

The acquired subsidiaries contributed USD 3,736 from the date of acquisition to December 31, 2008 to the profit for the year of the Group. If the combination had taken place at the beginning of that year, the profit for the year from continuing operations for the Group for 2008 would have been USD (59,052) and revenue would have been USD 1,041,176.

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

26. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise of bank borrowings and finance leases. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Group's management reviews and agrees policies for managing each of these risks which are summarized below. The Group also monitors the market price risk arising from all financial instruments.

EBI operates in different countries, environments and cultures which bring varying degrees of risk and uncertainty. Due to the nature and size of the business, EBI employs a multi-layered internal control structure. Local management, under the guidance of the Board of Management, is responsible for implementing, operating and monitoring an effective internal control system, which is designed to provide reasonable assurance on the integrity of information processing, preventing loss of resources, achieving the business objectives and fair presentation of financial reporting. The Board of Management, under the supervision of the Supervisory Board and in particular its Audit Committee, oversees the effectiveness of internal risk management.

Financial Risk Management

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit risk of the Group is primarily attributable to its trade receivables. Maximum credit risk on the Group is limited to the amounts disclosed on the financial statements. The Group has its credit control policies and procedures in place and the exposure to credit risk is monitored on an ongoing basis. The credit risk arising from the transactions with customers is mitigated through operating with agreed credit limits and diversification of customers. Management believes that the provisions made are sufficient to cover expected losses. The highest amounts of trade receivables are approximately 5%, 4%, and 4% respectively of Group accounts receivable at December 31, 2009 (2008 – 7%, 4%, 3%) and there is no other significant concentration of credit risk. Distribution of trade receivables according to segments is as follows:

	Russia & Moldova		Kazakhstan & Georgia		Others* & Eliminations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Trade Receivables	**45,840**	67,092	**10,121**	20,186	**952**	800	**56,913**	88,078

* Others include EBI and other subsidiaries included in the consolidation.

Credit risk is related to bank deposits: credit risk from balances with banks and financial institutions is managed by finance managers in Group in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties.

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

26. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument (in one year or at the maturity) will fluctuate because of changes in market interest rates. The Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group mainly enters into LIBOR and EURIBOR based contracts in its financial borrowings. As of December 31, 2009, 7.0% of the Group's borrowings were at fixed rates (December 31, 2008, 18.9%).

The weighted average effective interest rates which are calculated from different types of currencies, as at December 31, 2009 and 2008 are as follows:

	2009	2008
Fixed rate bank loans	**6.8%**	8,8%
Floating rate bank loans (Applicable Base Rate +)	**3.1%**	1,7%

The following table demonstrates the sensitivity to a reasonably possible change in the floating interest rates, with all other variables held constant, of the Company's profit before tax:

		2009		2008	
	Change (%)	**Increase**	**Decrease**	Increase	Decrease
USD denominated	1%	**(3,373)**	**3,373**	(5,256)	5,256
EURO denominated	1%	**(1,545)**	**1,545**	-	-
Other	1%	**(268)**	**268**	(417)	417

Foreign exchange risk

Foreign currencies play a significant role in the economies of the territories where the most of the subsidiaries of the Company are operating. The significant part of cash outflows related to financing activities as well as some part of accounts payable balances are hard currency denominated, while cash inflows are primarily denominated in national currencies. Significantly material part of company's sales is recognized in local currencies where its subsidiaries operate. Consequently, any significant decline in the value of the measurement currencies of the subsidiaries against U.S. Dollars may have a negative effect on the subsidiaries' financial position and results of their operations.

The subsidiaries generally do not hedge their foreign currency risks. The governments of these countries have established strict currency controls, which place restrictions on the conversion of national currencies into hard currencies and establish requirements for conversion of hard currency sales to national currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Company's profit before tax translated using the weighted average exchange rate for the year.

			2009		2008	
Country	Currency	Change (%)	**Increase**	**Decrease**	Increase	Decrease
The Netherlands	EURO/USD	10%	**(10,678)**	**10,678**	6,604	(6,604)
Russia	USD/RUB	10%	**(39,019)**	**39,019**	(52,689)	52,689
Kazakhstan	USD/KZT	10%	**(5,889)**	**5,889**	(7,576)	7,576
Moldova	USD/MDL	10%	**(2,488)**	**2,488**	(2,669)	2,669
Georgia	USD/GEL	10%	**(899)**	**899**	(1,056)	1,056

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

26. FINANCIAL INSTRUMENTS (continued)

Liquidity risks

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of financial liabilities and financial assets.

The following table summarizes the maturity profile of the Group's financial liabilities based on future undiscounted payments including interest, according to the reporting date.

December 31, 2009	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	139,178	92,119	518,799	-	750,096
Put option liability	-	-	-	60,055	-	60,055
Trade payables	24	72,652	6,443	-	-	79,119
Due to related parties	-	470	17,839	-	-	18,309
	24	**212,300**	**116,401**	**578,854**	**-**	**907,579**

December 31, 2008	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	3,350	77,783	360,322	158,588	288,587	888,630
Put option liability	95,834	-	-	-	-	95,834
Trade payables	152	37,654	5,724	45	-	43,575
Due to related parties	-	1,497	19,962	-	-	21,459
	99,336	**116,934**	**386,008**	**158,633**	**288,587**	**1,049,498**

As of December 31, 2009 the amount of the financial assets including cash and cash equivalents, trade receivables and due from related parties that have maturity less than three months is USD 274,193 (2008 – USD 305,079).

Capital Management

The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. There were no major changes in Group's approach to capital management during the year.

Fair Values

The fair values of trade receivables and other current assets and trade and other payables are estimated to approximate carrying value due to their short-term nature.

The fair value of long-term debt is estimated to approximate its carrying value since it's primarily denominated in foreign currencies and is revalued at year-end exchange rates. A substantial portion of long-term debt carries variable interest rates.

The fair values of short-term and long-term leasing obligations approximate their carrying values since they are denominated in foreign currencies and revalued at year-end exchange rates.

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

26. FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

(i) Level 1: Quoted prices in active markets for identical assets or liabilities.
(ii) Level 2: Other techniques for which all inputs which have significant effect on the recorded fair value are observable either directly or indirectly.
(iii) Level 3: Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2009 and 2008, the Group held the following financial instruments measured at fair value:

	2009	2008
Available-for-sale investments (Level 3) (Note 10)	**3,001**	1,526
Liability for puttable instruments (Level 3) (Note 30)	**60,055**	95,834

27. LEASES

Lessee - Finance Lease

Property leased by the Group includes buildings, machinery and equipment. The most significant obligations assumed under the lease terms, other than rental payments, are the upkeep of the facilities, insurance and property taxes. Lease terms generally range from 3 to 25 years with options to renew at varying terms.

The following is an analysis of assets under finance leases:

	2009	2008
Machinery and equipment	**503**	509
Other tangible assets	**1,110**	1,388
Accumulated depreciation	**(772)**	(725)
Net book value	**841**	1,172

Lessee - Operating Lease

One of the breweries of Efes Moscow is situated on a site leased from the Moscow City Government under a 49-year lease contract to be expired by 2048. The fair value of the future payment obligations of Efes Moscow to Moscow City Government under the land lease agreement for the remaining life time of the contracts amount to USD 1,396 (2008 – USD 1,065).

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

28. SEGMENT REPORTING

The following table present information regarding the Group's operating segments as at December 31, 2009 and 2008.

	Russia & Moldova		Kazakhstan & Georgia		Others[1] & Eliminations[2]		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Total Revenue	**680,290**	874,552	**177,366**	173,700	**(405)**	(10,206)	**857,251**	1,038,046
Operating Profit	**65,943**	40,482	**21,926**	9,203	**(5,368)**	23,960	**82,501**	73,645
Depreciation & Amortization	**69,662**	81,314	**14,571**	13,921	**10**	232	**84,243**	95,467
Other non cash items	**(421)**	7,237	**3,758**	2,918	**64**	(25,786)	**3,401**	(15,631)
Loss from Associates	**-**	-	**-**	-	**(7,068)**	(5,010)	**(7,068)**	(5,010)
Segment Result	**135,184**	129,033	**40,255**	26,042	**(5,294)**	(1,594)	**170,145**	153,481
Operating Assets	**864,067**	951,553	**212,739**	253,910	**550,140**	563,859	**1,626,946**	1,769,322
Operating Liabilities	**464,489**	516,036	**100,997**	117,394	**358,289**	397,852	**923,775**	1,031,282
Capital Expenditures [3]	**83,338**	121,544	**17,950**	49,857	**13**	8	**101,301**	171,409
Investment in Associates	**-**	-	**-**	-	**30,123**	35,004	**30,123**	35,004

1) Others include EBI and other subsidiaries included in the consolidation.
2) Inter-segment revenues are eliminated on consolidation.
3) Capital expenditures consist of additions to property, plant and equipment and intangible assets.

29. RELATED PARTY BALANCES AND TRANSACTIONS

For the purposes of the consolidated financial statements, the shareholders of the Company and their associates and the companies, which are identified to be controlled by/associated with them, are referred to as related parties.

(a) Balances with Related Parties

Balances with related parties as of December 31, 2009 and 2008, which are separately classified in the consolidated statement of financial position, are as follows:

Due from related parties	**2009**	2008
Coca-Cola Bishkek Bottlers C.J.S.C (Coca-Cola Bishkek) (2)	**107**	308
Coca-Cola Bottlers Kazakhstan Almaty (Coca-Cola Almaty) (2)	**92**	180
Efes Holland TMC (2)	**32**	11
Mutena Maltery (3)	**-**	2,027
Anadolu Efes TMC (2)	**-**	1,392
Other	**248**	277
	479	4,195

(Currency – Thousands of U.S. Dollars unless otherwise indicated)

29. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Due to related parties	**2009**	2008
Efes Holland TMC (2)	**9,490**	13,448
Mutena Maltery (3)	**5,478**	6,392
Oyex Handels Gmbh (2)	**3,024**	1,509
ABH (2)	**243**	67
Anadolu Efes (1)	**58**	11
Others	**16**	32
	18,309	21,459

b) Transactions with Related Parties

Transactions with related parties are done at normal market conditions. The most significant transactions with related parties during the year ended December 31, 2009 and 2008 are as follows:

Nature of Transaction	Related Party	**2009**	2008
Purchase of raw materials from;	Oyex Handels Gmbh (2)	**14,429**	14,828
Management and license fee	Efes Holland (2)	**7,125**	7,828
Processing raw materials from;	Mutena Maltery (3)	**6,690**	12,587
Sale of raw materials to ;	Mutena Maltery (3)	**1,696**	6,105
Purchase of service from;	ABH (2)	**1,319**	1,400
Purchase of beer from;	Anadolu Efes (1)	**469**	3,470
Sale of beer to;	Coca-Cola Almaty (2)	**416**	716
Dividend income from	Mutena Maltery (3)	**280**	234
Sale of beer to;	Coca-Cola Bishkek (2)	**28**	619
Purchase of soda drinks from;	Coca-Cola Almaty (2)	**19**	270
Processing services from;	Efes Tur (2)	**4**	227
Sale of trademark	Anadolu Efes TMC (2)	**-**	163

(1) The ultimate shareholder of the Company
(2) Related party of Anadolu Efes
(3) Company’s available-for-sale investments

c) Emoluments of the Board of Directors

(i) The remuneration of management board of USD 521 (2008 – USD 743) and supervisory board of USD 182 (2008 – USD 177) were included in personnel expenses. The remuneration of management board consists of salary and bonus amounting to USD 448 and USD 73, respectively (2008 – USD 537 and USD 206).
(ii) No shares are held by the members of directors of the Company.
(iii) There are no share options granted to the directors of the Company.
(iv) No loans have been granted to the directors of the Company.

30. COMMITMENTS AND CONTINGENCIES

Put options

The put option granted to the The European Bank for Reconstruction and Development (EBRD) by the Company that may be exercisable between the 7th and the 10th anniversary of the date of the EBRD's first subscription in the share capital of Efes Moscow has been restructured and the exercisable period of the put option has been revised as between 2011 and 2015. By such put option, the EBRD will be entitled to sell its 8.8% of Efes Moscow shares to the Company at an option price to be determined by an independent valuation. Previously, the put option was exercisable between 2007 and 2010.

In accordance with IAS 32 (Financial Instruments: Disclosure and Presentation), the obligation for the participating interest related with put options have been regarded as 'liability for puttable instruments' in the Group's consolidated statement of financial position, to be stated at fair value.

The liability for the put option has been measured by applying a weighting of different valuation techniques based on best estimates currently available. Subsequent changes to the valuation of the put options have been recorded as changes to 'liability for puttable instruments' and to goodwill, without any direct impact on the consolidated income statement and equity. In order to give effect to the recognition of the liability for puttable instruments, the equity and net income attributable to the interest of minority shareholders of Efes Moscow has been decreased by 8.8%.

According to the reassessment of the put option, the contingent consideration related with the put option granted to EBRD amounting to USD 60,055, has been presented as 'liability for puttable instruments' in "non-current liabilities" in the consolidated statement of financial position. The difference with the previous year figure in put option liability amounting to USD (6,995) has been recognized in change in fair value of put-option under goodwill.

In accordance with the conditions regarding the exercise of put option given to Tradex that was exercisable between 2007 and 2010, Tradex notified the Company in order to exercise the put option as described in the put option agreement. The Company has assessed the option price for the shares as defined in the put option agreement which is higher of "full USD 0.395 multiplied by number of shares plus interest accrued from the date of the option until the date of completion at a rate of LIBOR + 4.9%" or "the consolidated EBITDA multiplied by a multiple of nine minus net indebtedness".

Following the assessment of put option price by the Company, which resulted in the calculation of the option price with the method "full USD 0.395 multiplied by number of shares plus interest accrued from the date of the option until the date of completion at a rate of LIBOR + 4.9%", in August 2009, Efes Moscow purchased the option shares for a total cash consideration of USD 30,308. The difference between the purchase consideration and the previous year liability for put option amounting to USD 1.524 has been recognized in change in fair value of put-option under goodwill.

Tax and legal matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates continue to evolve as the government manages the transformation from a command to a market-oriented economy. Various regulations are not always clearly written and their interpretation is subject to the opinions of the local, regional and national tax authorities, the Central Bank and Ministry of Finance. Tax declarations, together with other legal compliance areas (for example, customs and currency control matters) are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts create tax risks in the territories in which the Group operates substantially more than typically found in countries with more developed tax systems.

30. COMMITMENTS AND CONTINGENCIES (continued)

On 23 July 1999, Efes Karaganda and the State Agency for Foreign Investments of Kazakhstan concluded a contract under which the Agency granted to Efes Karaganda tax preferences because of the investments to the economy of Kazakhstan. The related tax preferences were as follows:

(i) full exemption of corporate income tax from July 1999 to August 2004 and one-half of the normal statutory rate until August 2007,
(ii) full exemption of property tax from July 1999 to August 2004 and one-half of the normal statutory rate until July 2008 and,
(iii) full exemption of land tax from July 1999 to August 2004 and one-half of the normal statutory rate until July 2006.

On 4 June 2008, the tax authorities started a tax audit of Efes Karaganda's tax liabilities for the years 2005, 2006 and 2007. On February 5, 2010, the tax authorities issued a tax audit act on the results of the audit in which they stated that the Efes Karaganda's investment contract is not valid because at the date of the signing of the contract, the production of beer was not in the list of the priority sectors of the economy qualifying for tax preferences. Based on this statement, the tax authorities concluded that the Efes Karaganda does not qualify for tax preferences under the contract, as the contract violates the provisions of Law No. 75-1 on State Support of Direct Investments, dated 28 February1997.

The amount of additionally accrued taxes, fines and interest penalties for 2005-2007 with respect to this alleged violation of local investment legislation amounted to USD 2,000. Efes Karaganda disagrees with these assessments and currently is in the process of appealing to the Tax Committee of the Ministry of Finance of Kazakhstan.

No provision for additionally accrued taxes, fines and interest penalties has been provided in the consolidated statement of financial position, because management believes that it is possible but not probable that an outflow of economic benefits will be required to settle the obligation. The ultimate outcome of the matter cannot presently be determined.

Management believes that all applicable taxes have been paid or accrued and the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

31. EVENTS AFTER THE REPORTING PERIOD

In February 2010, Efes Moscow completed a cash capital increase in the amount of USD 200 million. The Group and the minority shareholder EBRD both contributed to this capital increase as per their shareholding therefore Efes Moscow's effective shareholding rate remains the same.

In February 2010, the Group repriced the Term Loan signed on July 6, 2009 and amounting US$ 300 million (equivalent amount) with the consent of all of the banks at the original facility. Consequently, interest rate of both US$ and EURO tranches declined to LIBOR+300 bps per annum and EURIBOR+300 bps per annum respectively from 475 bps per annum above the related benchmark rates. All other terms, including the maturity of the loan remains the same.

In March 2010, in accordance with the restructuring of the Efes Group Companies located in Russia, the official merger process of Amstar and Rostov Beverages with Efes Moscow has been completed.

....