EFES BREWERIES INTERNATIONAL
ANNUAL REPORT 2009

CONTENTS

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GENERAL OVERVIEW

Through its operational excellence and innovative marketing activities, EBI was able to outperform its operating markets and continued to gain market shares in 2009.

Efes Breweries International NV (EBI or the Company) is one of the largest independent brewers across a wide geographic area that includes Russia, the Commonwealth of Independent States (CIS) and Southeastern Europe, with a total annual brewing capacity of 25 mhl and a malt production capacity of 152,000 tons. Production commenced in Russia in 1999, and within 10 years, EBI has managed to build a strong position in Russia by reaching a 10% market share in this very competitive beer market, which is the world's third largest in terms of consumption. In addition, EBI is the market leader in Moldova and Georgia with respective market shares of 69% and 57%, while in Kazakhstan, it is in second place with a market share of 35%. EBI also has a 28% share in Central Europe Beverages (CEB), which owns the third largest brewer in Serbia. In addition, EBI owns 19.98% stake in a maltery in Moscow, while it has its own sales and distribution company in Belarus.

In 2009, as the global economic crisis spread, beer markets worldwide suffered from a decline in demand, including the operational area of EBI. However, through its operational excellence and innovative marketing activities, EBI was able to outperform the markets and continued to gain market shares in 2009. Although the growth trend reversed in the last two years due to global economic conditions, the historically significant growth rates achieved in EBI's operating area makes the region one of the largest and fastest growing beer markets in Eurasia. Notwithstanding the historical growth, the countries in the region have further growth potential due to the improvements in purchasing power as well as low levels of per capita consumption in the long-term. Being one of the top players in the region, EBI is well-positioned to benefit most from the growth in the area in the coming future through both organic and inorganic growth opportunities.

EBI is registered in the Netherlands and listed on the London Stock Exchange (EBID) with a free float of 26.5%. Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes), the largest shareholder of EBI, is the leading beverage company in Turkey. Anadolu Efes, together with its direct and indirect subsidiaries and affiliates, produces, markets and sells beer, malt, soft drinks and bottled water across Turkey, southeast Europe, Russia, Central Asia and the Middle East. Anadolu Efes is also separately listed on the Istanbul Stock Exchange (AEFES.IS). All beer operations of Anadolu Efes outside of Turkey are conducted by EBI.

Income Statement		**2008**	**2009**	**Change %**
Net Sales	US$ millions	1,038	857	(17)
Operating Profit	US$ millions	74	83	12
Operating Profit Margin	percent (%)	7.1	9.6	2.5
Depreciation and Amortization	US$ millions	95	84	(12)
Net Income	US$ millions	(57)	0	n.m.
EBITDA	US$ millions	153	170	11
EBITDA Margin	percent (%)	14.8	19.8	5
Balance Sheet				
Cash&Cash Equivalents at the End of the Year	US$ millions	221	219	(1)
Total Assets	US$ millions	1,769	1,627	(8)
Shareholder's Equity	US$ millions	716	687	(4)
Total Financial Debt	US$ millions	817	702	(14)
Net Financial Debt/EBITDA	multiple	3.89	2.84	
Other Data				
Beer Sales Volumes	m hectoliters	14.0	13.6	(3)
Capital Expenditure	US$ millions	259	101	(61)
Earning per Share	US$	(0.27)	0.00	n.m.
Average Number of Employees		5,523	4,704	(15)

The brewing industry in general was negatively affected by lower demand in 2009, however, EBI managed to improve its profitability significantly during the year on the back of lower commodity prices and its strict cost management initiatives.

Note 1: Hectoliter= 100 liters

Note 2: EBITDA here means earnings before interest [financial income/(expense)-net], tax, depreciation and amortization, minus minority interest and, as applicable, minus gain on holding activities, plus loss/(gain) on sale of PPE disposals, provisions and impairment.

Note 3: Capital expenditure means cash used in the purchase of property, plant and equipment, intangible assets and cash used for the acquisition of subsidiaries (net of cash acquired).

Note 4: Earnings per Share 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.

Note 5: JSC Lomisi in Georgia, which EBI acquired in February 2008, started full consolidation from March 1, 2008.

Note 6: Efes Serbia is excluded from full consolidation after June 30, 2008 and the new combined entity CEB is being consolidated on equity pick-up basis after this date.

We managed to turn the crisis into opportunity via our disciplined management of the business, which in turn, enabled us to deliver strong profitability and cash flow in the year.

Our Valued Shareholders,

We are pleased to report that despite the economic environment we found ourselves in, EBI managed to deliver a strong financial performance in 2009 and solidified its position in its operating markets.

The past year was definitely an extraordinary time for all industry lines around the world and virtually every country and company was affected at various levels. Although EBI was not immune to the effects of the global economic downturn, we managed to turn the crisis into opportunity via our disciplined management of the business, which in turn, enabled us to deliver strong profitability and cash flow during the year.

2009 marked the 10th year since we commenced production in Russia and in just a decade, we established a solid position as the fourth player in this very competitive beer market, which is the world's third largest in terms of beer consumption. In our other operating markets, Kazakhstan, Moldova and Georgia, we have strong market shares, which we managed to increase year-on-year, solidifying our position. As a result, in its short history EBI grew to be one of the largest independent brewers across its geographic area, becoming stronger every year.

In 2009, our international flagship brand, "Efes Pilsener," renewed its visual identity and communication strategy in accordance with the global brand repositioning in all of our operating countries. In addition, we continued to innovate our brand portfolio through new launches and extensions, as we see our brand portfolio as one of our competitive strengths.

Our Valued Shareholders,

We started the year with a conservative outlook, with an expectation to see signs of recovery starting from the second quarter of the year, especially in our largest market, Russia. However, the second quarter of the year was also tough, leading us to revise our volume expectation downwards for the whole year. Thanks to our well established position equipped with superior tools and deep experience in the sector, we were able to limit the decline in, our sales volumes and continued to outperform markets we operate in leading to market share gains. As a result, in 2009, EBI's consolidated sales volume was 13.6 mhl, indicating a decline of 3.1% compared to the previous year.

With 17%, the drop in our consolidated net sales revenue was higher than the volume decline in 2009. Net sales revenue per liter was down by 15% due to the depreciation of local currencies versus EBI's reporting currency USD and a shift in demand to lower-priced products and packages.

We were negatively affected by lower demand, however, we managed to improve our profitability significantly in 2009 on the back of lower

commodity prices and our strict cost management initiatives. Accordingly we managed to improve our gross profit margin by more than 600 bps compared to the previous year.

In 2009, one of the underlying reasons of our outperformance of the beer market was our increased penetration, especially in Russia. Although this effort generally results in higher selling expenses, we managed to effectively control our expense base and maintained selling and marketing expenses as a percentage of net sales revenue in line with the previous year. This was also assisted by the completion of our brand portfolio rationalization, which enabled us to identify and focus more efficiently on our strategic brands. Accordingly, our consolidated EBITDA increased by 11% and reached US$ 170 million in 2009 and EBITDA margin increased to 20% from 15%, indicating a significant improvement of 506 basis points.

The deterioration in macro-economic conditions in 2009 resulted in a very difficult business environment, where cash became more important than ever. The tight liquidity in the market impacted suppliers, retailers and distributors, some of whom went out of business and many of whom reduced inventory levels significantly in order to cope with the operating environment. In this difficult environment, we put special emphasis on working capital management and strictly controlled our cash conversion cycle. Our extensive efforts to maintain our collection days, to minimize bad debt levels and our redefined inventory strategy focusing on realistic targets based on our supply chain capabilities all paid off well and we are very pleased to have come out of these severe conditions with a stronger profile. We managed to improve our working capital significantly in 2009 and accordingly more than doubled our operating cash flow. What is of special importance here is that the initiatives we took were not to seize short-term opportunities, but rather to make our working capital improvements a sustainable target. In this way we will ensure a lasting improvement and make working capital an important measure of our business performance alongside revenue growth and margin enhancement.

Without constraining our investment needs, we controlled our capex requirements significantly and reduced spending to almost half of the previous year. Reduced interest expenses due to lower indebtedness and a decrease in cash taxes assisted by lower corporate tax rates in countries all contributed positively to our free cash flow generation in 2009. Accordingly, with the improvement in profitability in 2009, we generated more than US$ 140 million free cash flow, which in turn assisted us in reducing our leverage ratio to 2.8 times from 3.9 times at the end of the previous year. We remain committed to maintaining a net leverage ratio of below 3 times, except for times requiring intensive capital to support our growth.

Our Valued Shareholders,

Our largest beer market, Russia, is estimated to have declined by 8% in 2009, on top of a slight decline of 1% in 2008. In addition to unfavorable trend of oil prices in the last two

Our consolidated EBITDA increased by 11% and reached US$ 170 million in 2009 and EBITDA margin increased to 20% from 15%, indicating a significant improvement of 506 basis points.

years, devaluation of the Ruble further shook the Russian economy. As a result, private consumption in the country was severely hit, also contributed by an increased unemployment rate and real wage declines due to the chain effect of the above factors. Furthermore, brewers were also negatively impacted by adverse weather conditions. Despite these negative factors, we managed to significantly outperform the beer market by limiting our volume decline at 3.6% over the previous year. As a result, our market share in Russia increased from 9% in 2008 to 10% in 2009. This was achieved through focused, innovative and memorable, but cost effective, marketing activities, as well as increased penetration.

Innovation continues to be one of the primary drivers behind volume growth in Russia, which we believe differentiates us from our competitors. Accordingly, EBI successfully launched brand extensions and introduced new packages to the market in 2009, which were all welcomed by the consumers. As a result, our strategic brands' positions and shares in Russia were further strengthened in such a challenging year.

In Kazakhstan, another challenging market, EBI once again outperformed the declining beer market and achieved a high single digit sales volume growth in 2009. As a result, our market share increased by more than 600 bps organically. The growth in market share was mainly assisted by the strong performance of our "Karagandinskoe" brand. 2009 was the first full year of strategic collaboration with Heineken, which was completed in the last quarter of 2008. The combined entity achieved more than 35% market share in Kazakhstan in 2009.

As being the leader in the Moldovan beer market, where we have the highest market share among our operating markets with 69%, our sales volume was severely hurt due to the economic crisis. In addition to the direct effect of the global economic slowdown on the Moldovan economy, the country was also hurt indirectly by the downward trend in its major export markets. Accordingly, EBI's sales volume in Moldova declined in 2009 over the previous year, in line with the market. Our flagship brand "Chisinau", the highest selling beer brand in Moldova, enriched its portfolio with new brand extensions and packages in 2009.

Although our operation in Georgia is the smallest according to its contribution to our consolidated sales volume, it is the fastest growing one. Our beer sales volume increased by double digits in 2009 and as a result our market share in Georgia increased by 10 percentage points, reaching 57%. We believe EBI will benefit most from the expected growth rate in the Georgian beer market in the next five years as being the market leader with its continuously increasing share.

Our Valued Shareholders,

We have already started seeing some signs of improvement in macro-economic indicators, yet we expect economic challenges to continue in 2010. We are preparing our business plans with conservative approaches, accounting for slow recovery in the economic environment and a gradual recovery in operating currencies.

Aside from economic challenges, the Russian beer market will undoubtedly be impacted by the tripled excise tax on beer, which require significant price increases. In addition to volume pressures, the phased price increases will create margin pressure for all players. However, we are well prepared for the challenges ahead and we believe these challenges will further sharpen our operational abilities. We will continue to emphasize cost reduction initiatives, cash flow management, capex rationalization and corporate culture of austerity and efficiency. Working capital management and debt reduction will continue to be our focus areas. We are committed to outperforming our operating markets through our strategy to invest in our strategic brands and in immediate volume delivery opportunities. We will also keep focusing on increasing our penetration, which we believe is one of the key items to strengthen our position in our operating markets in the future.

We would like to extend our most sincere gratitude to our esteemed shareholders and employees for the belief and substantial contribution to the growth of our business.

Sincerely,

Tuncay Özilhan
Chairman of the Supervisory Board

Alejandro Jimenez
CEO and Chairman of the Board of Management

We are well prepared for the challenges ahead and we believe these challenges will further sharpen our operational abilities. We will continue to emphasize cost reduction initiatives, cash flow management, capex rationalization and corporate culture of austerity and efficiency.

CHRONOLOGY

1996
- EBI founded in the Netherlands.
- Efes Karaganda Brewery (Efes Kazakhstan) was acquired through privatization by Anadolu Efes with an annual brewing capacity of 0.40 mhl.

1997
- Joint venture with the government of the City of Moscow to develop a maltery and a brewery.

1998
- Commercial production started in Romania.
- Renovation of Efes Kazakhstan completed.

1999
- Moscow Efes Brewery (MEB), the first green-field modern brewery in Moscow, established in partnership with the European Bank for Reconstruction and Development (EBRD) and the government of the City of Moscow, commenced production with an annual 1.5 mhl brewing capacity.
- “Stary Melnik” launched in Russia.
- Production started in the malt production facility in Moscow, adjacent to MEB.

2000
- Romanian Efes Brewery restructured as a 50%-50% joint venture with InBev; Interbrew Efes Brewery (Efes Romania) established.

2002
- MEB’s capacity was doubled to 3.0 mhl.
- Efes Kazakhstan was acquired from Anadolu Efes by EBI.
- EBI increased its capital, thereby allocating 15% of the capital to selected foreign institutional investors through a private placement to provide external funding to further accelerate its rapidly growing operations.

2003
- Acquisition of Vitanta Intravest S.A. (Efes Moldova), the leader in the Moldovan beer market, located in Chisinau-Moldova, with an annual 0.8 mhl brewing capacity.
- Production commenced in Rostov, the new green-field brewery in Southern Russia, with an annual 1.0 mhl brewing capacity.
- Production commenced in the brand new brewery in Almaty, Kazakhstan with an annual 0.6 mhl brewing capacity.
- Acquisition of the Amstar Brewery located in Ufa, in the Urals region of the Russian Federation, with an annual 1.2 mhl brewing capacity.
- Acquisition of the Pancevo Brewery in Serbia, located on the outskirts of Belgrade (Efes Weifert), with an annual 0.4 mhl brewing capacity.

2004
- Production capacity of MEB increased to 4.5 mhl.
- Acquisition of the second brewery in Serbia, located in Zajecar, South East Serbia (Efes Zajecar), with an annual 1.0 mhl brewing capacity.
- Initial Public Offering of EBI and listing of GDRs on the London Stock Exchange with a free float of approximately 30%.

2005
- Total beer production capacity of EBI increased to 11.8 mhl following the capacity increases in its Ufa and Rostov plants in Russia to 2.0 mhl and 1.2 mhl, respectively, and in the Chisinau plant in Moldova to 0.9 mhl.

2006

- Acquisition of the Krasny Vostok Brewing Group (KV Group) in Russia completed with an annual 10.0 mhl brewing and 93,000 ton malt production capacity.
- Acquisition of the 19.9% minority shares in MEB completed, increasing the effective ownership of EBI in Moscow Brewery to 90.9%.
- Launch of Bavaria Premium and Bavaria Malt produced under license in Russia.
- Total beer production capacity of EBI increased to 23.8 mhl following the capacity increases in Russia to 20.2 mhl and in Kazakhstan to 1.3 mhl.
- Capital increase by US$ 300 million through a Rights Issue, in which both Anadolu Efes and EBI's public minority shareholders participated.
- Disposal of the 50% share of EBI in Romania to Inbev, which held the remaining 50%.

2007

- Alejandro Jimenez appointed as the new CEO and Chairman of the Board of Management of EBI.
- Efes Moldova's soft drink brands "Viva" and "Real" sold to The Coca-Cola Company.
- Following the capacity increase in Kazakhstan from 1.3 million hectoliters to 2.1 million hectoliters, EBI's total capacity reached 24.6 million hectoliters.

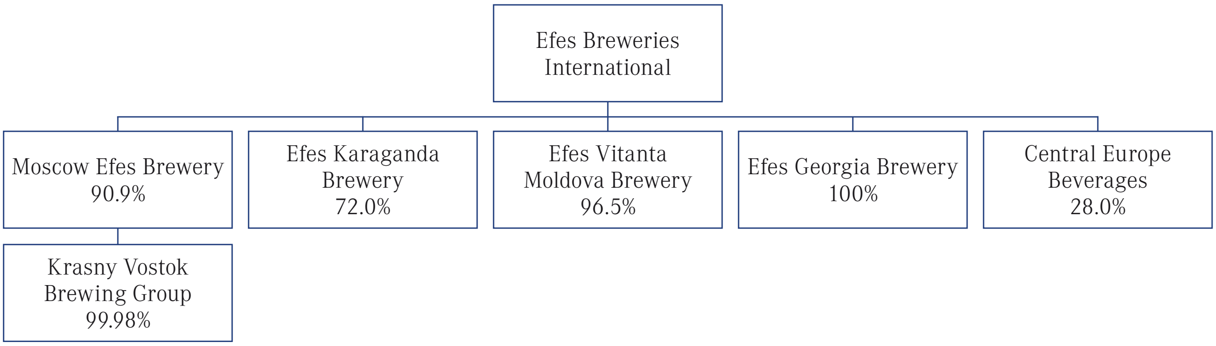
2008

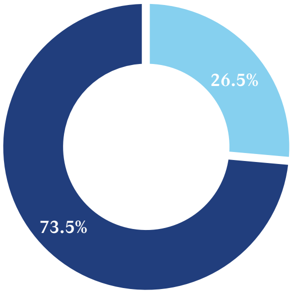
- EBI and Heineken collaborated in the Kazakh and Serbian beer markets.
- EBI acquired 100% of the leading Georgian brewer JSC Lomisi (Lomisi).
- EBI sold all shares it held in its operating subsidiary KV Group, representing 92.9% of the voting shares, to its other Russian operating subsidiary MEB.

2009

- Following the capacity increase investments, EBI's total annual malt capacity reached 152,000 tons in Russia.
- MEB decided to increase its share capital by US$ 200 million with the participation of both shareholders, hence no change in ownership. The capital increase, whose proceeds were used to repay debt to EBI standing from the purchase of KV in 2008, completed in February 2010.
- MEB purchased a 6.699% minority stake in KV Group from Tradex Partner Limited Co. for a total consideration of US$ 30.3 million.
- EBI refinanced its maturing syndication loan with a new US$ 300 million (equivalent amount) Term Loan with a maturity of 3 years.
- Anadolu Efes made a cash offer for the entire issued share capital of EBI other than the shares already owned by Anadolu Efes. Following the completion of the cash offer, Anadolu Efes' stake in EBI increased to 73.5%.

SUBSIDIARIES AND GROUP STRUCTURE





Anadolu Efes **73.5%** Free Float **26.5%**

- Anadolu Efes owns a 73.5% share in EBI and the remaining 26.5% is publicly held.
- GDRs (EBID), each representing five ordinary shares of EBI, are traded in the London Stock Exchange (LSE).

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OPERATING GEOGRAPHIC AREA

Efes Breweries International NV is one of the largest independent brewers across a wide geographic area that includes Russia, the CIS and Southeastern Europe.

RUSSIA
- 5 Breweries
- 4 Malteries*
- 1 Pre-form Production Facility
- 20.2 mhl Brewing Capacity
- 152,000 tons Malt Production Capacity
- Per Capita Consumption (Canadean, Global Beer Trends 2009): 79 lt.
- Market Share (AC Nielsen YTD December 2009): 10%
- Market Position: 4
- Population: 140.4 million

KAZAKHSTAN
- 2 Breweries
- 2.4 mhl Brewing Capacity
- Per Capita Consumption (Canadean Global Beer Trends 2009): 35 lt.
- Market Share (AC Nielsen YTD December 2009): 35%
- Market Position: 2
- Population: 16.0 million

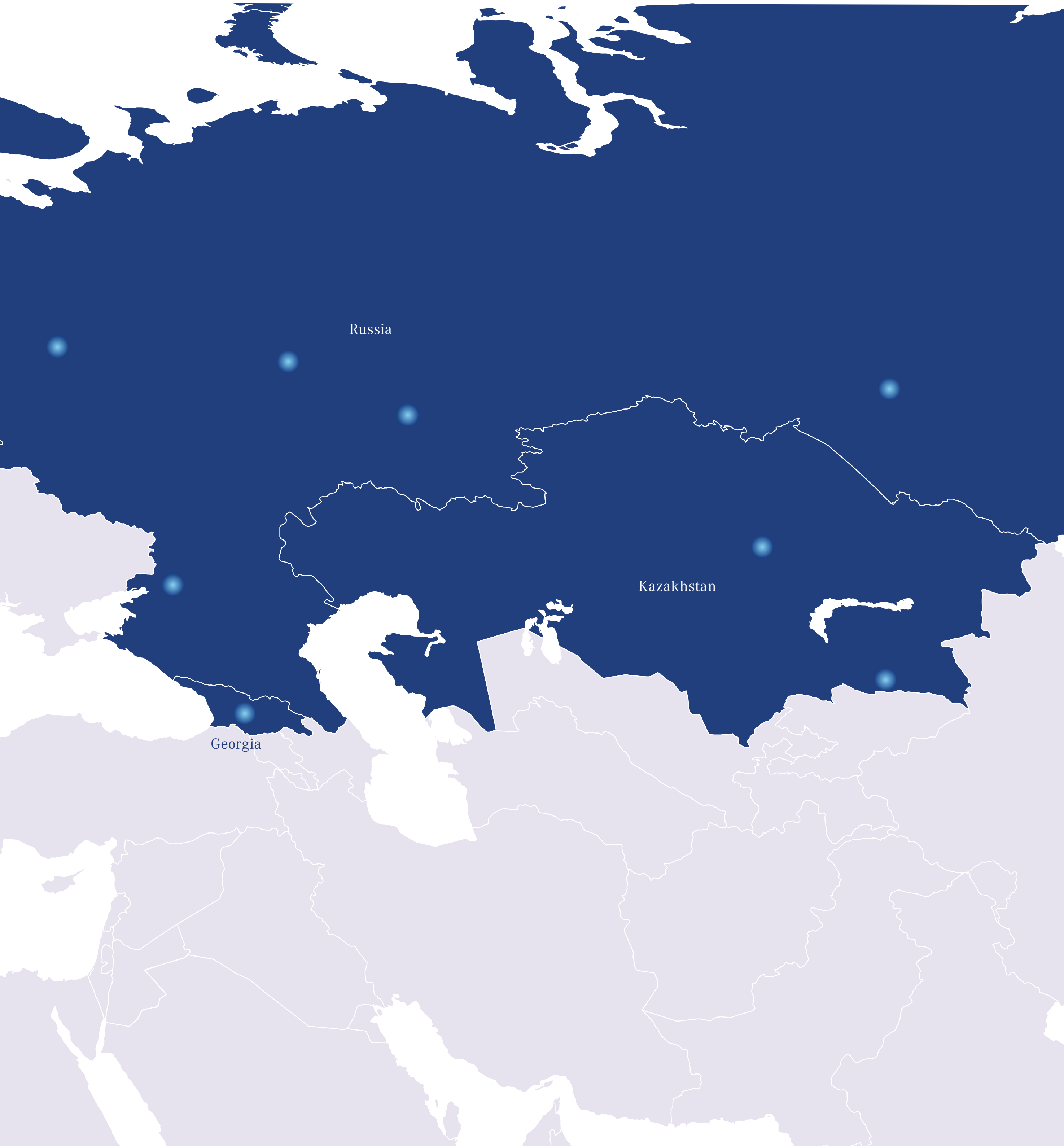
MOLDOVA
- 1 Brewery
- 1.7 mhl Brewing Capacity
- Per Capita Consumption (Canadean Global Beer Trends 2009): 35 lt.
- Market Share (MEMRB YTD December 2009): 69%
- Market Position: 1
- Population: 4.2 million

GEORGIA
- 1 Brewery
- 0.7 mhl Brewing Capacity
- Per Capita Consumption (Canadean Global Beer Trends 2009): 19 lt.
- Market Share (Company Estimate): 57%
- Market Position: 1
- Population: 4.3 million

SERBIA
- Per Capita Consumption (Canadean Global Beer Trends 2009): 55 lt.
- Population: 9.9 million

BELARUS**
- Per Capita Consumption (Canadean Global Beer Trends 2009): 50 lt.
- Population: 9.5 million

* In addition to the fully consolidated three malteries, EBI also has 19.98% interest in a maltery in Moscow.
** Sales and distribution company.


Russia
Kazakhstan
Georgia

1. Tuncay Özilhan
Chairman of the Supervisory Board
Tuncay Özilhan, born in 1947, graduated from Saint Joseph High School and Istanbul University, Faculty of Economics. He earned his MBA from Long Island University in the United States. His career started in 1977 as General Director of Erciyas Biracılık, and continued as Coordinator of Anadolu Endüstri Holding Beer Group and General Coordinator of Anadolu Endüstri Holding until his appointment as CEO of the Anadolu Group in 1984. In 2007, Mr. Özilhan was appointed as the Chairman of Anadolu Group and still continues to serve at this position. He also serves as the Chairman of the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş., Efes Pazarlama, Tarbes, Coca-Cola İçecek, Coca-Cola Satış ve Dağıtım, Hamburger Restoran İşletmeleri (McDonald's), ABank, Alternatif Finansal Kiralama, Alternatif Yatırım, Anadolu Alpha Gayrimenkul, Anadolu Elektronik (Samsung) and Anadolu Sağlık Merkezi (ASM). Mr. Özilhan is Vice President of the High Advisory Council of TÜSİAD (Turkish Industrial and Businessmen Association), Honorary Consul of the Republic of Estonia and President of the Turkish-Japanese Business council.

2. Sir David Logan
Member of the Supervisory Board
Sir David joined the Supervisory Board of EBI in 2004. Formerly a member of the British Diplomatic Service, Sir David was British Ambassador to Turkey between 1997 and 2001. He also worked at the British Embassy in Ankara between 1965 and 1969. Between 1989 and 1992, Sir David was Minister at the British Embassy in Moscow and between 1995 and 1997 Minister at the British Embassy in Washington. He was Assistant Under Secretary of State for Central and Eastern Europe between 1994 and 1995 and for Defense Policy between 1992 and 1994. He was Director of the Center for Studies in Security and Diplomacy at Birmingham University between 2002 and 2007. Sir David is also a Non-Executive Director of European Nickel plc and an Independent Director of the Magnitogorsk Iron and Steel Company in Russia.

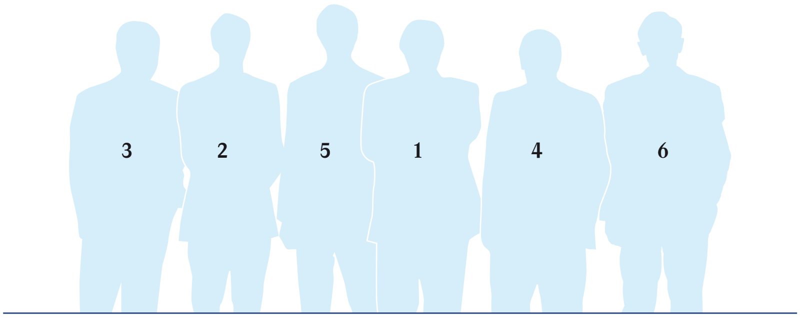
3. Ali Z. Tigrel, PhD
Member of the Supervisory Board
Dr. Ali Z. Tigrel is a graduate of the Imperial College of Science, Technology, Medicine and Management and holds M.Sc. and Ph.D. degrees in Chemical Engineering. Dr. Tigrel has 15 years of experience in the Turkish Petrochemical Corporation (PETKİM) at various levels, serving as Chairman of the Board of Directors between 1989-1991. Dr. Tigrel served in the State Planning Organization between 1984-1991 at various levels; as Director of Foreign Investment Department (1984-85), Director-General of Economic Planning Directorate (1985-87) and finally, Undersecretary & CEO (1988-91). He left the public sector in 1991 and between 1991-1993 served as an advisor to Koç Holding in addition to providing consultancy services to other local and international companies. In 1993, Dr. Tigrel was appointed as Ambassador-at-large and chief advisor to the Prime Minister for EU Affairs. He was assigned as Chairman of the EU Coordination Council, which supervised Turkey's preparations for the Customs Union. Dr. Tigrel retired from public service in 1996 and established his own consultancy business. He is also a board member of Nortel Networks Netaş A.Ş. He joined the Supervisory Board of EBI in 2005.

4. Christos-Alexis Komninos
Member of the Supervisory Board
Mr. Komninos, a Chemical Engineer, is a graduate of the Technical University of Istanbul (I.T.U.) in Turkey. In 1972, Mr. Komninos joined Hellenic Bottling Company (currently Coca-Cola Hellenic) and until 1987 he held various positions in the Company. From 1987 to 1990, he was appointed Managing Director in The Coca-Cola Bottlers Ireland (a subsidiary of Hellenic Bottling). In 1990, he returned to Greece and in 1995, he became the Chief Executive of Hellenic Bottling, position held until 2000. From 2000 to 2003, he was appointed Chairman and C.E.O. of Papastratos Cigarette Manufacturing Company. After the acquisition of the Papastratos Company by Philip Morris S.A., he joined the Athens 2004 - Olympic Games Organizing Committee as the Head of Opening and Closing Ceremonies. From 2005 till January 31, 2010 he held the position of the Executive Vice President of both Shelman S.A. (wood product manufacturing company) and ELMAR S.A. (shipping company). He joined the Supervisory Board of EBI in 2005.

5. Gauthier de Biolley
Member of the Supervisory Board
Mr. de Biolley is the Managing Partner of Eiger Ventures, an advisory and investment firm focusing on international business development. Between 2000 and 2006, Mr. de Biolley worked at InBev (now ABInBev), serving as Senior Vice President External Growth, where he led the team in charge of strategy and execution of all M&A transactions worldwide and thereafter as head of the business unit comprising the markets of France, Holland, Spain and Cuba. Prior to joining InBev, he held several executive positions at Artal and in international

development with utilities leader Veolia, and he developed management consulting experience with Genrho and Strategic Planning Associates. Between 2004 and 2009, he served as a member of the Supervisory Board of Sedlmayr Grund und Immobilien KGaA, a real estate company based in Muenchen, Germany. He studied Law and Economics at Université de Louvain (Belgium) and attended the Stanford Directors Program. He joined the Supervisory Board of EBI in 2006.

6. Michel Naquet-Radiguet
Member of the Supervisory Board
Mr. Michel Naquet-Radiguet is a graduate of Paris University Institute of Political Sciences and holds a MMS of HEC, the French leading business school. He also studied business law at Paris University. He joined DANONE (BSN at that time) in 1974 as brand manager and then was appointed as sales manager at Evian Mineral Water Company and Kronenbourg Breweries. He spent several years with L'OREAL as a Business Unit manager in Belgium and Portugal. Back to the beer industry, he joined the rising beer giant INTERBREW (now ABI- INBEV) in 1991 as a Managing Director of France and then was appointed as Executive Vice President in charge of development and operational management of new operations in Central and Eastern Europe, namely Russia and Ukraine. He was the first CEO of Interbrew's joint venture SUN INTERBREW, based in Moscow, operating in Russia and Ukraine. He left Interbrew in 2001 and he is now working as an independent advisor with a focus on Central and Eastern Europe and emerging markets. Currently he is a member of the International Advisory Board of the SBF IV fund, a SIGMA-BLEYZER (USA) private equity fund active in Ukraine, Bulgaria and Romania. He was a managing director of Efes Breweries International B.V. from 2001 till 2003. He was serving as an advisor to the Supervisory Board of EBI and was appointed as a member of the Supervisory Board of EBI in 2008. He is also a partner of Eiger Ventures, an advisory and investment firm located in Brussels.



1. Alejandro Jimenez

Chief Executive Officer (CEO) of EBI & Chairman of the Board of Management

Mr. Jimenez started his career in 1973 at The Coca-Cola Company and he has held various top management positions since 1981; as Region Director-Central America, Region Director-Caribbean, Vice President and Director of Marketing Operations- Latin America at The Coca-Cola Company. In 1991, he was appointed the President and CEO at Panamco Mexico, which was the largest subsidiary of PANAMCO, the largest bottler in Latin America and second largest bottler in the world, and in 1994, as President, COO and Member of the Board of Directors at PANAMCO, where he continued in this capacity until 2001. Mr. Jimenez served as a management consultant for consumer goods companies in Mexico until 2007, when he was appointed the Chief Executive Officer (CEO) and Chairman of the Board of Management of EBI. Mr. Jimenez has a Bachelor of Science degree in Chemical Engineering from the University of Texas.

2. Can Çaka

Member of the Board of Management

Can Çaka joined Anadolu Efes in 1997 as a finance specialist of International Beer Operations. From 1997 to 2007, Mr. Çaka held various positions in the group, including Strategy & Business Development Director of Efes Beer Group, Strategy & Business Development Manager of Anadolu Efes and Finance & Administration Manager of Efes Ukraine Brewery. In 2007, Mr. Çaka was appointed Strategy, Business & Market Development Director of Efes Beer Group and held this position until April 2008, when he was appointed the Chief Financial Officer and Investor Relations Director of Anadolu Efes. Before joining the Group, Mr. Çaka worked as a Business Analyst and System Engineer for Texas Instruments Software Ltd. Can Çaka has a Bachelor of Science degree in Electric and Electronics Engineering from Middle East Technical University and received a Master of Business Administration degree from the same university. Mr. Çaka was appointed a member of the Board of Management of EBI in 2008.

3. Gökçe Yanaşmayan

Finance and Administration Manager of EBI, Member of the Board of Managament

Gökçe Yanaşmayan joined Anadolu Efes in 2004. Between 2004 and 2006, he served as Reporting and Budgeting Manager at Efes Kazakhstan. In September 2006, Mr. Yanaşmayan became the Finance and Administration Manager of EBI and still assumes this responsibility. Before joining Efes Beer Group, Mr. Yanaşmayan worked for Arthur Andersen and Ernst & Young as a senior auditor at the Istanbul and Dubai offices. Mr. Yanaşmayan studied Economics at Dokuz Eylül University and joined the Board of Management of EBI in 2008.

4. Guido Robert Wagenaar*

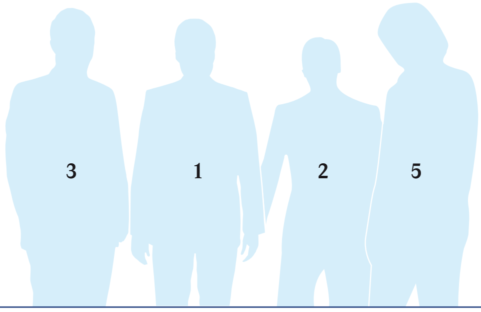
Member of the Board of Management

Guido R. Wagenaar is currently employed at Fortis Intertrust in the Netherlands and began his legal career in 2001 as a lawyer with MeesPierson. For almost a decade, Mr. Wagenaar has advocated the interests of international companies represented in the Netherlands. Since 2004, he has focused on how corporate governance affects international companies that have a presence in the Netherlands. Prior to that, starting in 2001, Wagenaar acted as legal counsel in the structured finance and acquisitions department of MeesPierson Trust. He is a graduate of the University of Amsterdam's School of Law with a concentration on corporate and competition law. He joined the Board of Management of EBI in 2008.

5. Nathalie Peters

Company Secretary

Nathalie Peters joined Efes Breweries International N.V. as legal counsel and company secretary in 2006. She began her legal career as a lawyer in the financial services business. For almost twelve years, she has advocated the legal and financial interests of international companies represented in the Netherlands as well as the Netherlands Antilles at the level of account manager and deputy managing director. She also worked for six years in the Netherlands Antilles. Nathalie Peters is a graduate of the University of Utrecht's School of Law and studied at the University of Toulouse in France.



*Mr. Guido Robert Wagenaar not present in the picture.

ORGANIZATIONAL STRUCTURE

Alejandro Jimenez
CEO & Chairman of the Board of Management

EFES TECHNICAL MANAGEMENT SUPPORT

Berke Kardeş*
Group Commercial Director

Altuğ Aksoy
Group Supply Chain Director

Saltuk Ertop
Group Human Resources Director

Cem Güner
Market Development Director

Can Çaka
Group CFO & Member of the Board of Management

Gökçe Yanaşmayan
EBI Finance and Administration Manager and Member of the Board of Management

Yüksel Gökbulut*
GM Russia

Ömer Öğün
GM Kazakhstan

Kenan Özçelik
GM Moldova

Mehmet Koçak
GM Georgia

*Effective as of 01.01.2010

EFES BREWERIES INTERNATIONAL ANNUAL REPORT 2009


Старый
Мельник
из Бочонка

Russia

EBI has once again outperformed the market and accordingly, EBI's market share increased to 10% in 2009 compared to 9% in 2008.

EFES RUSSIA

Beer Market Total Consumption*
111.6 mhl

Per Capita Consumption*
79 liters

Market Share**
10%

Market Position
#4

Number of Breweries
5

Number of Malteries***
4

Total Capacity
20.2 mhl brewing

152,000 tons

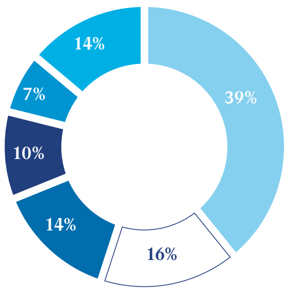
* Canadean Global Beer Trends 2009
** AC Nielsen YTD December 2009
*** In addition to the fully consolidated three malteries, EBI also has 19.98% interest in a maltery in Moscow.

Russia is one of the top exporters in the world for oil, natural gas and some precious metals and the Russian economy is highly dependent on commodity prices. As a result, the Russian economy was severely hit by the decline in oil prices starting in late 2008. The improvement in purchasing power in the country over the last decade halted and the sharp devaluation of the Ruble hurt the Russian economy further. In 2009, the GDP is estimated to have declined by 7.9% in Russia, while the unemployment rate increased significantly and real wages started to decline for the first time since the 1998 crisis, which in turn, negatively impacted private consumption.

These adverse economic conditions, combined with poor weather conditions, especially in the peak season, negatively affected the brewing sector in the last two years, leading to a 1% drop in 2008 and 8% decline in 2009.

Despite the declining trend in the last two years, Russia is still the third largest beer market in the world with a total estimated annual consumption of 111.6 mhl in 2009, while most of the market is shared among the top international brewers. The annual per capita beer consumption of 79 liters is estimated to increase to 88 liters within the next five years (Source: Canadean Global Beer Trends 2009) with growth mainly stemming from the regions with lower per capita consumption, i.e. Southern, Eastern and Far Eastern regions.

Market Share by Volume



BBH **39%**	EFES RUSSIA **10%**
INBEV **16%**	SABMILLER **7%**
HEINEKEN **14%**	OTHER **14%**

Source: AC Nielsen YTD December 2009

Russia is the largest and most important market in EBI's operating geography, accounting for 78% of the consolidated sales volumes as of 2009. Although the downward trend in the Russian beer market in the first half of 2009 decelerated in the second half of the year, pressures on consumer demand continued to affect beer sales negatively in 2009 in general. However, EBI has once again outperformed the market and accordingly, EBI's market share increased to 10% in 2009 compared to 9% in 2008 (AC Nielsen). This was achieved through focused, innovative and memorable, but cost effective, marketing activities. Increased penetration was one of the major sources of performance in 2009. In Russia, FY2009 sales volume was 10.7 mhl, indicating a decline of 3.6% over the previous year in a market that is estimated to have declined by 8% year-on-year.

EBI plans to reinforce its presence and profitability in Russia in the future by focusing more on innovations and by increasing its penetration, which will be the key drivers for growth.

EBI's malt production capacity of 139,000 tons per annum increased to 152,000 tons in 2009 and is expected to reach 175,000 tons by the end of 2010, leading to further control of the cost base of this major raw material for beer production.

As part of EBI's strategy to capitalize on the synergies associated with being available in developing beer market segments, EBI established itself as a strong player in all segments of the Russian beer market with a diverse product portfolio including licensed brands in the premium and super premium segments.

The "Stary Melnik" brand, launched in 1999, is today one of the most dynamic brands in the Russian beer market and is ranked 4th among the top best selling upper mainstream brands (AC Nielsen, December 2009). The "Stary Melnik" brand was selected EFFIE Brand of the Year in addition to being awarded medals in the Monde Selection Contest and it received other prestigious awards for its quality. The "Stary Melnik" brand is exported to more than 15 countries.

Another important brand, "Beliy Medved," was included in Efes Russia's portfolio in 2003 when EBI acquired the Amstar Brewery in the Ural region. A regional brand with limited sales volume at the time of the acquisition, "Beliy Medved" was relaunched on a national scale in 2003 and since then has become an important volume driver for our Russian operations.

Today "Beliy Medved" is the 5th highest selling brand by volume in Russia (AC Nielsen, December 2009). "Beliy Medved" was awarded the Grand Gold medal in the Monde Selection Contest in 2006-2008 and won the International High Quality Trophy in 2008.

Russia, the third largest beer market in the world, is the largest and most important market in EBI's operating geography, accounting for 78% of the consolidated sales volumes as of 2009.

Volume Development (mhl)

In the January 2009 Russian edition of Forbes magazine, "Gold Mine Beer" was ranked #2 among the top 10 most dynamic Russian brands.

In the December 2009 Russian edition of Forbes magazine, the Stary Melnik and Beliy Medved brands were ranked #15 and #33 among the Top 50 best selling Russian brands based on July 2008- June 2009 sales value.

The leader of EBI sales in Russia is the lower mainstream segment brand "Gold Mine Beer". The brand was included in Efes Russia's portfolio in 2006 with the acquisition of the KV Group. Since being relaunched with the experience and excellence of the Efes Group, "Gold Mine Beer" has recorded significant market share gains and today is the 6th highest selling brand by volume in Russia (AC Nielsen, December 2009).

In the January 2009 Russian edition of Forbes magazine, "Gold Mine Beer" was ranked #2 among the top 10 most dynamic Russian brands. In the beer category, "Gold Mine Beer" was ranked the #1 brand in terms of growth in 2008. In addition, "Gold Mine Beer" was declared the "Product of the Year" as the fastest growing brand in the Russian beer market.

Another successful relaunch in the Russian market was the "Green Beer" brand which was included in Efes Russia's portfolio in 2006 with the acquisition of the KV Group. Currently, the "Green Beer" portfolio includes 3 SKUs (0.5 lt bottle, 1.5 lt and 2.5 lt PET) and is ranked among the 15 best selling lower mainstream segment brands (AC Nielsen, December 2009).

In addition to our international "Efes" brand, Mexican "SOL," German "Warsteiner" and Dutch "Bavaria Premium" are positioned in the super premium and premium segments and Czech "Zlatopramen" is positioned in the upper mainstream segment.

Innovation continues to be one of the primary drivers behind volume growth in Russia. Accordingly, EBI successfully launched brand extensions and introduced new packages to the market in 2009 which positively contributed to its outperformance of the beer market during the year. The most significant contribution was delivered by the 2.5 lt PET packages of the lower mainstream segment brands "Gold Mine Beer" and "Beliy Medved" which were introduced in 2008 and "Green Beer" which was introduced in August 2009.

The new flavored beers, "Sokol Mohito" and "Gold Mine Beer Fresh Lemon" (in 0.5 lt bottle), were launched in July and August 2009, respectively. During the year, three new products in three segments were introduced to the market: premium segment "Bavaria 8.6" (in 0.5 lt bottle and can) in January; upper mainstream segment "Stary Melnik Iz Bochonka Osoboe" (in 0.5 lt bottle) in March and lower mainstream "Beliy Medved v Rozliv" (in 1.5 lt PET) in July.


Кружка Свежего
Настоящий Вкус

Kazakhstan

In Kazakhstan, EBI's volume performance was again ahead of the market with a high single digit sales volume growth in 2009 over the previous year despite the decline in the beer market during the period. As a result, EBI's market share increased to 35% in 2009 versus 31% in 2008 on a proforma basis.

EFES KAZAKHSTAN

Beer Market Total Consumption*
5.3 mhl

Per Capita Consumption*
35 liters

Market Share**
35%

Market Position
#2

Number of Breweries
2

Total Capacity
2.4 mhl brewing

*Canadean Global Beer Trends 2009
** AC Nielsen YTD December 2009

Kazakhstan, the largest country in the region after Russia, has significant natural reserves including oil, some minerals and metals in addition to a large agricultural sector. Kazakhstan enjoyed strong growth rates in the past due to the contribution of the developing energy sector, as well as increased foreign investment flows into the country. However, GDP growth slowed in 2008 and turned into a declining trend in 2009, due to the downturn in oil and metal prices, as well as the problems in the Kazakh banking sector following the global financial crisis.

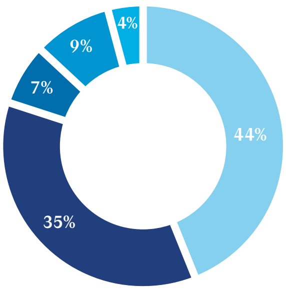
Despite the declining trend in the last two years, the Kazakh beer market almost quadrupled in the last decade and is expected to achieve a further 7.5% CAGR within the next five years (Canadean Global Beer Trends, 2009). The low level of per capita consumption of 35 liters, which is almost half of the Western Europe average of 68 liters, is a good indicator of the future growth potential of the market.

In Kazakhstan, EBI's volume performance was again ahead of the market with a high single digit sales volume growth in 2009 over the previous year despite the decline in the beer market during the period. As a result, EBI's market share increased to 35% in 2009 versus 31% in 2008 on a proforma basis.

Efes Kazakhstan has a competitive, differentiated brand portfolio. In Kazakhstan, a majority of EBI's sales volume is generated by the local "Karagandinskoe" brand, which is the leading brand in the lower mainstream segment and in the total Kazakh beer market (AC Nielsen). In 2009, our major "Karagandinskoe" product line, "Kruzhka Svezhego," continued its dynamic growth, further strengthening the brand's leadership in the Kazakhstan beer market. New extensions of "Kruzhka Svezhego," such as "Kruzhka Svezhego Mild" and "Kruzhka Svezhego Velvet," were launched in April and December 2009, respectively.

In May 2009, the flagship brand of our Group, "Efes Pilsener," renewed its visual identity and communication strategy in accordance with the global brand repositioning. In addition, local brand "Tyan-Shan" was relaunched with new positioning and packaging in June 2009. Efes Kazakhstan currently markets "Heineken" in the super premium segment, "Efes," "Amsterdam Navigator" and "Bavaria" brands in the premium segment, "Sokol," "Stary Melnik" and "Gold Mine Beer" in the upper mainstream segment, "Karagandinskoe," "Beliy Medved" and "Tyan-Shan" in the lower mainstream segment.

Market Share by Volume



BBH **44%**
EBI **35%**
INBEV **4%**
SHYMKENT PIVO **7%**
OTHER **9%**

Source: AC Nielsen YTD December 2009


Bere
Chişinău
Blondă

Moldova

Despite the declining trend in the last two years, the Moldovan beer market achieved a 20.5% CAGR between 1999-2009 and is expected to achieve a further 5.6% CAGR in the next five years. In this promising market, EBI is the market leader with a market share of 69% in 2009.

EFES MOLDOVA

Beer Market Total Consumption*
1.5 mhl

Per Capita Consumption*
35 liters

Market Share**
69%

Market Position
#1

Number of Breweries
1

Total Capacity
1.7 mhl brewing

* Canadean Global Beer Trends 2009
** MEMRB YTD December 2009

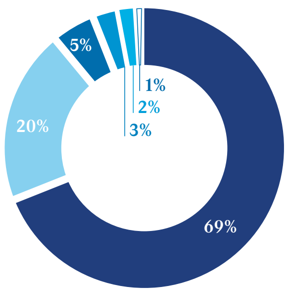
As an economy heavily reliant on agricultural exports, Moldova went through a rough patch in 2009, along with the rest of the world, due to the global financial crisis which also hit Moldova's main export markets. Moldova's GDP is estimated to have declined by 9.0% in 2009 and the unemployment rate almost doubled.

The challenging economic conditions put significant pressure on beer sales as well, and accordingly, EBI's sales volume in Moldova declined in 2009 over the previous year, in line with the market. However, despite the declining trend in the last two years, the Moldovan beer market achieved a 20.5% CAGR between 1999-2009 and is expected to achieve a further 5.6% CAGR in the next five years (Canadean Global Beer Trends 2009). In this promising market, EBI is the market leader with a market share of 69% in 2009 (MEMRB YTD December 2009).

While our flagship brand "Chisinau" is the highest selling beer brand in the country, a new brand extension, "Chisinau Draft Mild," was launched in March 2009. Chisinau's leadership position was reinforced further by the contribution of the redesigned "Chisinau Blonda," which was launched in July. In addition, our international "Efes" brand is the leading super premium brand in Moldova, which was successfully relaunched with its newly designed packaging in 2009.

With its brands "Stary Melnik," "Sokol" and "Vitanta," Efes Moldova also has a very strong presence in the premium segment. EBI's brand "Beliy Medved" has achieved the top position in the economy segment after its launch in mid-2008.

Market Share by Volume



EBI **69%**	BEERMASTER **3%**
BBH **20%**	OBOLONI **2%**
INBEV **5%**	OTHER **1%**

Source: MEMRB YTD December 2009


EFES
Pilsener
PETROV
TRANS
1593 78
RUS


KASRIS

Georgia

Due to its strategic location between Europe and Asia and low per capita beer consumption levels, Georgia is a promising market for EBI.

EFES GEORGIA

Beer Market Total Consumption*

0.8 mhl

Per Capita Consumption*

19 liters

Market Share**

57%

Market Position

#1

Number of Breweries

1

Total Capacity

0.7 mhl brewing

*Canadean Global Beer Trends 2009
** Company Estimate, YTD December 2009

EBI entered the Georgian market by acquiring the leading brewer, Lomisi, in February 2008 and further strengthened its leadership position by increasing its market share to 57% in 2009 from 47% in 2008. With a total annual brewing capacity of approximately 0.7 mhl, Lomisi operates one brewery in Natakhtari.

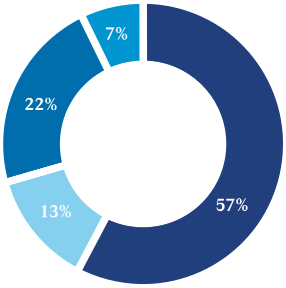
Despite significant GDP growth rates achieved in the past in Georgia, contributed to by the strong foreign investment inflows, GDP growth was affected negatively from the military conflict with Russia in August 2008. The economic downturn continued with a decline in GDP, mainly due to the global recession in 2009.

Due to its strategic location between Europe and Asia and low per capita beer consumption levels, Georgia is a promising market for EBI. Although it is the smallest operation in EBI's portfolio, the Georgian beer market achieved the highest growth in EBI's operating territory with a rate of 21.3% in the last 10 years. The Georgian market is estimated to grow by 50% in the next five years and EBI is well positioned to benefit most from this expected growth due to being the market leader.

In Georgia, EBI's beer sales volume significantly increased by high single digits in FY2009, leading to a contribution of 5.0% by Georgia to the total consolidated sales volume of EBI.

In 2009, EBI launched both new products and new packages in its flagship brand Nataktari's portfolio, namely "Nataktari Kasris" and "Nataktari Karva," which contributed to an increased market share in Georgian operations. Lomisi also produces "Kubichek," an upper mainstream brand and "3D," a local premium brand in addition to its mainstream brand "Natahktari". In addition to the brewing operations, Lomisi also has a soft drink operation in Georgia.

Market Share by Volume



EBI **57%** IMPORTS **22%**
KAZBEGI **13%** CASTEL **7%**

Source: Company Estimate, YTD December 2009


WELCOME

EBI acknowledges the importance of corporate governance and has implemented most of the best practice provisions of the code in its corporate governance structure.

CORPORATE GOVERNANCE IN THE NETHERLANDS

On January 1, 2004 the Dutch Corporate Governance Code entered into force for all companies whose registered office is in the Netherlands and whose shares or depositary receipts for shares are officially listed on a government-recognized stock exchange. The Code is referred to in article 391 section 5 of Book 2 of the Dutch Civil Code. On December 10, 2008 the Monitoring Committee presented a revised Dutch Corporate Governance Code. This Corporate Governance Code can be found at www.commissiecorporategovernance.nl.

On December 10, 2009 this revised Code has been designated by governmental decree entering into force on January 1, 2010, as the code of conduct as referred to in aforementioned article 391 section 5 of Book 2 of the Dutch Civil Code and that it shall apply to financial years starting on or after January 1, 2009. This revised Code is being reviewed thoroughly on the application of its provisions and it is the intention to apply this revised Code.

The Code is based on the principle accepted in the Netherlands that a company is a long-term form of collaboration between the various parties involved. The Code has as starting points good entrepreneurship and proper supervision. This includes integrity and transparency of decision-making by the management board and the accountability for supervision by the supervisory board.

The Code is also based on national and international best practices in corporate governance and contains principles and best practice provisions covering the management board, the supervisory board, the shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement.

In general these provisions create a set of standards related with the conduct of the management board and supervisory board members and shareholders.

Non-application of the Code may occur in certain circumstances. However, companies subject to the Code have to explain why they do not comply with certain provisions. Explanations for non-compliance need to be inserted in the annual report and each substantial change in the corporate governance structure needs to be explained to and approved by the Annual General Meeting of Shareholders.

In this report, EBI addresses its overall corporate governance structure and states to what extent it applies the provisions of the revised Dutch Corporate Governance Code.

CORPORATE GOVERNANCE AND EBI

As of listing on October 21, 2004 EBI became subject to the Dutch Code. Though global depositary receipts representing shares in the capital of EBI were listed in the London Stock Exchange, EBI is subject to the Dutch Code because it is incorporated and has its registered seat in the Netherlands. EBI acknowledges the importance of corporate governance and has implemented most of the best practice provisions of the code in its corporate governance structure. In line with the Code, the Supervisory Board appointed from its members a Remuneration Committee, an Audit Committee and a Selection and Appointment Committee. Each of these committees is subject to internal regulations. In 2006, the Supervisory Board established in addition to the existing committees a Corporate Governance Committee. For further information about the committees, please see the paragraph “Committees” in the Supervisory Board chapter.

Also, internal regulations are adopted for both the Management Board and the Supervisory Board which can be found on the website. Included are rules for transactions that can be qualified as a transaction with a conflict of interest as defined in the Corporate Governance Code for members of the Management Board and the Supervisory Board respectively.

With respect to the recommended cash offer by Anadolu Efes in 2009 as referred to in the chapter on the Supervisory Board, Mr. Tuncay Özilhan, Chairman of the Supervisory Board of the Company, also the Chairman of Anadolu Efes, had an obvious conflict of interest and abstained from taking part in all discussions, deliberations and decisions related with the proposed Offer.

In accordance with the Dutch Corporate Governance Code, Mr. Alejandro Jimenez, Mr. Can Çaka and Mr. Demir Şarman, Management Board members of the Company but also all three being employed by Anadolu Efes, also had a conflict of interest and abstained from taking part in all discussions, deliberations and decisions related with the proposed Offer. The matter was handled by the non-conflicted board members. Best practice provisions of II.3.2 to II.3.4 inclusive and III.6 have been complied with.

EBI entered into related party transactions as mentioned in clause III.6.4 of the Code, but these transactions were agreed on an at arm’s length basis. Also internal rules regulating shareholdings of Supervisory Board members in Dutch listed companies have been drawn up, in order to prevent conflicts of interest.

COMPLIANCE OF EBI WITH THE CODE

As mentioned before, non-application of the Code may occur but should be explained and the revised Code is being reviewed thoroughly on the application of its provisions. It is the intention to apply this revised Code which was designated on December 10, 2009 by governmental decree entering into force on January 1, 2010, as the code of conduct referred to by law. Any deviations and explanations regarding the revised Code will be presented in the next annual report and shareholders meeting. The following is a description of the material deviations of the Code as identified so far.

Best practice provision III.1.21 stipulates that the Supervisory Board consists of independent members except for one member. Mr. Tuncay Özilhan is considered as this one dependant member. Best practice provision III.4.2 states that the chairman of the Supervisory Board may not be a former member of the Board of Management. EBI does not comply with this provision and believes that it is in the best interest of EBI to maintain Mr. Özilhan as Chairman of the Supervisory Board due to his extensive knowledge of EBI’s business.

Best practice provision II.1.1 of the Code stipulates that members of the Board of Management are appointed for a maximum period of four years. As members of the Board of Management are appointed by the General Meeting of Shareholders, according to common practice the Articles of Association of EBI provide that the term of appointment of a member of the Board of Management will end at the closing of the first General Meeting of Shareholders to be held in the fourth year following the year the member of the Board of Management is appointed.

As referred to in best practice provision III.4.1.f), the Supervisory Board did not elect a vice chairman for 2009, however the chairman attended all the Supervisory board meetings.

As referred to in best practice provision V.3.1, the external auditor was not involved in drawing up the work schedule of the internal auditor, however the Management Board and the Audit Committee took into account the feedback provided by the external auditor in drawing up the internal auditors work schedule.

In performing their duties members of the Supervisory Board must serve the interests of EBI and its business enterprises as well as the interests of all of EBI's stakeholders.

FUNCTIONING AND STRATEGY OF THE SUPERVISORY BOARD

The Supervisory Board supervises the policies of the Board of Management as well as the general conduct of EBI's affairs and business. The Supervisory Board also advises the Board of Management. In performing their duties, members of the Supervisory Board must serve the interests of EBI and its business enterprises as well as the interests of all of EBI's stakeholders.

The Supervisory Board has adopted Supervisory Board Rules, published on the website of EBI, that regulate in detail its tasks and responsibilities. Members of the Supervisory Board are in principle appointed for a maximum term of four years. Upon expiry of the term of appointment, a Supervisory Board member can be re-appointed provided that the maximum term of membership does not exceed three terms or twelve years, as the case may be. The General Meeting is entitled to appoint members of the Supervisory Board. The Supervisory Board is entitled to make a non-binding nomination for each vacancy. Within the Supervisory Board, the Selection and Appointment Committee prepares the proposal for a nomination.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board consists of six members and aims for an appropriate combination of knowledge and experience among its members in marketing, technological, manufacturing, financial, economic, social and legal aspects of international business and the beer industry. The full profile can be found on the website. The composition of the Supervisory Board shall be such that the combined experience, expertise and independence of its members enables the Supervisory Board to best carry out the variety of the Supervisory Boards responsibilities.

The Supervisory Board consisted of the following members in 2009:

Mr. Tuncay Özilhan, Chairman (1947, Turkish nationality)
First appointment: May 27, 2003
Current term of office: 2007-2011

Sir David Logan (1943, British nationality)
First appointment: April 29, 2004
Current term of office: 2009-2011
(re-appointed at the Annual General Meeting of April 27, 2009)

Mr. Ali Tigrel (1946, Turkish nationality)
First appointment: May 27, 2005
Current term of office: 2009-2011
(re-appointed at the Annual General Meeting of April 27, 2009)

Mr. Christos-Alexis Komninos (1943, Greek nationality)
First appointment: May 27, 2005
Current term of office: 2009-2011
(re-appointed at the Annual General Meeting of April 27, 2009)

Mr. Gauthier De Biolley (1961, Belgian nationality)
First appointment: June 6, 2006
Current term of office: 2006-2010
Mr. Michel Naquet-Radiguet (1950, French nationality)
First appointment: May 9, 2008
Current term of office: 2008-2010

In order to see CVs of the Supervisory Board Members please refer to the "Company Profile" section, "Composition of Supervisory Board" (pg: 14). The rota plan is published on the website of EBI.

INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

The Code prescribes that the Supervisory Board consists of independent persons, except for one. EBI considers it important to maintain an adequate number of persons on the Supervisory Board with knowledge of EBI's business. In order to comply with the Code as of 2004, EBI has gradually replaced its dependant members of the Supervisory Board except for the chairman, Mr. Özilhan.

The members of the Supervisory board do not possess any shares or GDRs in the capital of EBI.

MEETINGS

The Supervisory Board had six regular meetings in the year 2009 with members of the Board of Management being present. Senior management of operating companies also participated in some meetings and gave updates on their respective fields of responsibility.

All meetings were attended by the majority of the members of the Supervisory Board and no member was frequently absent. Frequently absent is considered as being absent two times or more. The Supervisory Board also met once on its own. The meetings were held in Istanbul at the offices of the Efes Beverage Group and in Amsterdam, the Netherlands.

EVALUATION OF THE FUNCTIONING OF SUPERVISORY BOARD

Topics of the meetings of the Supervisory Board included, but were not limited to:

- EBI's general strategy, including strategic business plans;
- The internal risk management and control systems;
- EBI's financial performance and financial developments including assessment of major risks, plus special attention was given to the consequences of the economic crisis and close monitoring of EBI's cash flow in order to minimize related risks;
- Corporate Governance;
- The performance and internal division of tasks of the Board of Management;
- Operational development of EBI's subsidiaries;
- Discussion of business development projects as well as possible new investments and acquisitions;
- Corporate social responsibility issues relevant to EBI; and
- EBI's human resources strategy and management.

In addition to these topics special attention was paid in 2009 to export projects, procurement, monitoring cost reduction and efficiency improvement measures, the syndication loan amounting to US$ 150,200,000 and EUR 107,000,000 with WESTLB AG London branch acting as agent, as well as the impact of the changed financial and economic circumstances.

On 17 July 2009, Anadolu Efes announced a cash offer ("the Offer"), which was recommended by the independent members of the Supervisory Board of EBI, for the entire issued share capital of EBI other than the approximately 70.22 percent of the issued shares already owned by Anadolu Efes under conditions as further set out in the published offer document.

Both the UK City Code on Takeovers and Mergers and the applicable principles of the Dutch Takeover Decree as well as other applicable legislation needed to be observed in the process.The five non-conflicted members of the Supervisory Board had several meetings and telephone conferences. They conducted a formal process in the context of securing appropriate legal advice and appropriate independent financial advice as well as PR advice in connection with the proposed Offer in order to comply with their responsibilities under the relevant codes and legislation in this process.

On 3 September 2009, the sum of EBI Shares that Anadolu Efes either (i) owned or (ii) for which it had received valid acceptances of the Offer was 155,329,514 EBI Shares, representing in aggregate approximately 73.47 percent of the issued share capital of EBI.

The Supervisory Board's own performance was discussed in a meeting on its own, which discussions included the functioning and decision-making, the size, the functioning of the committees and relationship with the Board of Management.

THE ARTICLES OF ASSOCIATION

The articles of association are available on EBI's website at www.efesinternational.com.

COMMITTEES

In line with the Code, the Supervisory Board has created three standing committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. In addition the Supervisory Board established a Corporate Governance Committee. The committees are appointed by the Supervisory Board from among its own members.

Audit Committee

Pursuant to the rules governing the Audit Committee, the Audit Committee is comprised of two Supervisory Board members. The Audit Committee is chaired by Mr. Ali Tigrel and the other member is Mr. Gauthier de Biolley.

According to the rules governing it the Audit Committee supervises, monitors and advises the Board of Management on risk management and control systems, annual reports, on the provision of financial information, financing of the company, relation with the external auditor and on the role and functioning of the internal audit department, amongst other issues.

Members of the Board of Management were invited to attend the meetings, as well as the external and the internal auditors. The Audit Committee is obliged to hold a meeting at least once a year with the external auditor of EBI without any of the members of the EBI Board of Management and the internal auditors being present.

In 2009 the Audit Committee met six times, where amongst other things the internal audit function, the financial statements, interim statements, internal procedures and the impact of the global financial crisis were discussed. With regard to the internal audit, the Audit Committee reviewed the internal audit rules, the internal audit plan, the internal audit scope, staffing and organizational structure of the internal audit function as well as the various internal audit reports.

The Audit Committee met also once with the external auditors of EBI in 2009 without the Board of Management present, in order to discuss the financial statements and the external audit process.

Selection and Appointment Committee

Pursuant to the rules governing the Selection and Appointment Committee, this committee is composed of a minimum of two members. The Selection and Appointment Committee is chaired by Mr. Michel Naquet-Radiguet. The other members are Mr. Tuncay Özilhan and Mr. Christos-Alexis Komninos.

The Selection and Appointment Committee prepares selection criteria and appointment procedures for members of the Board of Management and the Supervisory Board. It also prepares, makes proposals for (re-) appointments and supervises the procedures for senior management.

The Selection and Appointment Committee met once in 2009. The composition and functioning of the Board of Management and the Supervisory Board as well as the appointment procedures of senior management were discussed.

In 2009 the committee discussed the proposal of the Management Board to decrease the number of the Management Board members and the Supervisory Board determined to decrease the number of members of the Board of Management to four.

As the terms of their membership expired in 2009, this committee proposed the nomination for reappointment for Sir David Logan, Mr. Ali Tigrel and Mr. Christos-Alexis Komninos as members of the Supervisory Board at the Annual General Meeting of April 27, 2009 and all were reappointed.

Corporate Governance Committee

The Corporate Governance Committee has been established with the purpose to monitor the compliance of EBI with the Dutch Corporate Governance Code and to inform the Supervisory Board on this topic.

On December 10, 2009, the revised Dutch Corporate Governance Code has been designated by governmental decree entering into force on January 1, 2010, as the code of conduct referred to in article 391 section 5 of Book 2 of the Dutch Civil Code and applicable to financial years starting on or after January 1, 2009.

In anticipation of the legal implementation of the amended Code, the committee felt it would be better to await the decree plus possible changes and act accordingly. In 2010 specific emphasis will be given to the monitoring and application of the amended Dutch Corporate Governance Code.

The Corporate Governance Committee is comprised of three Supervisory Board members and is chaired by Mr. Christos-Alexis Komninos. The other two members are Sir David Logan and Mr. Michel Naquet-Radiguet.

Remuneration Committee

The Remuneration Committee is comprised of three Supervisory Board members.

This Committee is chaired by Mr. Gauthier de Biolley and the other members are Mr. Tuncay Özilhan and Mr. Ali Tigrel.

Pursuant to the rules governing the Remuneration Committee, this Committee prepares proposals to be presented to the Supervisory Board concerning the general Remuneration Policy for the members of the Board of Management, which policy is to be presented to the General Meeting of Shareholders of EBI for approval and adoption.

On 27 May 2005, the General Meeting of Shareholders approved and adopted the Remuneration Policy which was drafted by the Remuneration Committee and which is still in place. The intention is to review the Remuneration Policy in connection with the amended Dutch Corporate Governance Code and amend it where applicable, which amended Remuneration Policy will be presented to the shareholders meeting for approval.

The Remuneration Committee also monitors the individual remuneration of each of the members of the Board of Management in line with the general Remuneration Policy as adopted by the General Meeting of Shareholders. In addition, the Remuneration Committee prepares the annual Supervisory Board remuneration report on the application of the adopted Remuneration Policy.

In 2009, the Remuneration Committee met once to discuss the individual remuneration.

REMUNERATION REPORT

The Remuneration Policy of EBI was approved by the General Meeting of Shareholders of EBI held on 27 May, 2005. The aim of the remuneration policy of EBI is to attract and retain talented members of the Board of Management and to achieve this aim with due observance of best practice corporate governance principles.

Elements of the Remuneration Package

The total remuneration packages of the members of the Board of Management consist of one or more of the items below, depending on the duties and responsibilities of each member:

I. Base salary, determined according to the inflation rate of each year and individual performance level.
II. Cash bonus, based on base salary or in case of non-residents, based on a pre-determined fixed amount and linked to the individual contribution to the achievement of EBI's annual targets.
III. Other benefits.

At the end of each year, the base salary of each Management Board member is evaluated and adjusted for the subsequent year in the light of his or her performance scores and taking inflation into account.

The remuneration structure as adopted by the General Meeting of Shareholders on 27 May, 2005 has been maintained in the general Remuneration Policy for 2009. As a corporate policy, EBI does not provide loans to members of the Board of Management. EBI is of the opinion that the remuneration packages of its current members of the Board of Management are in line with the principles of the Corporate Governance Code. Proposals for the remuneration of any new members of the Board of Management after adoption of the general Remuneration Policy are made by the Remuneration Committee in line with this policy.

Besides the base salary, members of the Board of Management are eligible to receive cash annual bonuses according to (a) the degree of realization of the targets of EBI, or Key Performance Indicators (KPIs) as explained below, and (b) individual performance. The first element, the degree of realization of targets of EBI, is derived from the "Strategic Business Plan". This plan sets the targets for the coming year and has to be approved by the Supervisory Board. Based on the Strategic Business Plan, KPIs are identified for the year. Each KPI is awarded a relative weight for the evaluation of total performance. In this way the targets of the Company are precisely made clear to the Board of Management in advance. Each year, KPI weights are re-examined and revised if needed. If a Strategic Business Plan is revised during a calendar year, the new targets and KPIs are notified to the members of the Board of Management by the Supervisory Board.

The ratio of these two components in total annual salaries was as follows in 2009:

- Non-variable component 86%
- Variable component 14%

It is envisaged that these ratios should remain substantially the same in subsequent years. The factors determining the variable component of salaries do not include comparisons with peer group companies.

Other benefits granted to a member of the Board of Management may comprise a company car, a mobile telephone, rent contribution and health insurance contribution. One or more of these benefits may be included in the remuneration package, subject to the job description and responsibilities within EBI of the Board of Management member.

Management Board members have no right to options, shares, or other variable remuneration components which are not performance related. There are no current pension schemes in the Netherlands. Further, there are no standard arrangements for early retirement of members of the Management Board.

Term of Management Board Contracts

The type of the employment contracts of the individual members of the Management Board is an employment contract for an indefinite period of time. The employment contracts of Mr. Jimenez and Mr. Çaka are regulated in accordance with Turkish Labor Law, while the employment contract of Mr. Şarman and Mr. Yanaşmayan were drafted in accordance with Dutch Labor Law. The services of Mr. Wagenaar were rendered through a special assignment service contract. Terms of notice of termination, dismissal and redundancy terms vary according to seniority and in accordance with the applicable laws governing the employment and assignment contracts.

For the members of the Management Board whose contracts are drafted and governed according to Turkish law, dismissal and redundancy payment clauses are structured according to Turkish Labor Law. For the member of the Management Board who is employed in accordance with Dutch law, the aforementioned clauses are structured according to Dutch Labor Law.

Remuneration 2009

In order to give an impression of the application of the remuneration elements I, II and III described above, the remuneration packages of the members of the Board of Management in 2009 were determined as follows:

Messrs. Jimenez and Çaka: element (I) and (II) and some items of element (III);
Messrs. Şarman and Yanaşmayan: elements (I), (II) and (III);
Mr. Wagenaar: fixed directorship fee, to be considered as element (I).

For 2010, it is intended to review the Remuneration Policy and amend it where applicable, which amended Remuneration Policy will be presented to the shareholders meeting for approval.

In 2009, the members of the Supervisory Board and the Management Board received a total gross remuneration of US$ 182 thousand (2008 - US$ 177 thousand) and US$ 521 thousand (2008 US$ 743 thousand) respectively.

The “Annual Report prepared under the requirements of the Netherlands’ Civil Code” forms an integral part of this report. Therefore, the readers of this report may refer to aforementioned report which is available on EBI’s website where also the Articles of Association, the Supervisory Board Charter, Board of Management Charter, Audit Committee Charter, Selection and Appointment Charter, Remuneration Committee Charter, Insider Trading Rules, Corporate Governance Summary and Arrangement of Whistleblowers can be found (www.efesinternational.com).

BOARD OF MANAGEMENT

Functioning and Strategy of the Board of Management

Pursuant to Dutch law and pursuant to the Articles of Association (Articles), the Board of Management is responsible for the overall management of EBI. The Board of Management has adopted Board of Management Rules, published on the website, that regulate in detail its tasks and responsibilities. The Board of Management acts under the supervision of the Supervisory Board. Pursuant to the Articles, members of the Board of Management are appointed for a maximum term of four years, provided that the term of appointment will end at the closing of first general meeting of shareholders in the fourth year following the year of appointment. Pursuant to the Board of Management Rules, a member of the Board of Management can be re-appointed for another four-year term after the expiration of the first four-year term. New members of the Board of Management are appointed by the General Meeting. The Supervisory Board is entitled to make a non-binding nomination for each vacancy. Within the Supervisory Board, the Selection and Appointment Committee makes the proposal for a nomination. In November 2009, the Supervisory Board determined to decrease the number of the members of the Management Board from five to four. In this respect, Mr. Demir Şarman resigned from the Board of Management. The Board of Management currently consists of the following four members: Mr. Alejandro Jimenez, Chairman, Mr. Can Çaka, Mr. Gökçe Yanaşmayan and Mr. Guido Robert Wagenaar.

In order to see CVs of Members of Board of Management please refer to “Board of Management” (pg:16) under the “Company Profile” section.

Meetings

The Board of Management meets at least once a month and whenever one or more of the members have requested a meeting. In 2009, all resolutions were passed with unanimous vote. Pursuant to the Articles, several transactions require the approval of the Supervisory Board. In 2009, all resolutions of Board of Management were approved by the Supervisory Board.

Evaluation of the Functioning of the Board of Management

Topics of the meetings of the Board of Management included, among other items:

- EBI’s general corporate strategy;
- EBI’s day-to-day financial activities;
- Planning and monitoring of the marketing strategy of EBI;
- Assisting and supervising the operations of EBI’s subsidiaries;
- Investigating and executing of business development progress as well as investments and acquisitions;
- EBI’s overall performance during the year as well as the internal allocation of the tasks of the Board of the Management.

In addition to these topics, the Board of Management concentrated on procurement, monitoring the cost reduction and efficiency improvement measures, export activities and working capital management in 2009. Other significant topics of the year 2009 were the refinancing of existing US$ 300 million syndication loan facility and the cash offer of Anadolu Efes to acquire the entire issued share capital of EBI, not already owned by it.

OPERATIONAL REVIEW

Sales Volumes

In FY2009, EBI's consolidated sales volume was 13.6 mhl, indicating a decline of 3.1% compared to the previous year. Organic[1] sales volume declined by 2.2% in the period. Despite continued challenges in the operating geography, the consolidated sales volumes in the last quarter of 2009 decreased slightly by 0.6% compared to the same period of the previous year. This was achieved through focused, innovative and memorable but cost effective marketing activities leading EBI to outperform the operating markets, as well as through the low base of last year.

(1) By excluding i) January - February 2009 sales volume of JSC Lomisi in Georgia, which EBI acquired in February 2008 and started full consolidation starting from March 1st 2008, ii) the sales volume of Efes Serbia, which is excluded from EBI's financials after the end of 1H2008.

In Russia, FY2009 sales volume was 10.7 mhl, indicating a decline of 3.6% over the previous year. Resulting from the global financial crisis, pressures on consumer demand in Russia continued in the last quarter of 2009. However, mainly due to the low base of 4Q2008, our sales volume decline was limited with 0.9% in Russia in the fourth quarter of 2009 compared to the same period of 2008.

In 2009, EBI once again managed to outperform the market, which is estimated to have declined by 8% in FY2009, hence EBI increased its market share to 10% from 9% a year ago. Increased penetration and innovation of strategic brands were the main drivers of outperformance in 2009.

Net Sales

Due to the negative impact of the depreciation of local currencies versus USD in 2009 combined with the shift in demand to lower priced products and packages, on the back of the meltdown in purchasing power of consumers, EBI's consolidated net sales revenue declined by 17.4% to US$ 857.3 million in 2009 despite local currency price increases.

On an organic basis (by excluding the effect of Georgia for January-February 2009 and Serbia in 1H2008), EBI's consolidated net revenue declined by 16.7% in the period.

Although partly absorbed by an average price increase of approximately 7.3%, EBI's net sales revenue in Russia in USD terms declined by 21.4% in 2009 over the previous year. This was due to the 27% devaluation of the average Ruble against USD as well as the negative mix effect in 2009 compared to the previous year. In the last quarter of 2009, sales revenue was affected positively from a 4.8% price increase in November, as well as stronger Ruble against USD. As a result, net sales revenue per lt improved by 5.6% in the last quarter of 2009 over the same quarter of 2008.

Profitability

The combined effect of favorable input prices, successful cost savings as well as the devaluation of local currencies, leading EBI to benefit in local currency based procurements, more than compensated higher fixed costs resulting from lower volumes, as well as the negative impact of F/X-denominated input costs. As a result, COGS per hl decreased by 23.5%, leading EBI's gross profit margin to reach 46.9%, with 604 bps improvement in 2009 compared to the last year.

Although the focus on increasing our penetration in our operating markets, which was one of the primary reasons of our outperformance of the markets, generally results in higher selling and marketing expenses, we manage to maintain its as a percentage of net sales revenue year-on-year. This was achieved through our strict expense management, route-to-market efficiencies, our focus on well identified strategic brands, lower transportation tariffs and to some extent by media deflation. As a result, EBI's consolidated operating profit increased by 12.0% on an absolute basis and reached US$ 82.5 million, indicating a 253 bps improvement in operating margin to 9.6% in 2009 from 7.1% in 2008.

EBI's consolidated EBITDA increased by 10.9% over 2008 and reached US$ 170.1 million in 2009, indicating a 506 bps improvement in EBITDA margin to 19.8% from 14.8%.

EBI recorded a net profit attributable to shareholders of US$ 0.4 million vs. a net loss of US$ 57.4 million in 2008. Although the magnitude of the bulky non-cash loss realized in 1Q2009, mainly coming from the USD denominated loans in EBI's Russian and Kazakhstan subsidiaries' balance sheets, significantly diminished in the remainder of the year due to the appreciation of Ruble, it still limited the bottom line growth.

Financial Debt and Financing

As of December 31, 2009 EBI had a gross financial indebtedness of US$ 701.6 million (excluding put options), down from 2008-end level of US$ 817.3 million. Approximately 32.5% of the gross debt is due within one year. Remaining debt position extends until 2014.

In February 2010, EBI's Term Loan, signed on July 6, 2009 and amounting US$ 300 million (equivalent amount) was repriced with the consent of all of the banks at the original loan. As a result, the 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, remain the same.

As of December 31, 2009 EBI also has US$ 219.1 million in cash and cash equivalents.

In 2009, EBI managed to decrease its Net Debt/EBITDA ratio to 2.8 times from 3.9 times a year ago.

Cash Flow

2009 was a turning point for EBI considering cash flows, as the company achieved a strong positive free cash flow of US$ 144.2 million for the first time in its history after negative free cash flows due to the investments and acquisitions since its establishment. This significant improvement was mainly due to favorable input costs leading to higher profitability, lower working capital requirements contributed by improved cash cycle and minimized capital expenditures, in line with the strategic business plan for the year. Reduced indebtedness leading to lower interest expenses, as well as reduced cash taxes due to decreases in corporate tax rates in operating countries also contributed to strong free cash flow generation.

Acquisitions, Disposals and Capex

On August 12, 2009, Board of Directors of MEB, 90.0% subsidiary of EBI, resolved to purchase the 6.699% minority stake in KV Group, which is held by Tradex Partner Limited Co. ("Tradex"). Tradex maintained a 6.699% share in KV Group by the time of EBI's acquisition of KV Group in February 2006 and held a put option for its stake, which is exercisable until February 2010. MEB purchased all of the option shares of KV Group previously held by Tradex for a total cash consideration of US$ 30.3 million on August 2009. Following the completion of the purchase, MEB's stake in KV Group increased from 92.851% to 99.55%. Subsequent to purchase of option shares, a further 0.43% of KV Group minority shares have been acquired with a cash consideration of US$ 2.036 million. With the purchase of 0.43% minority shares, MEB increased its shareholding in KV Group to 99.98% from 99.55%. However, these transactions does not have any effect on the income statement.

In line with capex rationalization efforts, capital expenditures declined from US$ 171.4 million in 2008 to US$ 101.3 million in 2009, mainly consisting of the visicooler investments and maintenance expenditures in all countries of operations.

FORECASTS FOR THE NEXT YEAR

Due to the continuing macroeconomic challenges in our operating geography, as well as new challenges specific to brewers in Russia, we maintain our conservative outlook for 2010. We remain committed to cost reduction initiatives, cash flow management, capex rationalization and efficiency.

For the Russian beer market overall, we expect a 5%-10% volume contraction in 2010, mainly due to the higher beer prices in 2010 to reflect the significant excise tax increase in addition to unfavorable economic conditions.

In 2010, we are committed to once again outperforming the beer market in Russia and expect to limit our volume decline to low single digits in this challenging environment. Focus on innovation of strategic brands as well as increased penetration will remain to be our strategic priorities to expand our reach and to increase the visibility of our products.

We expect a slight increase in consolidated net sales revenue despite lower volumes and excise tax increase. This will be achieved through revenue management and stronger currencies versus USD compared to 2009.

Earnings is expected to be skewed towards the second half of the year due to phasing of price increases in Russia versus the full immediate affect of 200% excise tax hike as of January 1st, 2010.

Despite lower commodity prices, gross margin will be lower by approximately 100 bps due to the negative effect of tax hike in Russia and higher fixed costs per liter due to lower volumes.

Contraction in the EBITDA margin will outpace the decline in gross margin due to higher operating expenses as a result of inflation and local currency appreciation.

Working capital improvement remains on the top of our priorities list in 2010 along with optimization of capital expenditures. Therefore, we expect to once again generate positive free cash flow in this challenging year.

RISK PROFILE

The following section analyses significant strategic, operational, financial and regulatory risk factors and uncertainties that may impact EBI's business. This information does not purport to be exhaustive and is not listed in order of priority. Additional risks and uncertainties not presently known to EBI, or that EBI currently deems immaterial, could also have an adverse effect on its business.

Strategic Risk

Political Instability

Since the dissolution of the Soviet Union, the countries where EBI operates (the "Territories" and each a "Territory") have implemented market-based economic reforms, although the approach to, extend of, and rate of implementing such reforms has varied.

Although in recent years there has been a general improvement in economic indicators, there can be no assurance that the political and economic reforms necessary to complete the transition from centrally-planned to market-based economies in the Territories will continue to be implemented. The rule of law is not strictly observed and its implementation can be vulnerable to corruption. The political system of each of the Territories is susceptible to periods of instability resulting from reform, social and ethnic unrest and rapid changes in governmental policies, any of which could have an adverse material effect on the activities of EBI.

Economic Deterioration or Instability

The governments of the Territories have, at times, implemented policies of economic reform and stabilisation. These policies have, for example, involved liberalising prices, reducing defence expenditures and subsidies for state-owned enterprises, privatising state-owned enterprises, reforming the tax and bankruptcy systems and introducing legal structures designed to permit private, market-based activities and foreign trade and investment. At the same time, depending on the improvements in the macroeconomic conditions in these territories, the levels of average disposable income have improved until 2009. However, with the changes in the economic environment due to the global financial crisis, the disposable income levels in our territories deteriorated in 2009, which in turn, had a negative impact on the beer industry. Given the high correlation between average disposable income and per capita consumption in developing markets, continuation of the adverse macroeconomic conditions could have a substantial impact on the beer market in EBI's territories.

Consumer Demand Shifts

Demand for beer depends on several factors, including demographic factors, weather conditions and consumer preferences as well as factors relating to discretionary consumer spending, including the general condition of the economy and general levels of consumer confidence, particularly in emerging markets.

In addition, as the beer markets mature the attractiveness of the beer category might be challenged by other beverages. In that context, EBI's failure to anticipate and adapt to demand shifts could have an adverse material effect. However, EBI's management has a high focus on product innovation and portfolio management to assess consumer demand in order to adapt quickly to changes.

Input Costs and Pricing

EBI purchases commodities and raw materials for the production of beer. These commodities and raw materials include barley, malt, aluminum cans and PET containers and, to a lesser extent, corn grits, rice and hops. Although the increase in commodity prices to unprecedented levels in 2008 reversed and therefore EBI managed to benefit from low levels of input prices in 2009, there can be no assurance that commodity prices will stay at its current levels. In addition, procurement prices are also being impacted by currency fluctuations. As EBI rarely engages in hedging against raw material costs, the impact of such volatility is partially limited by price increases. EBI carefully assesses the customer, consumer and competitor responses on the market pricing conditions and generally increases its prices in line with inflation. However, escalation of input costs, currency fluctuations and pricing pressures could have a substantial impact on EBI's profitability.

Restrictions on Beer Advertising, Sales or Consumption

The beer industry is subject to substantial and increasingly restrictive regulatory practices. In many of EBI's territories, there are regulatory restrictions affecting the sale, distribution, marketing and advertising of beer products. Any future increase in the restrictions on, or the prohibition of, beer advertising in the mass media or sales in certain channels could have an adverse material effect on the operations of EBI. There were certain restrictions imposed during the last decade. Although EBI's management believes that such legislative changes in EBI's territories have not yet substantially affected its operations and financials, this would not assure that these or any other future changes would not have an adverse effect in the future.

Operational Risks

Business Growth

Management expects that, in line with trends in Western Europe and other parts of the world, consolidation of the beer industry will continue, and even accelerate in the Territories. EBI's ability to participate in the consolidation of the beer industry in the countries in which it operates, in order to benefit from further economies of scale, better satisfy customer needs and compete effectively against other international brewers, will depend upon its ability to assess and adjust its rate of expansion in accordance with demand for beer products within the Territories. To date, EBI has been able to successfully manage the growth of its business. However, if EBI were unable to achieve this, for example by failing to find qualified management, by failing to participate in attractive value-enhancing transactions or to deploy and replicate its business model and technical infrastructure, its business or financial condition could be adversely materially affected.

Acquisitions and Business Integration

EBI's strategy includes growth through acquisitions. In making the decision to acquire a business, EBI makes certain judgments as to the future prospects of the business and its integration into EBI's business model based on the findings of a due diligence process. Such judgments relate to the future growth and stability of the economy, the stability of the government, consumer trends in consumption of beer and soft drinks in the country, competition conditions in the market, fluctuations in exchange rates, regulatory environment, taxes or duties and other factors specific to each market. In addition, the integration of an acquired business into EBI's business and financial organisation is a significant process, which covers a wide range of areas including technical, sales, operational, financial, information technology, human resources and legal work in order to achieve the alignment of the acquired business within EBI's operations. Whilst integrations to date have been realised in line with management's expectations, any negative impact in any of these areas could adversely materially affect the performance of the acquired business and that of EBI.

Global Supply

Although EBI produces malt in large quantities, the subsidiaries depend to varying degrees on third party supplies of malt, several other commodities and raw materials. Accordingly, interruption in the global supply of these commodities and raw materials over which EBI may not have control could have an adverse material effect. Although EBI strongly coordinates the supply of its raw and packaging materials through a centralized procurement system within Efes Beer Group, the termination of or material change to arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations could have a material impact on EBI's business.

Key Market Dependency

The continued growth of EBI's business is underpinned by its key markets, Russia and Kazakhstan. Any material decline in the performance of these markets could have a material adverse impact on EBI's operating performance.

Financial Risks

Cash Generation and External Financing

The planned development of EBI's business and the implementation of its proposed investment program are dependent on EBI's ability to generate sufficient cash flow from its operations and to obtain bank or other debt financing on acceptable terms, or raise additional equity finance. Although EBI's current investment program fully takes into account the ongoing global crisis, lower growth in main markets and consists principally of capital expenditures necessary to maintain its existing operations and introduce moderate capacity increases only, EBI still evaluates emerging acquisition opportunities which, in turn, would require additional financial resources. If EBI is unable to generate the required cash flow or cannot access external sources to fund its planned expenditures, some or all of its planned investments may be significantly delayed or abandoned. Any such delay or abandonment could have an adverse material effect on EBI. Liquidity risk and sensitivity of results to funding costs are also discussed in Footnote #26 of the Consolidated Financial Statements.

Fluctuations in the Exchange Rates

EBI operates through its subsidiaries in Territories and the U.S. Dollar is the functional and presentation currency of the group. Moreover, U.S. Dollar and other hard currencies play a significant role in the economies of the Territories. 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 of the Territories. Consequently, any significant depreciation of the national currencies against the U.S. Dollar could have a negative effect on the subsidiaries' financial position and the results of their operations. The sensitivity of the financial results with regard to foreign exchange risks are explained in detail in Footnote #26 of the Consolidated Financial Statements.

Regulatory Risk

Exchange Controls and Repatriation Restrictions

As a result of legislation in force in some of the Territories relating to investments by foreign companies, there are limits on the ability of some operating subsidiaries to convert local currency into U.S. Dollars (and other hard currencies) or vice versa. The inability of, or restrictions on the ability of, the operating subsidiaries to convert local currency into U.S. Dollars could restrict their freedom to pay suppliers in their currency of choice or to pay dividends and could impede or restrict operating subsidiaries with present or future indebtedness from making interest or principal payments in respect of such indebtedness. If any such further restrictions were imposed, they would have an adverse material effect on EBI.

Legal System

Risks associated with the legal systems of the Territories include, to varying degrees (i) inconsistencies between and among laws including tax legislation, presidential decrees, edicts, and governmental and ministerial orders and resolutions; (ii) conflicting local, regional and federal rules and regulations; (iii) the lack of judicial or administrative guidance on interpreting the applicable rules; (iv) the untested nature of the independence of the judiciary and its immunity from economic or political influences; (v) the relative inexperience of jurists, judges and courts in interpreting recently enacted legislation and complex commercial arrangements; (vi) a high degree of discretion on the part of governmental authorities; (vii) arbitrary decisions and variability in the interpretation and application of tax laws and regulations by the respective tax authorities and (viii) a lack of binding judicial precedents. Such immaturity of legal systems, processes and practice could adversely affect EBI's business or financial condition.

Tax Environment

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the EBI operates continue to evolve as the governments manage the transformation 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 the 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 legally able to impose significant fines, penalties and interest charges. Although management believes that it has paid or accrued all taxes that are applicable, these facts create tax risks in the Territories in which EBI operates substantially more than typically found in countries with more developed tax systems.

Excise Duties and Other Taxes on Beer

As a part of the regulation of the beer industry, the beer sales in the Territories are subject to taxation and government surcharges that include excise and value-added taxes, which from time to time change. Effective from January 1, 2010 Russian Government increased the excise tax on beer from 3 Rubles per liter to 9 Rubles per liter. As a general policy, EBI adjusts its sales prices to reflect the changes in the rate of excise duty, however, given the macroeconomic conditions and the significant rate of price increase required, EBI may not be able to fully pass on the impact of the 2010 excise duty. This may have a negative impact on EBI's margins in 2010 as well as on sales volumes, as in general, increases in taxation tend to reduce overall consumption and encourage consumers to switch to lower-taxed categories of beverages. In addition, imposition of, or increases in, excise or other taxes on beer in EBI's other operating territories could negatively affect the brewing industry with increased prices for consumers, which in turn would have an adverse material effect on EBI.

INTERNAL RISK MANAGEMENT

Internal risk management principally enables EBI to run its operations effectively, to maintain the reliability of financial reporting and to comply with laws and regulations. Internal risk management consists of several interrelated components and is an integrated part of the management process. The internal risk management and control systems are considered to ensure a reasonable level of assurance, although such systems can never provide absolute assurance. EBI continuously reviews and adopts its internal risk management and control systems to respond to the changing risk profile and dynamic growth.

Strategic business planning is a key element to monitor the achievement of business objectives. The approved strategic business plans of the operations set the operational and financial objectives. Such objectives include key performance indicators which provide the basis to monitor actual performance compared to the targets. The procedures of internal control systems which are designed to provide reasonable assurance for the successful flow of activities such as sales, production, marketing, supply chain and finance are already in place or are being improved.

EBI prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. Operations prepare their financial reports based on EBI's accounting policies and presentation standards defined and illustrated in the Group Accounting Manual. External auditors report on the consolidated financial statements and explanatory footnotes of EBI and its subsidiaries. This provides additional assurance on true and fair presentation of the financial reporting.

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.

INVESTOR RELATIONS FUNCTION

EBI has undertaken an active investor relations program with its shareholders and the wider financial community since its listing in October 2004. The Company immediately announces all important operational developments through news releases as they occur and also gives presentations following the release of its results for existing shareholders, potential institutional investors and financial analysts. EBI also attends international conferences for institutional investors.

All publicly announced news releases, as well as copies of the presentations given, are made available on EBI's website at www.efesinternational.com together with other information including, but not limited to, operations, financial performance and corporate governance. In 2009, EBI presented its results quarterly through conference calls with institutional investors and financial analysts. During 2009, EBI attended 8 conferences and roadshows organized abroad and together with the individual one-on-one meetings, collectively had around 224 face-to-face contacts with investors, shareholders and analysts.

OTHER INFORMATION STATEMENT OF THE BOARD OF MANAGEMENT

Statement ex Article 5:25c Paragraph 2 sub c Financial Market Supervision Act (Wet op het Financieel Toezicht):

To our knowledge,

1. The financial statements (with the other information as meant in article 2:392 Civil Code) give a true and fair view of the assets, liabilities, financial position and net result of Efes Breweries International N.V. and its consolidated companies;
2. The report of the Board of Management gives a true and fair view of the position as per 31 December 2009 and the developments during the financial year 2009 of Efes Breweries International N.V. and its related companies included in its Financial Statements; and
3. The report of the Board of Management describes the material risks Efes Breweries International N.V. is facing.
4. The internal risk management and control systems described in this section provide reasonable assurance that the financial reporting does not contain any errors of material importance. The risk management and control systems worked properly in the year under review.

Alejandro Jimenez
CEO and Chairman of the Board of Management

Can Çaka
Member of the Board of Management

Efes Breweries International N.V.
and its Subsidiaries

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

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-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-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-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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 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 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:

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

1. GENERAL (continued)

	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

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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%).

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

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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

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**

Equipment under finance lease

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).

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

(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**

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**

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

9. INTANGIBLE ASSETS (continued)

	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**

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

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

10. AVAILABLE-FOR-SALE INVESTMENTS (continued)

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

11. INVESTMENTS IN ASSOCIATES (continued)

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.

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

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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.

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%)

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

13. BORROWINGS (continued)

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

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 – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

14. SHARE CAPITAL AND RESERVES (continued)

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)

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

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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

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)

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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

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)

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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**

25. NOTES TO CASH FLOW STATEMENTS

For the year 2009

There were no acquisitions and disposal of subsidiaries during 2009.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

25. NOTES TO CASH FLOW STATEMENTS (continued)

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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.

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

26. FINANCIAL INSTRUMENTS (continued)

			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

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).

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

26. FINANCIAL INSTRUMENTS (continued)

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.

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

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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).

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

(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.

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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

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

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

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 February 1997.

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 loan. 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.

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