

# **Efes Breweries International N.V.**

**Unaudited Interim Condensed Consolidated  
Financial Statements**

**together with  
Independent Auditors' Review Report**

**June 30, 2009**

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

## **Review report**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial information for the six months period ended June 30, 2009 of Efes Breweries International N.V., Amsterdam, which comprises the statement of financial position as at interim balance sheet date, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the six month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at June 30, 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, August 24, 2009

Ernst & Young Accountants LLP

Signed by J.J. Vernooij

## Efes Breweries International N.V. and its Subsidiaries

### INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2009

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

	Notes	June 30, 2009 (unaudited)	December 31, 2008 (audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		292,488	220,827
Trade and other receivables		87,608	88,078
Due from related parties		1,912	4,195
Inventories		136,435	166,385
Prepayments and other current assets		34,614	43,419
<b>Total current assets</b>		<b>553,057</b>	<b>522,904</b>
<b>Non-current assets</b>			
Available-for-sale investments		3,001	1,525
Investments in associates		30,380	35,004
Property, plant and equipment	4	669,937	710,311
Intangible assets		449,782	474,397
Deferred tax asset		26,357	24,758
Prepayments and other non-current assets		581	423
<b>Total non-current assets</b>		<b>1,180,038</b>	<b>1,246,418</b>
<b>Total assets</b>		<b>1,733,095</b>	<b>1,769,322</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	10	247,219	189,193
Due to related parties		28,637	21,459
Income tax payable		1,933	502
Short-term borrowings	5	125,394	123,613
Current portion of long-term borrowings	5	470,979	307,409
<b>Total current liabilities</b>		<b>874,162</b>	<b>642,176</b>
<b>Non-current liabilities</b>			
Long-term borrowings-net of current portion	5	191,185	386,301
Deferred tax liability		2,150	2,775
Other non-current liabilities		24	30
<b>Total non-current liabilities</b>		<b>193,359</b>	<b>389,106</b>
<b>Equity</b>			
Issued capital		237,488	237,488
Share premium		319,318	319,318
Currency translation reserve		4,125	48,503
Retained earnings		89,035	110,451
<b>Equity attributable to equity holders of the parent</b>		<b>649,966</b>	<b>715,760</b>
Minority interests		15,608	22,280
<b>Total equity</b>		<b>665,574</b>	<b>738,040</b>
<b>Total liabilities and equity</b>		<b>1,733,095</b>	<b>1,769,322</b>

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

**Efes Breweries International N.V. and its Subsidiaries**

**INTERIM CONSOLIDATED INCOME STATEMENT**

**For the six-months ended June 30, 2009**

**(Currency – In thousands of U.S. Dollars unless otherwise indicated)**

	Notes	June 30, 2009 (unaudited)	June 30, 2008 (unaudited)
Revenue	3	416,866	523,924
Cost of sales		(221,400)	(306,032)
<b>Gross profit</b>		<b>195,466</b>	217,892
Selling and marketing expenses		(101,079)	(126,987)
General and administrative expenses		(51,087)	(59,949)
Other operating income		2,421	2,794
Other operating expense		(4,558)	(3,855)
<b>Operating profit</b>	3	<b>41,163</b>	29,895
Financial income	7	60,150	17,603
Financial expense	7	(121,780)	(30,827)
Share of loss from associates		(3,967)	-
<b>(Loss)/Profit before tax</b>		<b>(24,434)</b>	16,671
Income tax		250	(8,866)
<b>(Loss)/Profit for the period</b>		<b>(24,184)</b>	7,805
<u>Attributable to:</u>			
Equity holders of the parent company		(21,416)	7,981
Minority interests		(2,768)	(176)
<hr/>			
(Loss) / Earnings per share (in full U.S. Dollars)			
Basic		(0.10)	0.04
Diluted		(0.10)	0.04

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

Efes Breweries International N.V. and its Subsidiaries

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the six-months ended June 30, 2009**

**(Currency – In thousands of U.S. Dollars unless otherwise indicated)**

	<b>June 30, 2009</b> <b>(unaudited)</b>	June 30, 2008 (unaudited)
<b>(Loss) / Profit for the period</b>	<b>(24,184)</b>	7,805
Exchange differences on translation of foreign operations	<b>(48,258)</b>	74,292
<b>Total comprehensive (loss) / income for the period, net of tax</b>	<b>(72,442)</b>	82,097
<u>Attributable to:</u>		
Equity holders of the parent company	<b>(65,794)</b>	81,565
Minority interests	<b>(6,648)</b>	532

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

**Efes Breweries International N.V. and its Subsidiaries**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the six-months ended June 30, 2009**

**(Currency – In thousands of U.S. Dollars unless otherwise indicated)**

	Attributed to equity holders of the parent					Minority Interests	Total Equity
	Issued Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Total		
<b>At January 1, 2009</b>	<b>237,488</b>	<b>319,318</b>	<b>48,503</b>	<b>110,451</b>	<b>715,760</b>	<b>22,280</b>	<b>738,040</b>
Net loss for the period	-	-	-	(21,416)	(21,416)	(2,768)	(24,184)
Other comprehensive loss	-	-	(44,378)	-	(44,378)	(3,880)	(48,258)
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(44,378)</b>	<b>(21,416)</b>	<b>(65,794)</b>	<b>(6,648)</b>	<b>(72,442)</b>
Dividends of subsidiaries	-	-	-	-	-	(24)	(24)
<b>At June 30, 2009 (unaudited)</b>	<b>237,488</b>	<b>319,318</b>	<b>4,125</b>	<b>89,035</b>	<b>649,966</b>	<b>15,608</b>	<b>665,574</b>
<b>At January 1, 2008</b>	<b>237,488</b>	<b>319,318</b>	<b>138,794</b>	<b>167,837</b>	<b>863,437</b>	<b>9,572</b>	<b>873,009</b>
Net profit / (loss) for the period	-	-	-	7,981	7,981	(176)	7,805
Other comprehensive income	-	-	73,584	-	73,584	708	74,292
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>73,584</b>	<b>7,981</b>	<b>81,565</b>	<b>532</b>	<b>82,097</b>
Dividends of subsidiaries	-	-	-	-	-	(36)	(36)
<b>At June 30, 2008 (unaudited)</b>	<b>237,488</b>	<b>319,318</b>	<b>212,378</b>	<b>175,818</b>	<b>945,002</b>	<b>10,068</b>	<b>955,070</b>

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

## Efes Breweries International N.V. and its Subsidiaries

### INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the six-months ended June 30, 2009

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

	Notes	June 30, 2009 (unaudited)	June 30, 2008 (unaudited)
<b>Cash flows from operating activities</b>			
(Loss) / profit before tax		(24,434)	16,671
<b>Adjustments to reconcile profit before tax to cash flows</b>			
Depreciation and amortization		40,776	46,406
Loss from disposal of property, plant and equipment	4	1,476	1,613
Provision for bad debt		226	476
Provision for inventories		367	2,394
Provision for litigation		287	310
Provision for vacation pay liability		818	977
Reversal of provision for bad debt		(406)	(104)
Reversal of provision for inventories		(1,093)	(82)
Reversal of impairment on property plant equipment		-	(263)
Share of loss of associates		3,967	-
Amortised borrowing costs		665	618
Unrealized foreign exchange loss/(gain) on loans		30,408	(6,292)
Interest income	7	(5,521)	(1,069)
Interest expense	7	22,480	21,291
<b>Net income adjusted for non-cash items</b>		<b>70,016</b>	<b>82,946</b>
Decrease / (increase) in trade receivables		470	(25,128)
Increase in due from related parties		2,283	230
Decrease / (increase) in inventories		30,676	(47,795)
Decrease in other current assets		12,065	5,601
(Increase) / Decrease in other non-current assets		(159)	223
Increase in trade and other payables		56,356	58,604
Increase in due to related parties		7,178	4,718
Decrease in other non-current liabilities		(6)	(5)
Interest received		4,610	1,536
Interest paid		(22,481)	(20,316)
Taxes paid		(2,493)	(5,859)
<b>Net cash provided by operating activities</b>		<b>158,515</b>	<b>54,755</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(61,337)	(120,687)
Purchase of other intangible assets		(428)	(583)
Proceeds from sale of property, plant and equipment	4	897	6,758
Payments to acquire shares of available-for-sale investments		(1,475)	-
Acquisition of subsidiaries, net of cash acquired		-	(73,145)
<b>Net cash used in investing activities</b>		<b>(62,343)</b>	<b>(187,657)</b>
<b>Cash flows from financing activities</b>			
Proceeds from short-term and long term borrowings		35,694	336,684
Repayment of short-term and long term borrowings		(50,245)	(90,349)
Dividends paid to minority interests		(24)	(36)
<b>Net cash (used for) / provided by financing activities</b>		<b>(14,575)</b>	<b>246,299</b>
Net increase/(decrease) in cash and cash equivalents		81,597	113,397
Currency translation differences		(9,936)	12,311
Cash and cash equivalents at beginning of year		220,827	58,526
<b>Cash and cash equivalents at the end of the period</b>		<b>292,488</b>	<b>184,234</b>

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



## Efes Breweries International N.V. and its Subsidiaries

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-months ended June 30, 2009

(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 have been listed on the London Stock Exchange in the form of global depository receipts (GDR's).

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 of beer and its raw materials. Certain shares of Anadolu Efes are listed on the Istanbul Stock Exchange.

The interim condensed consolidated financial statements of the Company for the six month period ended on June 30, 2009 were authorised for issue by the directors on August 24, 2009.

#### Nature of Activities of the Company/Group

The Company acts as a Dutch Holding company, facilitating investments in breweries. For the purpose of the interim condensed 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 June 30, 2009 and December 31, 2008 were as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			June 30, 2009	December 31, 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 Sary Melnik (ii)	Russia	Advertising	90.85	90.85
JSC Brewing Union «Krasny Vostok-Solodovbeer (KV Group) (i)	Russia	Production of beer	84.36	84.36
LLC "KV - SibPivCompaniya"(iii)	Russia	Production and marketing of beer	88.61	88.61
LLC "Vostok solod"(iii)	Russia	Production of malt	84.36	84.36
LLC "Krasny Vostok – Invest"(iii)	Russia	Finance	84.36	84.36
LLC "T'sentralny Torgovy Dom "Krasny Vostok"(iii)	Russia	Trading house	84.36	84.36
CJSC "MTD "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
CJSC "Samsarskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
CJSC "Saratovskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
LLC "Ufinskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Volgogradskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
LLC "Ekaterinburgskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
LLC "Krasnodarskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Krasnoyarskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Kurskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
LLC "Nizhegorodskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
LLC "Nizhnekamskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
LLC "Permskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36
LLC "Sankt-Peterburgskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	84.36	84.36
LLC "Chelyabinskii Torgovyi Dom "Krasny Vostok" (iii)	Russia	Trading house	-	84.36

## Efes Breweries International N.V. and its Subsidiaries

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six-months ended June 30, 2009 (Currency – Thousands of U.S. Dollars unless otherwise indicated)

#### 1. GENERAL (continued)

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			June 30, 2009	December 31, 2008
JSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and marketing of beer	72.00	72.00
LLP Dinal (Dinal) (iv)	Kazakhstan	Production and marketing 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
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
JSC Lomisi (Efes Georgia)	Georgia	Production and marketing of beer and soft drink	100.00	100.00
Efes Trade BY FLLC (Efes Belarus)	Belarus	Marketing of beer	100.00	100.00

- (i) Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), a further 9.15% and 15.19% interest has also been consolidated for Efes Moscow and KV Group, respectively.
- (ii) Subsidiaries of Efes Moscow, which are consolidated under its financial statements.
- (iii) Subsidiaries of KV Group, which are consolidated under its financial statements.
- (iv) Subsidiary of Efes Karaganda, which is consolidated under its financial statements.
- (v) In the process of being liquidated.

#### Environments and Economic Conditions of Subsidiaries

The countries, in which 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.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in compliance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2008.

In preparation of the interim condensed consolidated financial statements of the Company, the same accounting policies and methods of computation have been followed as compared to the most recent annual financial statements except for the adoption of new standards and interpretations as of January 1, 2009, noted below.

##### 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.

## Efes Breweries International N.V. and its Subsidiaries

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six-months ended June 30, 2009 (Currency – Thousands of U.S. Dollars unless otherwise indicated)

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 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 to 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
- IFRS 7 Financial Instruments: Disclosure
- IFRS 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
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

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

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- 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 39 Financial Instruments: Recognition and Measurement

#### **Comparative Information**

Starting from January 1, 2008, the Group accounts returnable packaging materials in other tangible assets and depreciate them over their useful lives. Previously, the returnable packaging materials and its depreciation charge were presented in inventory. In the consolidated financial statements, previous period figures have been rearranged accordingly. To be consistent with current year presentation, other expense and marketing selling expense rearranged by USD 904.

To be consistent with current year presentation, the foreign currency gains and losses incurred in the previous period rearranged by USD 16,534 and disclosed separately in the financial income and financial expense.

## Efes Breweries International N.V. and its Subsidiaries

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six-months ended June 30, 2009 (Currency – Thousands of U.S. Dollars unless otherwise indicated)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Impairment Testing

As a Group policy, the management performs impairment test for goodwill and brands with an indefinite useful life on an annual base. 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. Accordingly no grounds were identified for impairment charge as of December 31, 2008.

The Management believes that all of its management estimates and key assumptions which were used for impairment testing as of December 31, 2008 are still reasonable and there is no significant change in any of the key assumptions which would cause the carrying value materially exceeds its recoverable amount as of June 30, 2009.

#### 3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the geographical position and has two reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

The following tables present revenue and operating profit information regarding the Group's operating segments for the six-months ended June 30, 2009 and 2008, respectively.

##### Six months ended June 30, 2009

	Russia & Moldova	Kazakhstan & Georgia	Others <sup>(*)</sup> & Adjustments	Consolidated
Revenue	328,367	89,098	(599)	416,866
Operating profit	33,660	11,143	(3,640)	41,163

##### Six months ended June 30, 2008

	Russia & Moldova	Kazakhstan & Georgia	Others <sup>(*)</sup> & Adjustments	Consolidated
Revenue	437,781	82,762	3,381	523,924
Operating profit	28,875	7,704	(6,684)	29,895

The following table presents segment assets of the Group's operating segments as at June 30, 2009 and December 31, 2008:

##### Segment Assets

	Russia & Moldova	Kazakhstan & Georgia	Others <sup>(*)</sup> & Adjustments	Consolidated
At June 30, 2009	952,862	230,619	549,614	1,733,095
At December 31, 2008	951,553	253,910	563,859	1,769,322

Due to disposal of Serbian operations in 2008, the Serbia figures are now included within Others & Adjustments.

(\*) Others include EBI and other subsidiaries in the consolidation.

## Efes Breweries International N.V. and its Subsidiaries

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six-months ended June 30, 2009 (Currency – Thousands of U.S. Dollars unless otherwise indicated)

#### 4. PROPERTY, PLANT AND EQUIPMENT

For the six month period ended June 30, 2009, additions and transfers to property, plant and equipment were as follows:

	Additions	Transfers	Disposals, net
Land	34	-	-
Buildings	9	2,460	(63)
Infrastructure	-	1,448	(300)
Machinery and equipment	2,273	19,731	(741)
Motor vehicles	261	62	(562)
Other tangible assets	11,073	9	(707)
Construction in progress	47,687	(23,710)	-
	<b>61,337</b>	<b>-</b>	<b>(2,373)</b>

#### 5. BORROWINGS

As of June 30, 2009, USD 617,185 (December 31, 2008 – USD 625,423) of the total borrowings are secured with the followings till the maturity of the borrowings:

- Cash collaterals amounting to USD 76,100 (December 31, 2008 – USD 86,600)
- 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.
- A corporate guarantee amounting to USD 540,000 provided by Anadolu Efes (December 31, 2008 – USD 540,000).
- Certain parts of property, plant and equipment are pledged as security for long-term borrowings of Efes Georgia.

#### 6. SHARE CAPITAL

	June 30, 2009	December 31, 2008
<b>Common shares, 1 EUR, par value</b>		
Authorized (number of shares)	<b>250,000,000</b>	250,000,000
Issued and outstanding (number of shares)	<b>211,428,569</b>	211,428,569

As at June 30, 2009, the composition of shareholders and their respective % of ownership can be summarized as follows:

	June 30, 2009	December 31, 2008
Anadolu Efes	<b>70.22%</b>	70.22%
Public	<b>29.78%</b>	29.78%
Total	<b>100.00%</b>	100.00%

## Efes Breweries International N.V. and its Subsidiaries

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six-months ended June 30, 2009 (Currency – Thousands of U.S. Dollars unless otherwise indicated)

#### 7. FINANCIAL INCOME / (EXPENSE)

	June 30, 2009	June 30, 2008
Interest income	5,521	1,069
Foreign currency exchange gains	54,629	16,534
<b>Total financial income</b>	<b>60,150</b>	17,603
Interest expense	(22,480)	(21,291)
Foreign currency exchange losses	(97,731)	(7,601)
Other financial expenses	(1,569)	(1,935)
<b>Total financial expense</b>	<b>(121,780)</b>	(30,827)
<b>Net financial expense</b>	<b>(61,630)</b>	(13,224)

#### 8. RELATED PARTY BALANCES AND TRANSACTIONS

For the purposes of the interim condensed consolidated financial statements, the major shareholder of the Company and its associates and the companies, which are identified to be controlled by/associated with it, are referred to as related parties.

##### Balances with Related Parties

Balances with related parties are separately classified in the interim condensed consolidated statement of financial position.

##### Transactions with Related Parties

The most significant transactions with related parties for the six-month period ended June 30, 2009 and 2008 were as follows:

Nature of Transaction	Related Party	June 30, 2009 (unaudited)	June 30, 2008 (unaudited)
Purchase of raw materials from;	Oyex Handels Gmbh <sup>(1)</sup>	7,784	8,361
Management and license fee	Efes Holland <sup>(1)</sup>	4,654	6,551
Processing raw materials from;	Mutena Maltery <sup>(2)</sup>	3,315	6,992
Sale of services	Mutena Maltery <sup>(2)</sup>	864	940
Purchase of service from;	ABH <sup>(1)</sup>	487	447
Dividend income from;	Mutena Maltery <sup>(2)</sup>	275	186
Purchase of beer and material from;	Anadolu Efes <sup>(3)</sup>	246	3,002
Sale of beer to;	Coca-Cola Almaty <sup>(1)</sup>	231	357
Processing services from;	Efes Tur <sup>(1)</sup>	41	-
Sale of beer to;	Coca-Cola Bishkek <sup>(1)</sup>	28	198
Processing services from;	Efes Pazarlama <sup>(1)</sup>	24	-
Purchase of raw material	Coca-Cola Almaty <sup>(1)</sup>	9	12

(1) Related party of Anadolu Efes

(2) Company's investment

(3) The ultimate shareholder of the Company

## **Efes Breweries International N.V. and its Subsidiaries**

### **NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six-months ended June 30, 2009 (Currency – Thousands of U.S. Dollars unless otherwise indicated)**

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#### **9. 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 credit risk, interest rate risk, foreign exchange risk and liquidity 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 6%, 5%, and 4% respectively of Group accounts receivable at June 30, 2009 (December 31, 2008 – 7%, 4%, 3%).

##### **Interest rate risk**

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore 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 based contracts in its financial borrowings. As of June 30, 2009, 7.3% of the Group's long-term debt was at fixed rates (December 31, 2008, 5.5%).

##### **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.



## Efes Breweries International N.V. and its Subsidiaries

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six-months ended June 30, 2009 (Currency – Thousands of U.S. Dollars unless otherwise indicated)

#### 9. FINANCIAL INSTRUMENTS (continued)

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 (due to changes in the fair value of monetary assets and liabilities).

Country	Currency	+ / (-) Change (%)	Effect on Profit Before Tax June 30, 2009 (unaudited)
The Netherlands	USD/EUR	10%	6,169
Russia	RUB/USD	10%	(42,645)
Kazakhstan	KZT/USD	10%	(6,282)
Moldova	MDL/USD	10%	(2,599)
Georgia	GEL/USD	10%	(891)

#### 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.

#### 10. COMMITMENTS AND CONTINGENCIES

##### Put options

A put option has been granted to the EBRD by the Company that may be exercisable between 2008 and 2011. 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.

A put option has been granted to the Tradex Partner Limited Co. ("Tradex") that may be exercisable between 2007 and 2010. By such option, Tradex will have right to sell its 6.7% of KV Group shares to the Company at an option price either at in 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 plus 4.9% or the consolidated EBITDA multiplied by a multiple of nine minus net indebtedness.

Following revised 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 financial statements, 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. 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 and KV Group have been decreased by 8.8% and 6.7%, respectively.

The contingent considerations related with the put options granted to EBRD and Tradex amounting to USD 67,050 and USD 29,794, respectively, have been presented as 'liability for puttable instruments' in trade and other payables in the consolidated statement of financial position. The contingent considerations related with the put options are going to be reassessed at the year-end according to current year performance and projections.



## Efes Breweries International N.V. and its Subsidiaries

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six-months ended June 30, 2009 (Currency – Thousands of U.S. Dollars unless otherwise indicated)

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#### 10. COMMITMENTS AND CONTINGENCIES (continued)

##### 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.

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.

Taxable losses in consolidated financial statements for the six months period ended June 30, 2009 are being assessed by the Group as to whether these losses are still going to be applicable for the rest of the year. The taxation benefits have been calculated taken into account local regulations.

#### 11. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On July 7, 2009, EBI has closed and signed a USD 300 million Term Loan Facility to refinance its existing syndicated term loan facility dated September 13, 2006. The total facility comprises two tranches of USD 150.2 million and EUR 107.0 million.

On July 17, 2009, Anadolu Efes has 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 US\$11.10 in cash for each GDR (representing five EBI ordinary shares). On August 20, 2009, Anadolu Efes has further announced its decision to extend its offer until September 3, 2009.

On June 19, 2009, in the general shareholders meeting of MEB, it was resolved to increase MEB's share capital through issuance of additional shares amounting to USD 200 million. EBI Supervisory and Management Boards decided to participate in the mentioned increase as per EBI's shareholding in MEB. The minority shareholder EBRD is also going to participate to the capital increase and there will be no change in the shareholding structure post capitalization. In connection with the capital increase, the put option granted to the EBRD was amended on July 29, 2009 and the exercisable period of the put option is modified as "between 2011 and 2015" with the same conditions applicable in the previous put option agreement, effective on subscription of capital increase.

As previously disclosed, a put option has been granted on the KV shares to the Tradex that may be exercisable between 2007 and 2010 (Note 10). In accordance with the conditions regarding the exercise of put option, 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 plus 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 plus 4.9%", on August 12, 2009, the Board of Directors of MEB resolved to purchase all of the option shares for a total cash consideration of USD 30-30.5 million. Following the completion of the purchase which is expected to be finalized by the end of August 2009, MEB's stake in KV Group will increase from 92.851% to 99.55%.

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