EFES BREWERIES INTERNATIONAL 2005 ANNUAL REPORT

"We fill every minute in 24 hours"

Index

At a *Glance*

Key Statistical Data on EBI

Income Statement		2004	2005	% Change
Net Sales	m USD	399	481	21%
Operating Profit	m USD	54	50	-8%
Operating Profit Margin	(%)	14%	10%	
Depreciation and Amortization (Including Amortization of Goodwill)	m USD	36	41	14%
Net Income	m USD	36	20	-43%
Net Income Margin	(%)	9%	4%	
EBITDA[4]	m USD	98	95	-3%
EBITDA Margin	(%)	25%	20%	
Balance sheet				
Cash and Cash Equivalents at end of the year	m USD	135	97	-28%
Total Assets	m USD	630	780	24%
Shareholder's Equity	m USD	381	383	0.4%
Total Financial Debt	m USD	103	111	8%
Net financial debt / EBITDA	multiple		0.14	
Other Data				
Beer Sales Volumes	m hectoliters	762	891	17%
Capital Expenditure (Gross)[5]	m USD	68	92	35%
Earning per Share[6]	USD	0.28	0.14	
Average Number of Employees	Number	3,985	3,955	-1%

Note1: New Operation acquired by EBI in 2004; Zajecar Brewery (Serbia) is consolidated for the period October-December 2004.

Note 2: Interbrew Efes Brewery in which Efes Breweries International holds 50% stake is accounted for by using proportionate consolidation.

Note 3: 1 Hectoliter=100 liters

Note 4: EBITDA here means earnings before interest (financial income/(expense)-net), tax, depreciation and amortization, minus minority interest, and as applicable, minus gain on sale of subsidiaries and investment in securities, plus provisions, reserves and impairment.

Note 5: Capital expenditure means cash used in the purchase of property, plant and equipment and intangible assets and cash used for the acquisition of subsidiaries (net of cash acquired).

Note 6: Earnings per Share have been calculated by dividing the net profit for the year by weighted average number of ordinary shares outstanding during the year.

Sourcer: The market share and industrial data contained in this report has been taken from Canadian Global Beer Trends 2005. Unless otherwise stated, market share and product segment data in this report has been drived from AC Nielsen data.


EFES
Pilsener
EFES
EFES

Letter to *Shareholders*

Dear Shareholders,

In 2005 EBI firmly established its foothold in its operating territories, as well as taking the steps for an even stronger market position in the coming years. A number of structural steps were also taken in response to EBI's commitment to provide more focused and effective management to continue the profitable growth of its business.

Our operations are restructured to include two major divisions, each of which is to be managed separately by different Chief Operating Officer. These divisions are defined as "Russia and the CIS Region" and "Southern Europe Region". We strongly believe that this new organization will provide the increased focus and span of control in order to accelerate the profitable growth of EBI in the coming years.

Our dynamic organization and attractive brand portfolio enabled us to deliver above-market organic growth in 2005. This demand growth in our operating territories necessitates a constant focus on brewing capacity expansion, which indeed was one of the important themes of 2005.

During the course of 2005, we increased the annual brewing capacities of our Ufa and Rostov plants to 2.0 million hectoliters and 1.2 million hectoliters, respectively. This represented an additional capacity of 1 mhl, bringing our total brewing capacity in Russia up to 7.7 mhl. In addition, we increased our brewing capacity in Moldova to 0.90 million hectoliters, thereby growing EBI's total brewing capacity to 11.8 million hectoliters.

In Russia, "Stary Melnik" maintained its best selling brand status by value in the highly competitive Moscow market, as well as its 4th place overall position in Russia. We saw another year of successful performance by our flagship brand "Efes Pilsener" while our "economy" segment brand "Beliy Medved", an important volume driver in 2005, became the eight top selling brand by volume in the Russian market within two years of its re-launch.

In Kazakhstan, we increased our sales volumes by 26% and held the second highest market share in this country with 17%. Our superior logistical advantage in Kazakhstan continues to contribute to our competitive position. Meanwhile in Moldova, where we increased our sales volume by 5% over 2004, we maintained our leadership in the beer market with 70% market share by volume, and also led the soft drinks market with 44% market share. Last but not least, in the Serbian beer market we hold the 4th position where in 2005 we were actively building on our market position for better competitive positioning in the forthcoming years.

In addition to significant organic growth in 2005, we also completed an important non-organic addition to our portfolio in early 2006.

In February 2006, we completed the milestone acquisition of 92.3% shares of the Krasny Vostok Brewing Group, the seventh largest brewer in the Russian beer market. Krasny Vostok operates two breweries, one in Kazan, in the Tatarstan region of Russia and the other one in the city of Novosibirsk located in Western Siberia. These breweries on a combined basis added 10 million hectoliters of annual brewing capacity to the EBI system in Russia. The Krasny Vostok Brewing Group also operates three malteries with combined annual production capacity of 93,000 tons. Therefore acquisition of Krasny Vostok not only gave us a substantial amount of additional annual brewing capacity but also made our Russian operations self-sufficient in procurement of malt and pre-form for the near term.

The acquisition of Krasny Vostok, in addition to our earlier mentioned capacity increases in Ufa and Rostov, enables Efes Russia to control 17.7 million hectoliters of annual brewing capacity and a combined 139,000 tons of annual malt production capacity. We believe this input will significantly ease our historical concerns to provide capacity over demand for the future demand growth in Russia. Furthermore, the potential for cross-brewing opportunities for our existing brands, sales and distribution synergies with the Krasny Vostok system and our newly captured ability to more effectively catering a wider geography within Russia, add to our level of excitement about the future.

EBI's 7.6% market share in Russia in 2005 approached 10% with the acquisition of Krasny Vostok, which solidified our 4th place position in a market, which is currently the 5th largest globally, and projected to be the 3rd largest by 2010. With our strong brand portfolio, which spans every major segment of the Russian market, EBI is well positioned to be a key beneficiary of the continuing growth of the Russian beer market in the years to come.

With the acquisition of the Krasny Vostok Brewing Group we reiterated our long term commitment to the future potential of the Russian beer market. This is also evidenced by our increased shareholding in our Russian business through the acquisition of further 12.4% stake of a minority shareholder in February 2006. After giving effect to this transaction, EBI currently owns 83.4% of Moscow Efes Brewery, our subsidiary in Russia that delivers an important part of EBI's current and future value.

Dear Shareholders,

In 2005, EBI achieved sales volume growth and Revenue growth of 17% and 21%, respectively, both of which stood out in the highly competitive environment in which we operate. Of our total sales volume of 8.9 million hectoliters in 2005, 5.9 million hectoliters, or 66%, were realized in the very important Russian market. Similarly, USD 364 million, or 76%, of EBI's 2005 Revenues of USD 481 million were generated in Russia.

Although we maintained the growth momentum of our top line, our Operating Profit of USD 50 million and EBITDA of USD 95 million in 2005 displayed single digit declines vis-a-vis 2004 levels. These were primarily consequences of a combination of external events, including the impact of the substantial rise of the oil prices on our overall cost base, and also our efforts to commit to stronger future growth of EBI through the realignment of our systems and market positioning.

Our commitment to capture better future market positioning led us to incur a rate of growth in sales and marketing expenses that exceeded the rate of growth in sales in year 2005. This strategy was evident in Serbia, which is our relatively newest market where we are still building our business after the acquisition of EBI's second brewery in late 2004. Also in Russia, we restructured our sales and distribution system that resulted in a significantly enhanced direct sales component as well as better market execution capabilities which we expect to benefit largely in the years to come.
We view both of these strategic moves as value-enhancing on a going forward basis.

Dear Shareholders,

Following our initial public offering in London in 2004, we were able to build substantial value into the business in a relatively short period of time, as evidenced by the market capitalization of EBI above the 1 billion USD mark.

The year 2006 already started with a major development for EBI with the exciting acquisition of the Krasny Vostok Brewing Group. We have no doubt that EBI's profitable growth will continue to reward its stakeholders. Our organic, as well as inorganic growth initiatives create new opportunities, which have brought forth a picture that has made all of us proud since EBI's establishment. EBI is moving towards its new vision of becoming one of the worldwide leading beer systems with core strengths generated in Eurasia.

We do hope that you share our excitement and wish to extend the sincere gratitude of the Supervisory Board and the Board of Management to our esteemed shareholders for their continuing support of EBI's corporate vision.

Sincerely,

Tuncay Özilhan
Chairman of the Supervisory Board

Ahmet Boyacıoğlu
Chairman of the Board of Management & CEO


EFES
Pilsener

Company *Profile*

Time: 06:00
Location: London
EBI ("EBID") GDR's are traded in the London Stock Exchange

Company *Profile*

General Overview

Efes Breweries International N.V. ("EBI"), registered in the Netherlands, is a leading brewing group in the countries in which it operates across the Commonwealth of Independent States ("CIS"), Eastern Europe and the Balkans. EBI ("EBID") is listed on the London Stock Exchange with a free float of approximately 30%. EBI operates in Russia, Moldova, the Republic of Kazakhstan, Serbia and Montenegro and Romania where the Company had nine breweries with a total annual brewing and malt production capacities of 11.8 million hectoliters and 46,000 tons respectively as of end of 2005.

Following the acquisition of the Krasny Vostok Brewing Group ("KV Group") in Russia in February 2006, the total annual brewing and malt production capacities of EBI increased to 21.8 million hectoliters and 139,000 tons respectively and the number of its breweries increased to 11.

EBI strategically focuses to capitalise on the synergies of being available in all the developing beer segments, which includes the most profitable and/or fastest growing segments as well as the largest segments in the beer markets where EBI operates.

The product portfolio of EBI consists of premium, mainstream and economy brands, many of which hold leading positions in their respective market segments. EBI seeks to have a brand portfolio that provides an effective coverage of the beer segment spectrum with its brands marketed across all profitably growing segments. EBI's current long-term strategic goal is to become one of the worldwide leading beer systems with core strengths generated in Eurasia, which defines the current operating territory of EBI.

EBI is a majority owned subsidiary of Anadolu Efes Biracılık ve Malt Sanayii A.Ş.("Anadolu Efes"), the leading beverage company in Turkey listed in the Istanbul Stock Exchange. 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, the CIS countries and the Middle East. All beer operations of Anadolu Efes outside of Turkey are conducted by EBI. Anadolu Efes comprises the beverage division of the Anadolu Endüstri Holding A.Ş. ("Anadolu Group"), one of Turkey's leading conglomerates, with principal interests in the beverage, automotive, finance, fast service restaurants, writing instruments and office supplies sectors through partnership and joint ventures with leading international companies.

Mission, Vision & Strategy

Our vision is to become one of the worldwide leading beer systems with core strengths generated in Eurasia.

Our mission is

- to create maximum sustainable value for all stakeholders

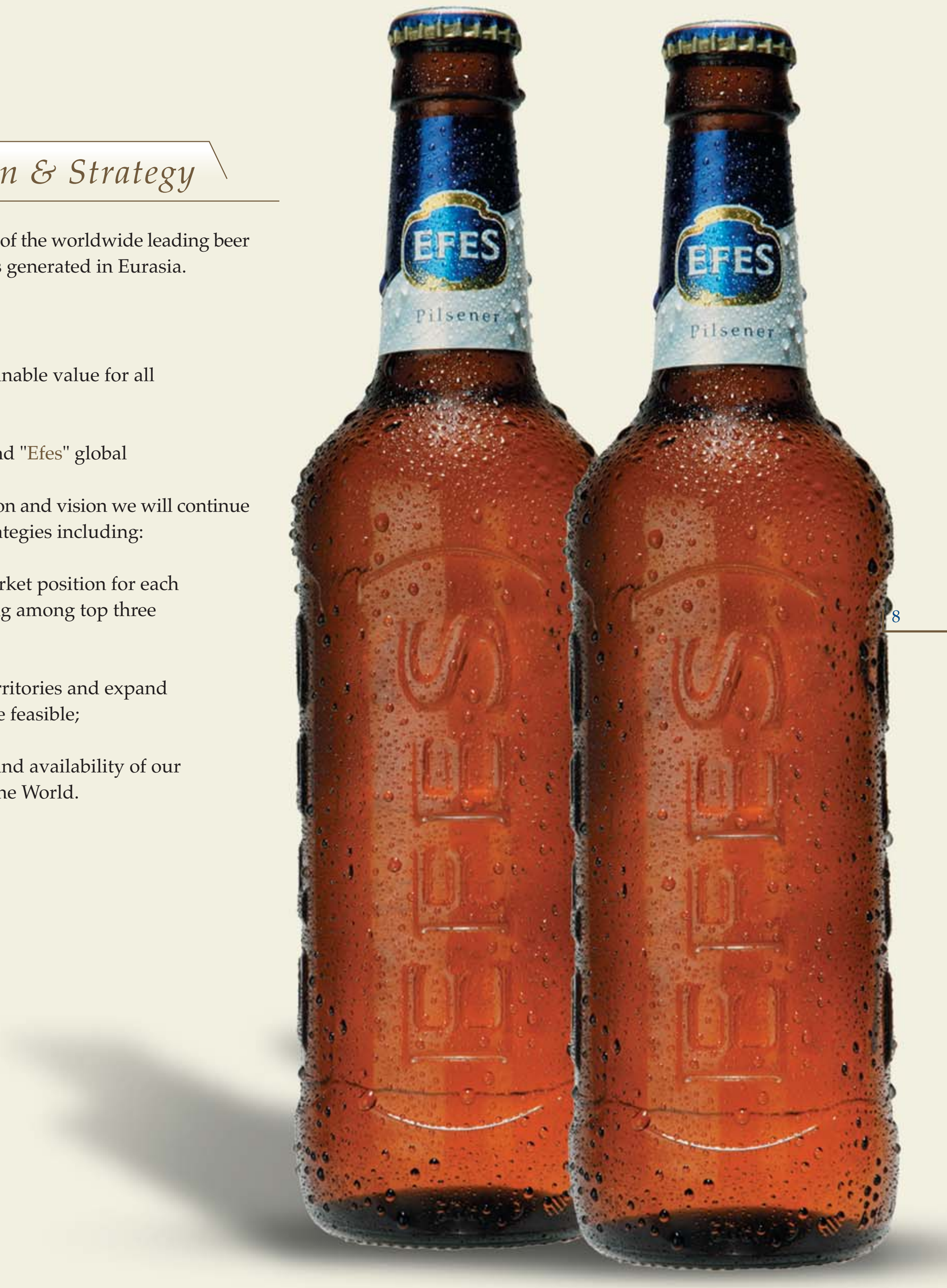
- to make our flagship brand "Efes" global

In order to realize our mission and vision we will continue to pursue the following strategies including:

- to ensure competitive market position for each operation preferably being among top three brewing systems;

- to grow in the existing territories and expand into new territories where feasible;

- to extend the awareness and availability of our flagship brand "Efes" in the World.



Company *Profile*

Chronology

1996 EBI founded in the Netherlands.

Efes Karaganda Brewery ("Efes Kazakhstan") was acquired through privatization by Anadolu Efes with annual brewing and malting capacities of 0.40 million hectoliters and 6,500 tons respectively.

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

1998 Commercial production started in Romania.

Renovation of Efes Kazakhstan completed.

1999 Moscow Efes Brewery ("Efes Russia"), 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 1.5 million hectoliters of annual brewing capacity.

Stary Melnik launched in Russia.

Production started in the malt production facility in Moscow-Russia adjacent to Moscow Efes Brewery.

2000 Romanian Efes Brewery restuctured as a 50%-50% JV with InBev, "Interbrew Efes Brewery" established.

2001 Stary Melnik became Moscow's leading beer in local premium segment.

2002 Doubling of capacity in Moscow brewery to 3.0 million hectoliters - 2 years ahead of schedule.

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 in order to provide external funding to further accelerate its rapidly growing operations.

Leading German brand "Warsteiner Premium Verum" launched in Russia.

2003 Acquisition of the Vitanta Intravest S.A. ("Efes Moldova"), the leader of the Moldovan beer, soft drinks and water markets, located in Chisinau-Moldova with 0.8 million hectoliters of annual brewing capacity.

Production commenced in Rostov, the new green-field brewery in Russia with 1.0 million hectoliters of annual brewing capacity.

Production commenced in the brand new brewery in Almaty-Kazakhstan with 0.6 million hectoliters of annual brewing capacity.

Acquisition of the Amstar Brewery located in Ufa, in the Urals region of Russian Federation, with 1.2 million hectoliters of annual brewing capacity.

Acquisition of the Pancevo Brewery in Serbia, located on the outskirts of Belgrade ("Efes Weifert") with 0.4 million hectoliters of annual brewing capacity.

2004 Production capacity of the Moscow Brewery increased to 4.5 million hectoliters.

Acquisition of the second brewery in Serbia, located in Zajecar ("Efes Zajecar") with 1.0 million hectoliters of annual brewing capacity.

Initial Public Offering of EBI and listing of GDRs in the London Stock Exchange with a free float of 30%.

2005 Launch of the Czech brand, Zlatopramen, produced under licence in Russia.

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

2006 Acquisition of the Krasny Vostok Brewing Group in Russia completed with approximately 10.0 million hectoliters of annual brewing capacity.

Acquisition of the 12.4% shares of Amsterdam Brewery Investment B.V. in Moscow Brewery completed, increasing the effective ownership of EBI in Moscow Brewery to 83.4%.

Company *Profile*

Significant Developments in 2005

In 2005, the annual brewing capacities of Ufa and Rostov plants in Russia have increased to 2.0 and 1.2 million hectoliters respectively, as well as of the Chisinau plant in Moldova, where the brewing capacity increased to 0.9 mhl. Accordingly the total brewing capacity of EBI increased to 11.8 mhl. in 2005 from 10.6 mhl. in 2004.

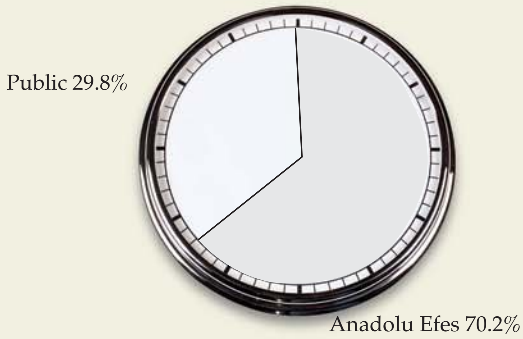
In 2005, following the changes to the Board of Management of EBI, Mr. Ahmet Boyacıoğlu was elected as the chairman of the Board of Management and the CEO of EBI. In addition, in line with the rapid and dynamic growth of the businesses and to provide the required focus as well as span of control to continue the profitable growth, EBI restructured its organization under two geographic divisions; "Russia and CIS Region" and "South Eastern Europe Region", both of which are managed by Chief Operating Officers.

Shortly after the end of 2005, EBI completed the acquisition of Krasny Vostok Brewing Group ("KV Group") in Russia in February 2006. The acquisition of the KV Group has been an important step in EBI's business. It has not only added 10 million hectoliters of brewing and 93.000 tons of malt production capacity to EBI, but also it has strengthened EBI's future strategic position in the dynamically consolidating Russian beer market. Following the acquisition of the KV Group, EBI's market share by volume in the Russian beer market increased to 10% and hence EBI has solidified its #4 position in the market (AC Nielsen December 2005). The KV Group acquisition is expected to assist EBI for building on its current position, through increased capacity, extensive geographical coverage, lower cost base and higher sales volume.

Shareholding Structure

The shareholding structure of EBI consists of; Anadolu Efes with 70.2% share and the remaining 29.8% is publicly held.

GDRs (EBID), each representing 5 ordinary shares of EBI, are traded on the London Stock Exchange.

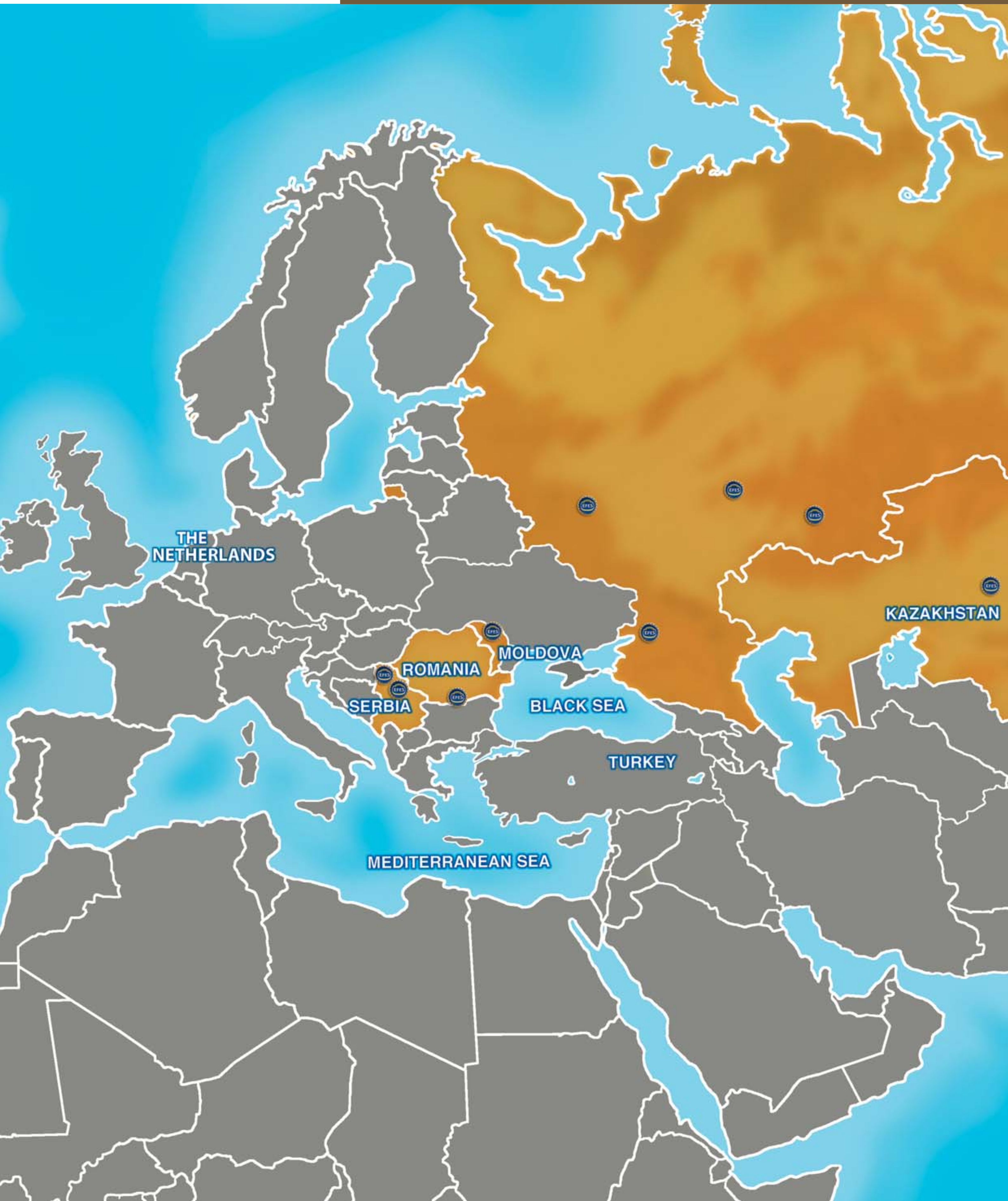


Group Structure

Efes Breweries International
The Netherlands

Moscow Efes Brewery	Russia	83%
Krasny Vostok Brewing Group	Russia	92%
Efes Kraganda Brewery	Kazakhstan	100%
Efes Vitanta Moldova Brewery	Moldova	97%
Interbrew Efes Brewery	Romania	50%
Efes Weifert & Efes Zajecar	Serbia & Montenegro	Weifert 84% Zajecar 73%

Operating *Territories*



Efes Breweries International's
Production Facilities

Board of Management

Members (Left to Right) : Mr. Ahmet Boyacıoğlu, (Secretary of the Board: Aimee van der Westerlaken), Mr. Hurşit Zorlu, Mr. Demir Şarman.

Mr. Ahmet Boyacıoğlu

CEO & Chairman of the Board

Mr. Boyacıoğlu, joined the Efes Beverage Group (Anadolu Efes) in 1973. Between 1973 and 2005, he served in a number of positions, including President - Strategy & Business Development, President - Beer Divisions, President - International Beer Divisions and President - Eastern Europe Divisions of Efes Beverage Group, General Manager of Ege Biracılık, General Manager of Güney Biracılık, Sales Manager and Regional Sales Manager of Ege Biracılık. Currently Mr. Boyacıoğlu serves as the President of Efes Beer Group. Mr. Boyacıoğlu is also a member of the board of directors of a number of other Efes Beverage Group companies. Mr. Boyacıoğlu has graduated from Middle East Technical University - Ankara, Faculty of Administrative Sciences with a Bachelor of Science degree in Management.

Mr. Hurşit Zorlu

Member

Mr. Zorlu, joined Efes Beverage Group in 1984, and currently serves as a member of the Company's board of management and is the chief financial officer and investor relations director of the Efes Beverage Group as well as a member of the boards of directors of various Efes Beverage Group companies, including Efes Invest, Efes Romania, Efes Moldova and Coca Cola bottling companies operating in Azerbaijan and the Kyrgyz Republic, Rostov Beverage, Anadolu Efes Technical Management and Consultancy N.V. ("AETMC") and Efes Holland Technical Management and Consultancy B.V. ("EHTMC").

Mr. Demir Şarman

CFO &Member

Mr. Şarman, joined Efes Beverage Group in 1997, and currently serves as a member of the board of management and chief financial officer of the Company. Mr. Şarman is also a member of the board of directors of Efes Kazakhstan, Efes Russia, Efes Moldova, Efes Serbia, AETMC and EHTMC. Mr. Sarman is a Certified Public Accountant and prior to joining the Efes Beverage Group, served as a senior auditor for Arthur Andersen in Turkey.

Mr. Gerard Jan van Spall

Member

Mr. Van Spall, joined Efes Beverage Group in 2003 and currently serves as a member of the board of management. Mr. Van Spall is also team leader of the Far and Middle East Team of MeesPierson Intertrust B.V. Mr Van Spall is a qualified attorney at law in the U.S. and has previously worked at MeesPierson Trust, Curaçao and Van Giffen attorneys at law.

For detailed further information about Board of Management and its functions please refer to "Board of Management" section (pg: 35)

Supervisory Board

Members *(Left to Right)* : Mr. Michael O'Neill, Mr. Mustafa Uysal, Dr. Ali Tigrel, Sir David Logan, Mr. Tuncay Özilhan, Mr. Christos -Alex Komninos, Mr. İbrahim Yazıcı.

Mr. Tuncay Özilhan
Chairman

Mr. Özilhan studied in the Saint-Joseph Lycee in Istanbul, graduated from the İstanbul University, Faculty of Economics and received his MBA from Long Island University in the United States. He has assumed such responsibilities as General Director of Erciyas Biracılık (brewery), General Coordinator of the Anadolu Endüstri Holding Beer Group, and General Coordinator of the Anadolu Endüstri Holding. Mr. Özilhan also serves as the Chairman of Efes Pazarlama, Tarbes, Efes Sınai Yatırım Holding, Coca-Cola İçecek A.Ş., Alternatifbank, Anadolu Cetelem, Adel Kalemcilik and Ülkü Kırtasiye. Besides Honorary Consul of the Republic of Estonia, Mr. Özilhan served as the President of TÜSİAD (Turkish Industrial and Businessmen's Association) for three years and is the President of the Efes Pilsen Sports Club.

Mr. İbrahim Yazıcı
Member

Mr. İbrahim Yazıcı has graduated from Bursa İktisadi Ticari İlimler Akademisi in 1975. Between 1976 - 1979 he did postgraduate studies in USA and received his MBA degree from Atlanta University. He has held various positions in Anadolu Group companies since 1982. In addition to memberships in Boards of Directors of Anadolu Endüstri Holding, Efes Invest, Anadolu Honda and Anadolu Cetelem, Mr. Yazıcı also serves as the Chairman of the Board of Efes Turizm.

Mr. Mustafa Uysal
Member

Mr. Uysal has graduated from İstanbul Üniversitesi İktisat Fakültesi in 1975. He worked as assistant public auditor, public auditor for ministry of finance, Anadolu Group Assistant Financial Coordinator and Anadolu Group Financial Coordinator at 1975 - 1979, 1979 - 1982, 1982 - 1986, 1986 - 1995 respectively. At 1995, he was appointed as the Chief Financial Controller and Vice President of Anadolu Group Executive Committee. He is also the member of board of directors of Efes Sinai and and various other Anadolu Group Companies and the President of Turkish Tax Council.

Mr. Michael O'Neill
Member

Mr. O'Neill, joined the Efes Beverage Group (Anadolu Efes) in 2001. He serves as a member of the Board of Directors of a number of Efes Beverage Group companies, the Council for Trade and Economic Cooperation (Russia - U.S.A.) and Joint Stock Company Wimm-Bill-Dann, where he is Chairman of the investment and strategic planning committee. Until his retirement in 2000, Mr. O'Neill held various positions in The Coca-Cola Company ("TCCC") including president of the Nordic and Northern Eurasian Division, member of TCCC's European Management Board and manager of the Eurasia Region. In 1975 Mr. O'Neill became a member of Ireland's Foreign Trade Service, occupying a number of senior positions until 1989 when he joined TCCC. Currently Mr. O'Neill is a consultant to TCCC and a leading member of the Foreign Investment Advisory Council to the Russian Government. Currently Mr. O'Neill serves as the President of Efes Soft Drinks Group. Mr. O'Neill (Irish Citizen) has a Bachelor of Science degree in Industrial Engineering from Rathmines College Dublin Ireland.

Sir David Logan
Member

Sir Logan joined EBI in 2004. He is also Director of the Centre for Studies in Security and Diplomacy at Birmingham University, where he is an Honorary Professor in the School of Social Sciences. 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. He was Minister at the British Embassy in Washington between 1995 and 1997. He was Assistant Under Secretary of State for Defence Policy between 1994 and 1995, and for Central and Eastern Europe between 1992 and 1994. Between 1989 and 1992 Sir David was Minister at the British Embassy in Moscow.

Dr. Ali Tigrel
Member

Dr. Ali Z. Tigrel, born in 1946, 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 (PETKIM) at various levels. He was chairman of the Board of Directors of the company between 1989 - 1991. Dr. Tigrel served in the State Planning Organisation between 1984 - 1991, first as a departmental head within the Foreign Investment Directorate, then as director of the Economic Planning Directorate, and finally as undersecretary, a position he held from January 1988 to September 1991. Dr. Tigrel left public service in 1991 and joined the private sector. For two years he was an advisor to the KOÇ Group of companies in addition to providing consultancy services to other local and international companies. In 1993, he 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. In 1996, he was elected chairman of the Board of Petrol Ofisi A.Ş. (Petroleum Products Distribution Company) and retired from public service the same year. Dr. Tigrel is the chairman and principal shareholder of TCI Consultancy Inc. in Ankara. He is also the founder and chairman of ATM International Consultancy Inc. in Istanbul. He is also a board member of Nortel Networks Netaş, the Turkish subsidiary of Nortel Networks of Canada. Dr. Tigrel is a member of the Board of Directors of Anadolu Endüstri Holding, Anadolu Efes and Alternatif Bank. He has two published books in engineering economics and numerous articles in social and economic issues, EU Affairs and energy policy.

Mr. Christos -Alex Komninos
Member

"Mr Komninos, born in 1943, Istanbul, Turkey. He is a Chemical Engineer - graduate of I.T.U. Polytechnic School in Istanbul, Turkey. Mr Komninos joined "Hellenic Bottling Co" in 1972. From 1987 till 1990 he has worked as managing director of Coca-Cola Bottlers Ireland (subsidiary of Helenic Bottling), then he held various positions within Hellenic Bottling Company S.A., including managing director from 1995 to 2000. From 2000 till 2004 he became Chairman and CEO of "Papastratos Cigarette Manufacturing Co.". After the sale of this company to Philip Morris S.A. he became the Executive Vice Chairman of Shelman S.A. and Elmar S.A. "

For further information about Supervisory Board, its functions and committees please refer to "Supervisory Board"section (pg: 25)

Commitees and Committee Members

Audit Committee

Mr. Ali Tigrel, Chairman
Mr. Mustafa Uysal, Member

Remuneration Committee

Sir David Logan, Chairman
Mr. Tuncay Özilhan, Member
Mr. Michael O'Neill, Member

Selection and Appointment Committee

Mr. Tuncay Özilhan, Chairman
Mr. İbrahim Yazıcı, Member
Mr. Christos -Alex Komninos

Organization Structure

EFES BREWERIES INTERNATIONAL

CEO
Ahmet Boyacıoğlu

CFO
Demir Şarman

Efes Beer Group Support
Marketing
Human Resources
Technical & Logistics
Business Development

Russia and CIS Beer Operations COO
Serdar Bölükbaşı

Southeastern Europe Beer Operations COO
Osman Mut

Russia Operations General Director
Tuğrul Ağırbaş

GM Kazakhstan
Osman Çağlayan

GM Moldova
Iakov Tichman

GM Serbia & Montenegro
Dinç Alkın

Romania
JV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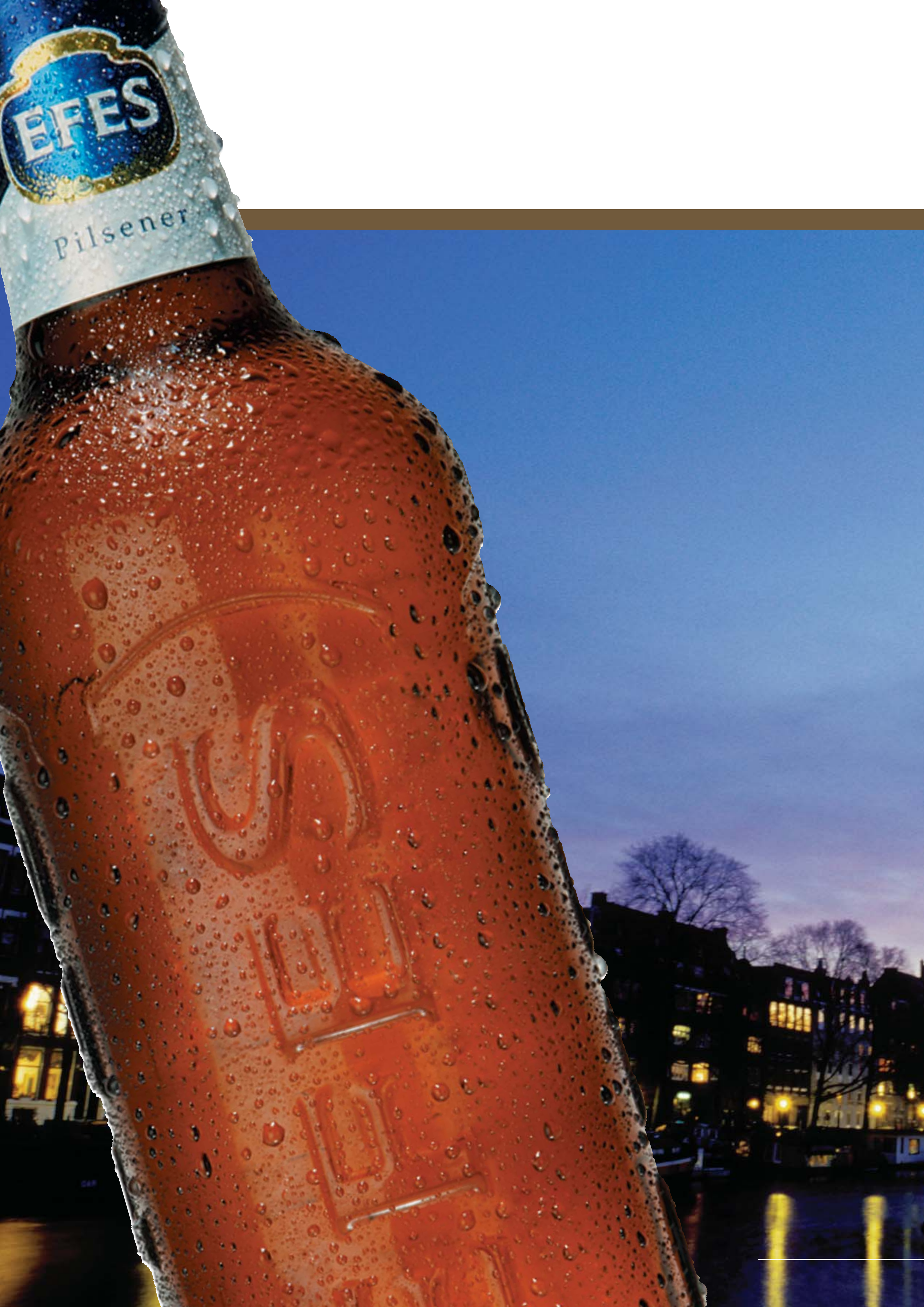
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Pilsener

Operations

Time: 07:00
Location: Amsterdam
EBI is a Dutch holding entity located in Amsterdam

Operations Russia

The Russian beer market is the World's 5th largest beer market and is expected to become the 3rd in 2010 outpacing Germany and Brazil (Canadean Global Beer Trends 2005). The total beer consumption in Russia in 2005 was 87 mhl, highlighting a CAGR of 12.2% since 1999. Although the growth rate is among the highest in Europe, Russia's per capita beer consumption level of 62 liters is still well below the Western Europe average. This, along with the improving economic conditions makes Russia one of the most attractive beer markets in the world.

Russia is the largest market of EBI, generating 76% of its revenues in 2005. EBI had 8% market share by volume in 2005, maintaining its position as the 4th largest brewer in the market.

Efes Russia was established in March 1997 and the commercial production started in the Moscow Brewery in May 1999 with 1.5 mhl annual brewing capacity. As of end of 2005, Efes Russia had 3 breweries, in each of Moscow (Moscow Brewery), Rostov (Rostov Brewery) and Ufa (Ufa Brewery), possessing a total capacity of 7.7 mhl per annum.

The malt production facility in Moscow, which is adjacent to Moscow Brewery, with a production capacity of 46.000 tons per annum, provides EBI with a distinct competitive advantage in the market by providing the main ingredient of beer.

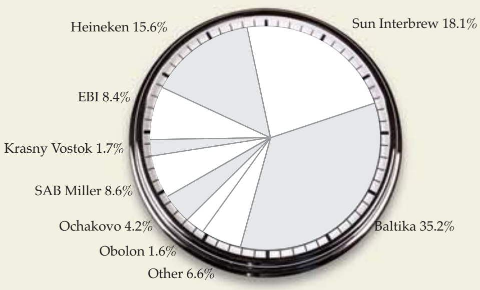
As of end of 2005, EBI's product portfolio included seven different brands, penetrating to all the segments of the Russian beer market. These are; "Warsteiner" in the super premium segment, "Efes Pilsener", "Zlatopramen" and "Amsterdam Navigator" in the premium segment, "Stary Melnik" in the upper mainstream segment, "Sokol" in the lower mainstream segment and "Beliy Medved" in the economy segment.

EBI focuses closely on marketing and promotion of its brands in Russia, which has helped it to create significant brand awareness among local consumers.

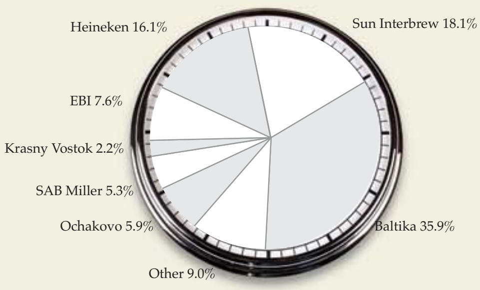
According to AC Nielsen research, Stary Melnik and Beliy Medved were among the top ten best selling brands by volume in the Russian beer market as for January-December 2005. In addition, Stary Melnik is also the best selling brand both by volume and by value in the Moscow beer market, the largest and one of the most competitive regions in the Russian beer market, as well as the 4th best selling by value in Russia.

EBI has restructured its sales and distribution system in Russia in 2005, almost tripling the number of outlets served through direct order taking in Moscow and increasing its number of executive sales teams throughout Russia.

Russian Federation Market Share by Value

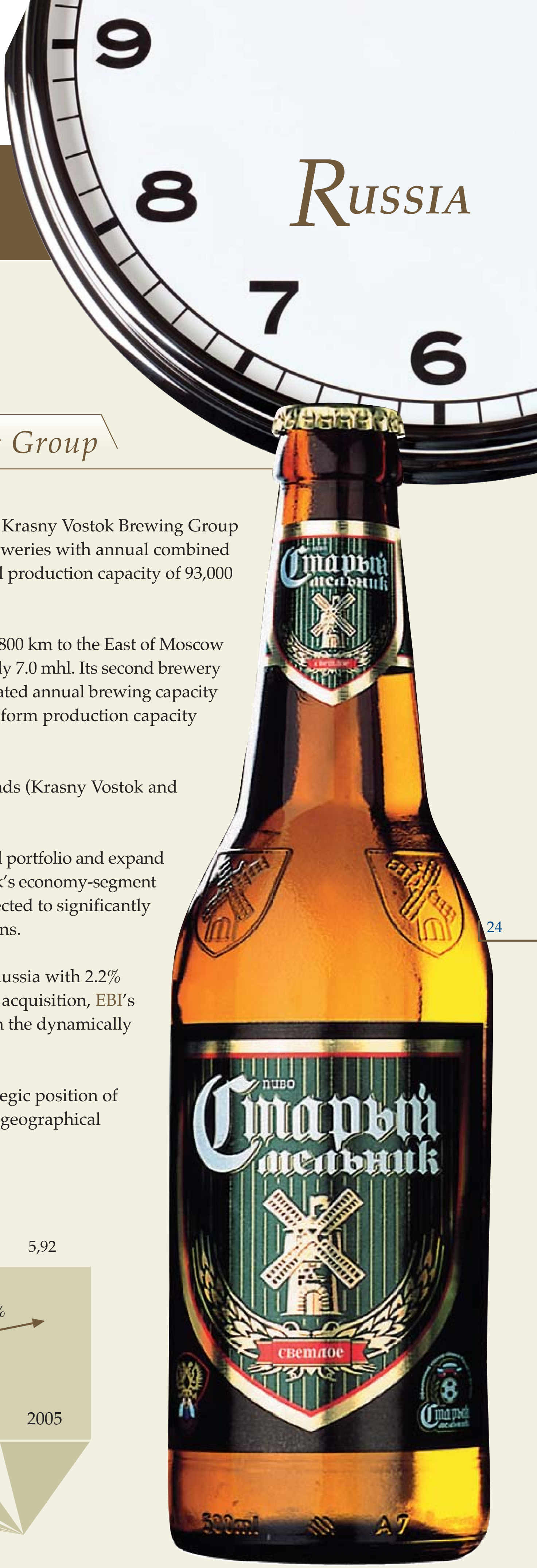


Russian Federation Market Share by Volume



Source: AC Nielsen YTD December 2005

Russia



Acquisition of Krasny Vostok Brewing Group

On 21 February 2006, EBI purchased 92.34% of the capital stock of the Krasny Vostok Brewing Group ("Krasny Vostok") for $364 million. The acquired assets entail two breweries with annual combined brewing capacity of c. 10.0 mhl., three malteries with combined annual production capacity of 93,000 tons, and preform production capacity of 1.3 million/day.

Krasny Vostok's first brewery is located in the City of Kazan, which is 800 km to the East of Moscow on the River Volga, and has an annual brewing capacity of approximately 7.0 mhl. Its second brewery is located in the Western Siberian City of Novosibirsk, and has an estimated annual brewing capacity of approximately 3.0 mhl. Krasny Vostok's self sufficient malt and preform production capacity will also suffice Efes Russia in the near term.

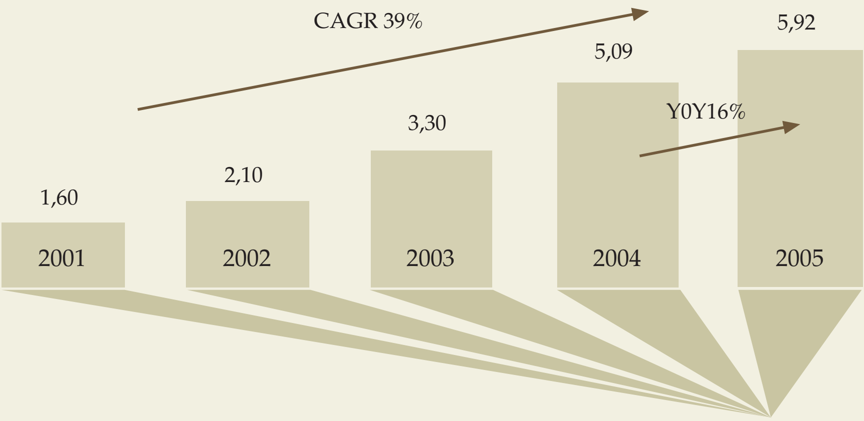
Krasny Vostok product portfolio includes two economy-segment brands (Krasny Vostok and Zhigulevskoe), as well as a mainstream brand (Solodov).

The Krasny Vostok Acquisition will further diversify Efes Russia's brand portfolio and expand Efes Russia's presence in the economy segment to include Krasny Vostok's economy-segment brands and predominantly PET packaging mix. The acquisition is expected to significantly enhance the position of Efes Russia in the Volga and the Eastern regions.

Krasny Vostok was estimated to be the 7th largest brewing group in Russia with 2.2% market share by volume (AC Nielsen, December 2005). Following the acquisition, EBI's market share by volume increased to 10%, solidifying its #4 position in the dynamically consolidating Russian beer market.

In addition, the acquisiton is anticipated to strengthen the future strategic position of EBI in the Russian beer market, through increased capacity, extended geographical coverage, lower cost base and higher sales volume.

Sales Volume Development



Operations *Kazakhstan*

The Kazakh beer industry has grown considerably from approximately 1.4 mhl. in 1999 to 4.0 mhl. in 2005, constituting a CAGR of 18.8%. In spite of the strong historical increase in total beer consumption, 25 liters of estimated per capita beer consumption remains low when compared to Eastern Europe average. With a population of approximately 15.9 million, Kazakhstan is an attractive beer market, and is expected to grow at a CAGR of approximately 8.1% in the period from 2005 to 2010 (Canadean Global Beer Trends 2005).

Karaganda Brewery was acquired from State Privatization Committee in 1996 and EBI commenced its operations in Kazakhstan in 1998. Later in 2003, the construction of the second brewery was completed in Almaty, the largest geographical segment in Kazakhstan with a retail beer market that accounts for 32.4% of the national beer market (AC Nielsen). Currently Efes Kazakhstan operates with two breweries in Almaty ("Almaty Brewery") and Karaganda ("Karaganda Brewery"), with an aggregate capacity of 1.0 mhl. per year. The annual capacity is 0.6 mhl. at the Almaty Brewery and 0.4 mhl. at the Karaganda Brewery.

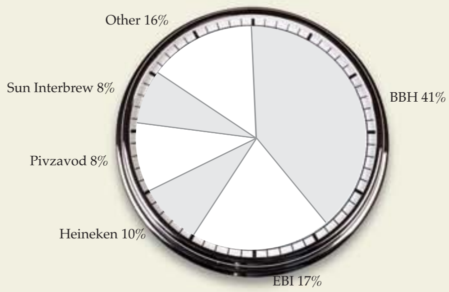
Efes Kazakhstan ranks second in Kazakhstan with its market share of 17% by volume as of December'05-January'06 (AC Nielsen). Efes Kazakhstan currently sells five brands appealing to different market segments: "Karagandinskoe" is sold as a mid-priced local brand, "Stary Melnik" and "Sokol" are sold as local premium brands while "Efes Pilsener" and "Warsteiner" are sold as super premium brands.

0.8 million hectoliters total sales volume in 2005 indicated a 26% increase compared to 2004 level. The sales volume growth in Kazakhstan is mainly attributable to the growth of two premium segment beers, "Stary Melnik" and "Efes Pilsener".

Kazakhstan

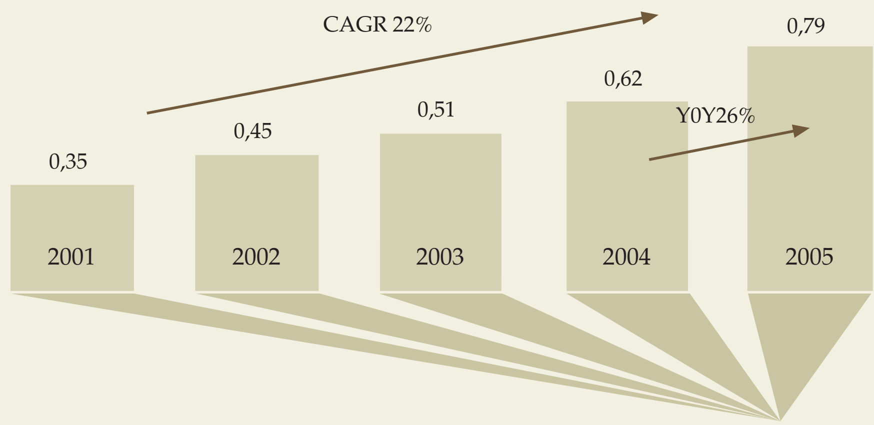
КАРАГАНДИНСКОЕ

Market Share by Volume



Source: AC Nielsen YTD Dec '05 - Jan '06

Sales Volume Development



Operations *Moldova*

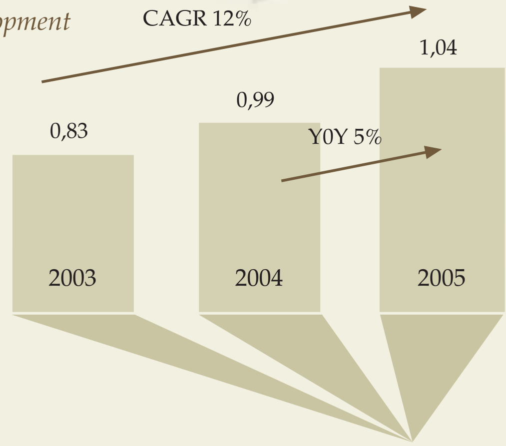
The Moldovan beer industry has significantly grown in size between 1999 and 2005, from 0.2 mhl. in 1999 to 1.0 mhl. in 2005, constituting a CAGR of 27.6%. Per capita beer consumption of approximately 23 liters remains low when compared to European averages. The Moldovan beer market is expected to grow at a CAGR of 11.3% in the period from 2005 to 2010 (Canadean Global Beer Trends 2005).

Efes Moldova operates a brewery in Chisinau, with a brewing capacity of 0.9 mhl., of which 0.15 mhl. was achieved through a capacity increase in 2005 and a soft drink production capacity of 0.4 mhl. per annum.

Efes Moldova is the largest brewer in the country, with a market share of 70% for 2005 (MEMRB). Efes Moldova currently produces and sells five brands of beer appealing to different market segments: "Chisinau" and "Arc" are sold as mainstream local brands, "Vitanta" is sold as local premium brand, and "Efes Pilsener" and "Stary Melnik" are sold as imported premium brands. "Chisinau" was the #1 brand in Moldova with 54.4% market share by volume in 2005.

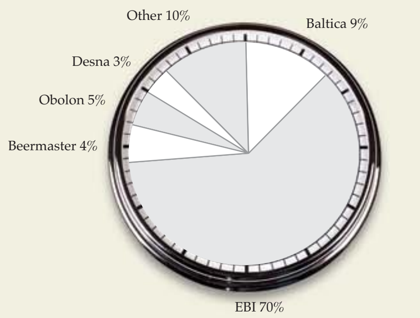
Efes Moldova also produces and markets carbonated soft drinks ("CSD"), bottled water and ready-to-drink products. Efes Moldova's carbonated soft drink brand "Viva" is currently the leader of the Moldovan CSD market, with a market share of 44% for 2005. Efes Moldova also sells and markets its "Real" brand of bottled water in Moldova.

Volume Development



*Includes both beer and soft drinks

Market Share by Volume



Source: MEMRB November-December 2005

Moldova


FABRICAT ÎN MOLDOVA
fondat 1873
Bere
Chișinău
BLONDĂ
min. 4.5% vol.

Serbia & Montenegro

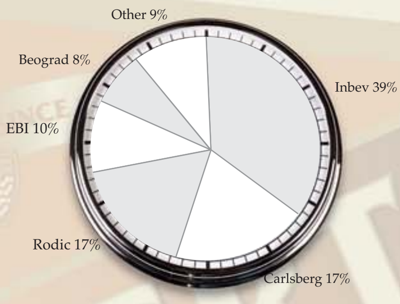
The Serbian beer market has contracted between 1999 and 2005, from 6.1 mhl. in 1999 to 5.0 mhl. in 2005, constituting a negative CAGR of 3.4%. Per capita consumption of 47 liters is below the Western European average. However, with the entry of international brewers starting from 2003, the market is expected to grow going forward, as evidenced by the 3% growth of the beer market in 2005 (Canadean Global Beer Trends 2005).

Serbia & Montenegro is EBI's newest market of operation, where the operations started in 2003 following the acquisition of the Pancevo Brewery in the outskirts of Belgrade, whose name was later changed to "Efes Weifert". In 2004 EBI acquired a second brewery in Zajecar, with an annual capacity of 1.0 mhl., thereby increasing its total capacity in the market to 1.4 mhl. per annum.

Efes Serbia produces and sells four different brands of beer, "Weifert" and "Pils Plus" in the mainstream segment and "Standard" and "Zajecarsko" in the economy segment. In addition Efes Serbia also sells "Efes Pilsener" and "Miller Genuine Draft", both positioned in the imported premium segment.

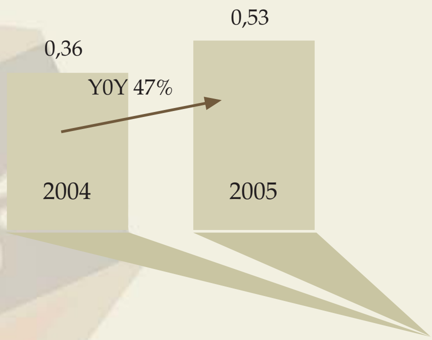
In 2005, EBI was the 4th largest brewer in Serbia&Montenegro, with a market share of 10%. EBI's sales volume in 2005 posted 47% growth compared to 2004 and reached 0.5 mhl.

Market Share by Volume



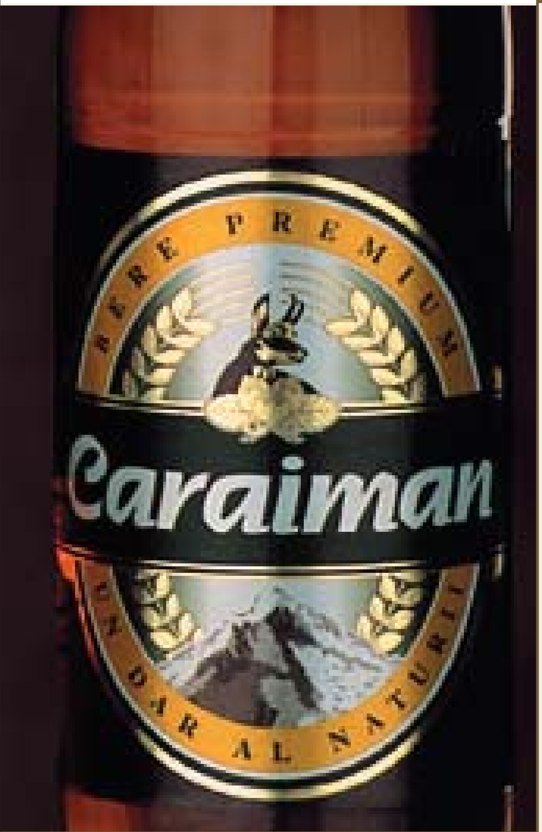
Source: Business Association of Serbia & Montenegro Brewers and Malt Producers_ YTD December 2005.

Volume Development



Serbia & Montenegro

Operations *Romania*

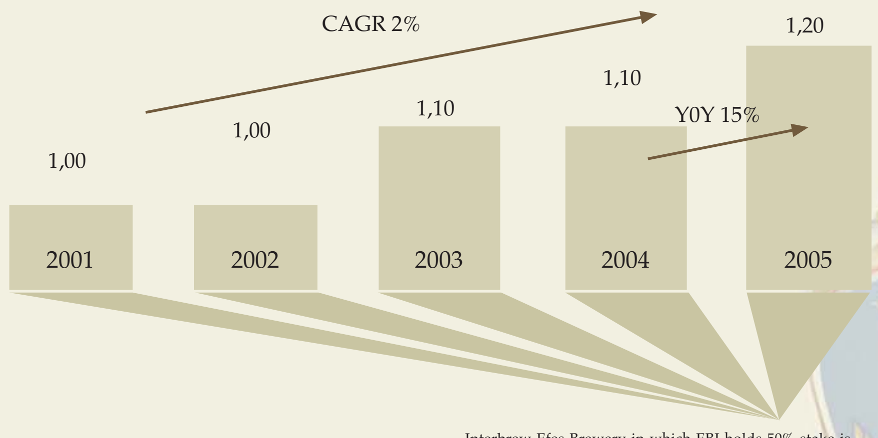


The Romanian beer market has an established beer drinking culture with a per capita consumption of 63 liters for 2005. The market size is 14.0 mhl., and has grown at a CAGR of 4.1% between 1999 and 2005 (Canadean Global Beer Trends 2005).

Interbrew Efes Brewery, a 50:50 joint venture between EBI and InBev, supplies approximately 9.0% of the Romanian beer market output. Interbrew Efes Brewery operates a brewery in Ploiesti, 60 km from the capital Bucharest, with a total capacity of approximately 1.5 mhl. per annum and sales volume of 1.2 mhl. in 2005.

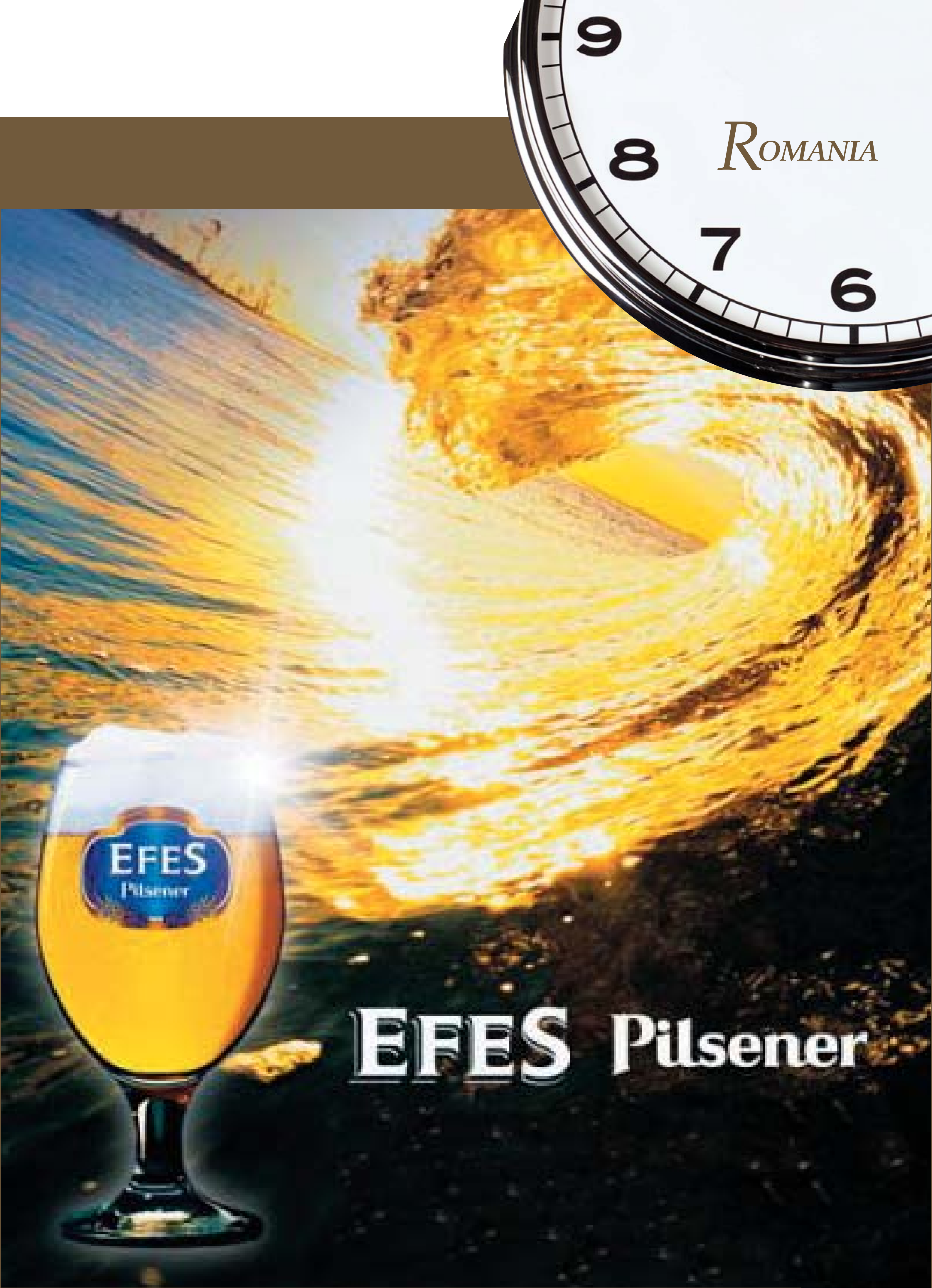
Currently, Interbrew Efes Brewery produces "Efes Pilsener" brand in the premium beer segment, and our local brand "Caraiman" in the mid-price segment. In addition to these two brands, Interbrew Efes Brewery is engaged in the production of InBev brands, which include Stella Artois, Hopfen König and Bergenbier.

Volume Development



Interbrew Efes Brewery in which EBI holds 50% stake is accounted for by using proportionate consolidation in the financial results.

ROMANIA




пиво
Старый
Мельник

Corporate *Governance*

Time: 09:00
Location: Moscow
Every minute 3.400 glass of Efes Beer brands are consumed in Russia

Corporate *Governance*

Corporate Governance in the Netherlands

On 9 December 2003 the Corporate Governance Committee under supervision of Mr. M. Tabaksblat published the Dutch Corporate Governance Code (the "Code"). It was drawn up on request of the Dutch Stock Exchange Euronext Amsterdam in cooperation with management representatives, shareholder representatives and employee representatives of the Dutch business community. 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 that good entrepreneurship, including integrity and transparency of decision-making by the management board, and proper supervision thereof, including accountability for such supervision, are two pillars on which good corporate governance rests. The Code is in force as of 1 January 2004 and applies to 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 contains both the principles and concrete provisions of these principles which the persons involved in a company (including management board members and supervisory board members) and stakeholders (including institutional investors) should observe in relation to one another. These provisions create a set of standards governing the conduct of management board and supervisory board members and shareholders. Non-compliance with each and every provision of the Code is not in itself objectionable and may even be justified in certain circumstances subject to provision of satisfactory disclosure. As unconditional freedom is not desired though, companies subject to the Code have to explain if they do not comply with certain provisions. The legal basis for this rule can be found in a law stipulating that the annual report needs to be drafted in accordance with the Code, in other words, non-compliance explanations need to be inserted in the annual report.

Corporate Governance and EBI

As of listing on 21 October 2004, EBI became subject to the Code. Although 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's a Dutch registered company. EBI acknowledges the importance of good corporate governance and has implemented many 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 charters for their internal regulation and optimal compliance with the Code. For further information about the committees, please see the paragraph "Committees" in the Supervisory Board chapter. In addition, the arrangement for whistleblowers and important announcements can be found on EBI's website at www.efesinternational.com EBI adopted charters for both the Board of Management and the Supervisory Board. These charters deal among things with rules for transactions that can be qualified as transactions with conflicting interests, as defined in the Dutch Corporate Governance Code, for members of the Board of Management and members of the Supervisory Board respectively. No such transactions were entered into in 2005. EBI itself entered into related party transactions as mentioned in clause III.6.4 of the Code, but these transactions were agreed on an arm's length basis. EBI has also drawn up internal rules regulating shareholdings in Dutch listed companies in order to prevent conflicts of interest.

Compliance of EBI with the Code

EBI, which is subject to the Code as of October 2004, aims to fully comply with the Code within a reasonable period of time. There are potential areas for improvement as well as there exists some non-compliance. The following is a description of some of the material deviations from the provisions of the Code.

Best practice provision III.2.1 of the Code prescribes that the Supervisory Board consists of independent persons, except for one member. Pursuant to best practice provisions III.4.2, III.5.6 and III.5.11, the chairpersons of the Supervisory Board, the Audit Committee and the Remuneration Committee may not be former members of the Board of Management. In order to comply with these provisions, EBI will gradually replace its current members of the Supervisory Board in order to achieve compliance by the end of 2006 with the aforementioned best practice provisions. EBI has decided on the gradual implementation of this best practice provision in order to maintain an adequate number of persons on the Supervisory Board with knowledge of EBI's business.

EBI also acknowledges the importance of potential areas of "conflict of interest" that some members of the Supervisory Board and Board of Management may face due to their other roles in Anadolu Efes and its related parties. Therefore EBI takes seriously its responsibility to avoid cases of conflict of interest arising from this situation.


7,2%
БЕЛЫЙ МЕДВЕДЬ
изготовлено в России
крепкое пиво

Supervisory *Board*

Time: 16:00
Location: Vladivostok
Vladivostok is the farthest city in Far-east Russia,
10 hours ahead of London

Supervisory *Board*

Functioning and Strategy of the Supervisory Board

The Supervisory Board supervises the policies of the Board of Management as well as the general course of EBI's affairs and business. The Supervisory Board advises the Board of Management. In performing their duties members of the Supervisory Board must serve the interests of EBI and its business enterprise as well as the interests of all of EBI's stakeholders. The Supervisory Board has adopted Supervisory Board Rules that regulate in detail its tasks and responsibilities. Pursuant to the Supervisory Board Rules, 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 being a member 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 makes the proposal for a nomination.

The Supervisory Board consisted of the following members in 2005:

Mr. Tuncay Özilhan,Chairman
Sir David Logan
Mr. İbrahim Yazıcı
Mr. Metin Tokpınar *(resigned as of 27 May 2005)*
Mr. Mustafa Uysal
Mr. Michael O'Neill
Mr. Ali Tigrel *(appointed as of 27 May 2005)*
Mr. Alex-Christos Komninos *(appointed as of 27 May 2005)*

In order to see CVs of the Supervisory Board Members please refer to "Company Profile" section "Composition of Supervisory Board" (pg: 18)

Independence of the Supervisory Board Members

The Code prescribes that the Supervisory Board consists of independent persons, except for one. Messrs. Özilhan, Yazıcı, Uysal and O'Neill cannot be considered as independent due to their former memberships of the Board of Management of EBI. On this point EBI does not fully comply with the Code. EBI has decided to gradually replace its current members of the Supervisory Board except for the chairman, Mr. Özilhan. The new members Mr. Komninos and Mr. Tigrel are independent members in addition to Sir David Logan. It is intended that in 2006 EBI will fully comply with the independence rules. For this purpose a rota plan had been drafted, which is published at EBI's website. EBI is gradually replacing its non-independent Supervisory Board members in order to maintain an adequate number of persons on the Supervisory Board with knowledge of EBI's business. EBI is of the opinion that proper supervision of the Board of Management is not negatively effected by the current situation of non-independent members of the Supervisory Board.

Meetings

The Supervisory Board met six times in the year 2005 with the members of the Board of Management being present. All meetings were attended by at least five of the six members of the Supervisory Board. The Supervisory Board also met on its own. Financial developments and results, operational development of EBI's subsidiaries, marketing strategies and acquisitions and other investment opportunities were discussed in the meetings. One meeting was held in Belgrade, Serbia, one meeting was held in Moscow, Russia and one meeting was held in Istanbul, Turkey and the other meetings were held in the offices of EBI in the Netherlands.

Evaluation of the functioning of the Supervisory Board

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

- EBI's general strategy;
- EBI's financial performance;
- The performance and internal division of tasks of the Board of Management;
- Discussion of business development projects as well as new investments and acquisitions; and
- The Supervisory Board's own performance.

In respect to these topics, for the year 2005 special attention was paid to expansion plans in Russia, the potential acquisition of Krasny Vostok Brewing Group, purchase of minority shares in Moscow Efes Brewery, selection and appointment of new Management Board members.

Supervisory Board 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. The committees are appointed by the Supervisory Board from among its own members.

I. Audit Committee

Pursuant to the rules governing the Audit Committee, the Audit Committee is comprised of two Supervisory Board members and meets at least twice a year. Till 27 May 2005 the Audit Committee was chaired by Mr. Metin Tokpınar. After this date Mr. Tokpınar resigned from the Supervisory Board due to the rota plan (as mentioned in Article 6.2) and was replaced by Mr. Ali Tigrel. The other member, Mr. Mustafa Uysal has been serving in the committee since its establishment. Pursuant to the rules governing the Audit Committee, it supervises, monitors and advises the Board of Management on risk management and control systems and supervises the implementation of codes of conduct. In addition, the Audit Committee supervises submission of financial information by EBI and a number of other issues. The Audit Committee will at least once a year hold a meeting with the external auditor of EBI without any of EBI's members of the Board of Management or internal auditors being present. The Audit Committee advises the Board of Management on the role and functioning of the internal audit department. In 2005, among other Audit Committee discussions, the Audit Committee met once with the external auditors of EBI. In March 2006 the Audit Committee met with the external auditors and discussed the main issues of the draft annual report of 2005.

II. Selection and Appointment Committee

Pursuant to the rules governing the Selection and Appointment Committee, the Selection and Appointment Committee is comprised of a minimum of two members. Effective as of 23 August 2004, the Selection and Appointment Committee is chaired by Mr. Tuncay Özilhan. The other members are Mr. İbrahim Yazıcı and Mr. Alex-Christos-Komninos, who joined the committee as of 27 May 2005. Pursuant to the rules governing the Selection and Appointment Committee, it prepares selection and appointment criteria and appointment procedures for members of the Board of Management and the Supervisory Board. The Selection and Appointment Committee met once in 2005 and made proposals for the changes in the composition of the Management Board and Supervisory Board. In 2005, Mr. Muhtar Kent and Mr. Semih Maviş resigned from the Management Board and Mr. Ahmet Boyacıoğlu was appointed. In the Supervisory Board, Mr. Metin Tokpınar resigned in 2005 in accordance with the rota plan (pls. see Article 6.2) and Mssrs. Ali Tigrel and Alex-Christos-Komninos were appointed.

III. Remuneration Committee

The Remuneration Committee is comprised of three Supervisory Board members and meets at least twice a year. Effective as of 23 August 2004, the Remuneration Committee is chaired by Sir David Logan. The other members are Mr. Tuncay Özilhan and Mr. Michael O'Neill. 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 Board of Management, for approval at a General Meeting of EBI.

The Remuneration Committee also monitors the individual remuneration of each of the members of the Board of Management and checks whether they are in line with the general remuneration policy to be adopted by the Supervisory Board. In addition, the Remuneration Committee prepares the annual Supervisory Board remuneration report on the application of the remuneration policies. In 2005, the Remuneration Committee met three times.

Remuneration policy of EBI

The remuneration policy of EBI proposed by the Remuneration Committee was approved by the General Meeting of EBI held in May 2005. For the members of the Board of Management, the remuneration package consists of one or more of the following elements:

- base salary,
- year end bonuses,
- other benefits.

Remuneration report 2005
Objectives of remuneration policy
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 good corporate governance principles.

Elements

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 and linked to the individual contribution to the achievement of Company'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 account of inflation.

Besides the base salary, members of the Board of Management are eligible to receive cash annual bonuses according to (i) the degree of realization of the targets of the Company, or "KPIs" as explained below, and (ii) individual performance. The first element, the degree of realization of the Company's targets, 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, "Key Performance Indicators" ("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, KPIs 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 2005;

* Non-variable component (54%)
* Variable component (46%)

It is envisaged that these ratios should remain 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. There are no standard arrangements for early retirement of members of the Management Board.

Term of Management Board Contracts

The type of employment contract of the individual members of the management board is a "continuous employment contract". The employment contracts of Mr. Boyacıoğlu and Mr. Zorlu are regulated in accordance with Turkish Labour Law where as the employment contract of Mr. Şarman is subject to the governance of the Dutch Labour Law. Services of Mr. Spall are 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.

Remuneration 2005

In order to give an impression of the application of the remuneration elements (I) - (III) desribed above, there follows an analysis of the remuneration packages of the members of the Board of Management in 2005:

Messrs. Boyacıoğlu and Zorlu	: element (II) and some items of element (III);
Mr. Sarman	: elements (I), (II) and (III);
Mr. Van Spall	: fixed directorship fee, to be considered as element (I).

It is intended to maintain this application of the company's remuneration policy for those officers who will remain members of the Board of Management in 2006.

In 2005, the members of the Supervisory Board and the Management Board received total gross remuneration of Euro 72,281 (2004 - Euro 58,555) and Euro 219,752 (2004 - Euro 272,765) respectively.
In 2005, two members of the current Management Board, and Mr. Muhtar Kent who was the former Chairman of the Management Board, did not receive any remuneration from the company.

The Articles of Association

EBI is listed on the London Stock Exchange since October 2004. The Articles of Association is available on EBI's web site at www.efesinternational.com

11 May 2005
On behalf of the Supervisory Board:
Tuncay Özilhan
Chairman of the Supervisory Board

Board of Management

I. Functioning and strategy of the Board of Management

Pursuant to Dutch law and pursuant to the Articles, the Board of Management is responsible for the overall management of EBI. The Board of Management has adopted Board of Management Rules that regulate in detail its tasks and responsibilities. The Board of Management acts under 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 the 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 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. The Board of Management currently consists of the following four members: Mr. Ahmet Boyacıoğlu, Chairman, Mr. Hurşit Zorlu, Mr. Demir Şarman, Mr. Gerard Jan van Spall

In order to see CVs of Members of Board of Mangement please refer to "Company Profile" section "Composition of Board of Management" (pg: 16)

II. New Appointments

Mr. Kent, who was the Chairman of the Board of Management since 2003, elected to leave his duties with EBI effective May 1st, 2005. Mr. Semih Maviş was appointed as a member of the Board of Management and the new Chief Executive Officer of EBI effective as of 1 June 2005 and resigned from the Management Board effective August 10, 2005 as part of the organizational restructurings in Efes Beverage Group. Mr. Ahmet Boyacıoğlu was appointed as Mr. Kent's successor as the Chairman of the Board of Management at the General Meeting of EBI held in May 2005 and later in August 10th, 2005 he was appointed as the Chief Executive Officer of EBI.

III. Meetings

The Board of Management meets at least once a month and besides whenever one or more of the members have requested a meeting. In 2005, all resolutions were passed with unanimous vote. Pursuant to the Articles, several transactions require the approval of the Supervisory Board. In 2005 all transactions subject to the approval of the Supervisory Board were approved by the Supervisory Board. The most important resolutions submitted to the approval of the Supervisory Board in 2005 were about the expansion plans in Russia and purchase of minority shares in Moscow Efes Brewery.

IV. 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 strategy;
- EBI's day-to-day financial operations;
- Planning and monitoring 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;
- The performance and internal division of tasks of the Board of Management.

The Board of Management visited EBI's subsidiaries frequently in 2005. In cooperation with the Chief Operating Officers of EBI, The Board of Management performed close supervision and monitoring on the subsidiaries, to ensure the implementation of EBI's continuous growth and successful financial performance objectives. The Board of Management was also occupied with the implementation of capacity expansion plans and acquisitions whole through the year 2005.

Operational Review

Sales Volumes

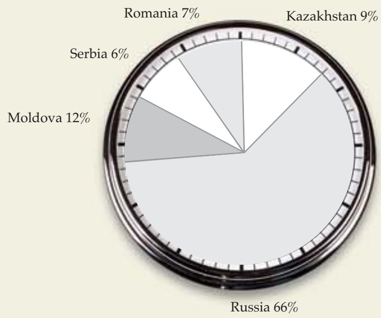
In 2005 EBI's sales volume recorded an impressive 17% growth compared to the previous year, reaching 8.9 mhl.

In Russia, EBI recorded a 16% sales volume growth in 2005 vs. the previous year, ahead of the market growth reaching 5.9 mhl. EBI's economy segment beer brand "Beliy Medved" was an important volume driver, recording a volume growth in excess of EBI's sales volume growth in Russia. In addition, two licenced brands, "Amsterdam Navigator" introduced at the end of 2004 and "Zlatopramen", which was launched in January 2005, both achieved substantial sales volume growth in 2005.

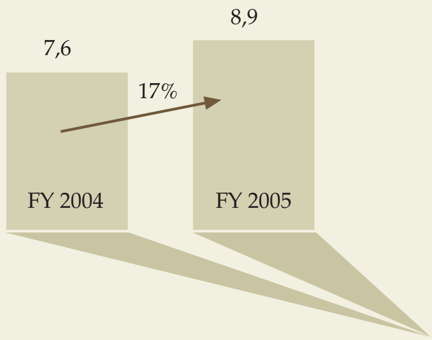
EBI's sales volume in Kazakhstan was 0.8 mhl. in 2005, up by 26% vs 2004. The sales volume growth in Kazakhstan is mainly attributable to the growth of two premium segment beers, "Stary Melnik" and "Efes Pilsener".

EBI's operations in Moldova with 1.0 mhl. of sales volume in 2005 achieved 5% growth vs 2004, whereas EBI's remaining two operations in Serbia and Romania both recorded double-digit volume growth in 2005 compared to previous year.

Sales Volume Breakdown



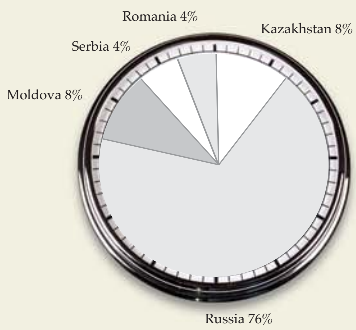
Sales Volume (million hl)



Net Sales

EBI's consolidated net sales increased by 21% in 2005 over previous year, by reaching US$ 481.2 million and slightly exceeding its volume growth. Operations in Russia delivered 76% of EBI's consolidated sales revenue in 2005.

Net Sales Breakdown



Profitability

In 2005 EBI reported 19% increase in its gross profit compared to previous year by reaching US$ 228.0 million. Gross Profit margin was 47% in 2005.

EBI's Operating Profit in 2005 was US$ 49.7 million, down 8% from 2004, and EBITDA was US$ 95.1 million in 2005 compared to US$ 98.3 million in 2004. EBI's EBITDA margin in 2005 was 20%.

Although full year EBITDA margin recovered substantially from the levels experienced in the interim periods, certain contraction compared to the previous year still existed. Significant increases in global oil prices impacted EBI's overall profitability in 2005. One impact was the rising resin prices due to global oil price increases, which together with the heightened demand toward PET products, particularly in Russia, had negative impact on gross profitability. In addition increasing oil prices also had an effect on the transportation expenses, which affected the cost base of EBI down to profit from operations level adversely.
Furthermore in 2005 sales and marketing expenses increased ahead of sales growth. Serbia is EBI's newest market entry where stronger market position for the long term constitutes the rationale of the increase of sales and marketing expenses. In Russia, on the other hand, the increase was mainly attributable to the restructuring of the sales and distribution system, which resulted in the number of direct order taking outlets in the Moscow market almost tripling compared to 2004 and establishment of exclusive sales teams in more than sixty cities throughout Russia.

EBITDA Breakdown

*Other includes Romania, Serbia, Headquarter and consolidation adjustments.

EBI's Net Income for 2005 was US$ 20.1 million as compared to US$ 35.6 million in 2004.
In addition to the above described impacts through the Operating Profit level, Net Income was also adversely affected by the US$ 9.0 million foreign currency exchange loss (financial expense) in 2005, which in 2004 was realized as gain of US$ 7.9 million, hence resulting in a total negative swing of US$16.9 million due to the appreciation of US$ (reporting currency of EBI) in 2005 versus Euro and local currencies where EBI operates.

Board of *Management*

Acquisitions and Capex

In 2005, the annual brewing capacities of Ufa and Rostov plants in Russia have increased to 2.0 and 1.2 mhl. respectively, as well as in the Chisinau plant in Moldova, where the brewing capacity increased to 0.9 mhl.

In 2005 EBI acquired 41% of minority shares in Efes Ukraine, thereby increasing its stake to 100%. EBI paid approximately 1.7 million USD for the shares it acquired.

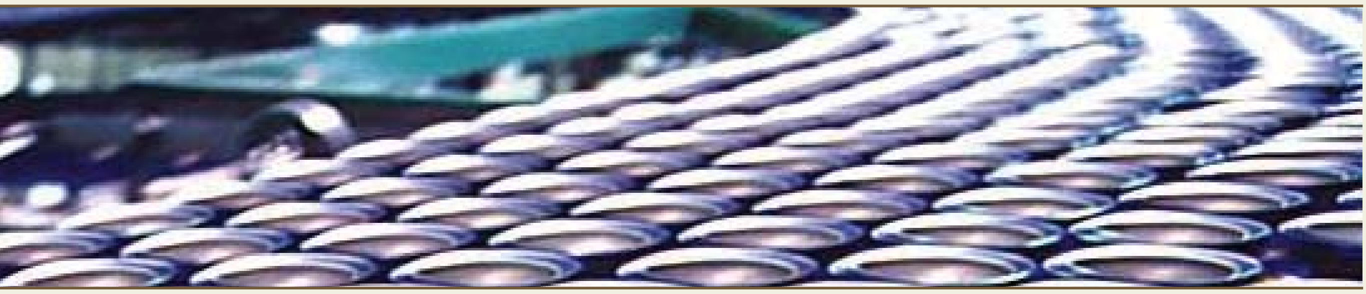
MEB, EBI's operating subsidiary in Russia, acquired all of the outstanding common stock of Rostov Beverages from Efes Sınai Yatırım Holding A.Ş. (Efes Invest), a subsidiary of Anadolu Efes, for a cash consideration of USD 100 thousand.

Marketing

EBI views its brand portfolio as a key asset, as management believes the image of a brand and its message are essential elements in a consumer's choice of beer. EBI seeks to have a brand portfolio that comprehensively covers the principal beer segment in which it operates spectra (being premium, mainstream and economy). EBI focuses on those segments in the Territories which offer growth in sales without prejudicing profitability. Management believes that local positioning of its brands is a key element in facilitating better understanding of, and responses to, the needs of local consumers. With respect to the Efes Pilsener brand, marketing efforts are coordinated with the marketing strategy of the Efes Beverage Group and are aimed at reinforcing the image of the brand as a premium international beer. EBI focuses on capitalising on the synergies associated with being available in developing beer market segments. Depending on the specific markets these may include the most profitable and/or fastest growing segments as well as the largest segments in the beer markets in which EBI operates.

EBI markets its brands in each of the Territories extensively through a broad range of marketing channels, including, among others, television, billboard and radio advertising and consumer promotions. EBI also sponsors high profile sports, music festivals and other special events, thereby giving broad exposure to the local brands and to the Efes Pilsener brand.

Sponsorships include the promotion in certain Territories of the "Efes Pilsen" basketball team by the Efes Beverage Group, which ranks number one in terms of total number of championships won in the Turkish basketball league and has enjoyed consistent success in the European Championships. From 2003 to 2005 Efes Russia sponsored the World and European Ice Figure Skating Championship with the Efes Pilsener brand. In Russia, Efes Russia also promotes the Stary Melnik brand through sponsorship of the national football (soccer) team. In 2005, Efes Moldova promoted the Chisinau brand through sponsorship of the Moldovan National Olympic Team. In addition to sports sponsorships, the Operating Companies sponsor cultural events such as music concerts, which attract widespread media attention and reach a broad base of consumers.



Efes Beer Group Support

EBI receives management support from Efes Beer Group ("EBG") and administrative services including management systems and techniques, procurement services such as assisting in the selection of raw materials from abroad in the event that raw materials are not available through the local channels. EBI also receives marketing, distribution and sales services, including assistance with customer services, statistical analysis and market research and assistance in developing and evaluating the market and new markets, human resources management services and training in relation to other services. The relationship between EBI, its operating subsidiaries and EBG are formalised through certain long-term management support agreements.

Forecast for the Next Year

The beer markets in the territories, in which EBI operates, are among the least saturated beer markets in developing countries with comparable levels of disposible income and per capita consumption. In addition, disposible income and per capita consumption of beer in these territories are increasing which is believed to be a continuation of a long term growth trend. In addition there is still significant growth potential as evidenced by the expected 2% and 8% growth of per capita consumption in the Russian and Kazakh beer markets, respectively (CAGR 2005-2010E).

EBI plans to maintain its competitive market position of its operations amongst the leading brewers in each of the markets in which it conducts its operations, to grow its beer operations throughout its existing markets and expand into new territories where feasible. Accordingly strong top line growth is expected in 2006 with operating profitability maintained.

Risk Profile

Although the economies of the territories in which EBI operates have been in the past characterised by declining industrial production, significant inflation, rising unemployment, unstable currencies and moderate to high government borrowing requirements relative to GDP, in recent years these territories have experienced GDP growth and stable currencies. At the same time depending on the improvements in the macroecenomic conditions of the countires in these territories, the level of average disposible income in the territories have improved. Given the high correlation between average disposable income and per capita consumption in developing markets, changes in the macroeconomic conditions may have substantial impact on the beer market in EBI's territories.

EBI established in the Netherlands and currently operates through its subsidiaries in 5 countries and reports in US Dollar. Since the accounts of the operating companies are kept in local currencies, fluctuations in the exchange rates in these operating countries may impact the financial results of EBI.

The implementations of the restrictions on, or the prohibitations of, beer advertising in the mass media or certain sales channels could have a material adverse effect on the results of operations of EBI. For example, in August 2004, Russia passed legislation placing restrictions on beer advertising. Those restrictions include, among other things, a ban on the broadcasting of beer commercials on television and radio between 7 a.m. and 10 p.m., a prohibition on the promotion of beer as being "crucial in achieving success in sports and personal life", and a prohibition on the use of images of people or animals on beer advertising. In addition, a new law on sales and consumption of beer has came into effect as of 13 April 2005, which brings certain restrictions on the retail sales and public consumption of beer including a minimum legal age of 16 years for beer consumption in public places and the purchase of alcoholic beer. Accordingly, the retail sales and public consumption of beer in children's educational and medical facilities, in public transportation, cultural establishments as well as the retail sale of beer in sport facilities are fully restricted excluding specially equipped public food areas which shouldn't necessarily be a legal entity. Sales at parks and summer cafes are allowed subject to the approval of local authorities. Kazakhstan has also imposed a complete prohibition, which became effective on 1 January 2004, on alcohol advertising in the mass media.

Anadolu Efes, operating in Turkey where beer advertising on TV and radio is fully restricted, has build up significant experience on utilizing alternative marketing channels to advertise and promote its beer products over the past 20 years. As a result, EBI currently utilizes a number of alternative marketing channels such as sponsorships and point of purchase ("POP") advertising to promote its products. However the impact of such changes on the regulations of beer markets in the territories are currently less predictable.

As a part of 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 changes. Changes in such taxes may have an impact on the beer markets in the territories and the operations of EBI.

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which EBI 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 EBI operates substantially more than typically found in countries with more developed tax systems.

Internal Risk Management

Internal risk management principally enables EBI to run its operations effectively, to keep the reliability of the 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 settlement and measurement systems of achievement of the business objectives, the procedures of internal control system which are designed to provide reasonable assurance for the successful flow of activities such as sales, production, marketing, supply chain and finance are in place or are being improved.

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 of preventing loss of resources, achieving the business objectives and achieving reliable 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 undertakes an active investor relations programme with its shareholders and the wider financial community since its listing in October 2004. The Company immediately announces the 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 the institutional investors.

All news releases announced publicly 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 2005, EBI presented its results quarterly through conference calls with institutional investors and financial analysts. During 2005, in addition to around 90 face-to-face contacts with domestic and foreign individual and institutional investors, shareholders and analysts, EBI attended three conferences organized abroad.

Consolidated
Financial Statements
Together With
Auditors' Report
December 31, 2005

Efes Breweries International N.V.
and its Subsidiaries

* To maintain the integrity of the audit report, pages are numbered starting with "1"

Table *of Contents*

Auditors' *Report*

To the Board of Directors and the Shareholders of
Efes Breweries International N.V.
AMSTERDAM

AUDITORS' REPORT

Introduction
We have audited the consolidated financial statements for the year 2005 of Efes Breweries International N.V., Amsterdam, the Netherlands. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Scope
We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the company as at December 31, 2005 and of the result and the cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amsterdam, March 28, 2006

for Ernst & Young Accountants

Consolidated *Balance Sheet*

As at December 31, 2005
(Currency - Thousands of U.S. Dollars unless otherwise indicated)

ASSETS

	Notes	2005	2004
Current assets			
Cash and cash equivalents	4	**96,860**	134,668
Trade and other receivables	5	**38,032**	28,366
Due from related parties	29	**5,395**	3,384
Inventories	6	**55,183**	47,999
Prepayments and other current assets	7	**27,237**	19,613
Total current assets		**222,707**	234,030
Non-current assets			
Investments in securities	10	**1,678**	1,756
Property, plant and equipment	8	**343,602**	315,910
Intangible assets	9	**209,209**	69,164
Deferred tax assets	24	**1,044**	5,765
Prepayments and other non-current assets		**2,179**	3,816
Total non-current assets		**557,712**	396,411
Total assets		**780,419**	630,441

The accompanying policies and explanatory notes on pages 7 through 36 form an integral part of these consolidated financial statements.

LIABILITIES AND EQUITY

	Notes	2005	2004
Current liabilities			
Trade and other payables	11	**149,466**	44,483
Due to related parties	29	**20,497**	13,378
Income tax payable		**746**	567
Short-term borrowings	12	**50,511**	30,154
Current portion of long-term borrowings	12	**18,653**	19,284
Total current liabilities		**239,873**	107,966
Non-current liabilities			
Long-term borrowings-net of current portion	12	**41,484**	53,471
Deferred tax liability	24	**13,104**	12,900
Other non-current liabilities	13	**78,242**	1,596
Total non-current liabilities		**132,830**	67,967
Equity attributable to equity holders of the parent			
Issued capital	14	**156,921**	156,921
Share premium	14	**101,626**	101,626
Currency translation reserve		**14,532**	30,886
Retained earnings and accumulated profit		**109,759**	91,931
		382,838	381,364
Minority interest		**24,878**	73,144
Total equity		**407,716**	454,508
Total liabilities and equity		**780,419**	630,441

The accompanying policies and explanatory notes on pages 7 through 36 form an integral part of these consalidated financial statements.

Consolidated *Income Statement*

For the year ended December 31, 2005
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

	Notes	2005	2004
Sales		**481,223**	398,531
Cost of sales	16	**(253,190)**	(207,018)
Gross profit		**228,033**	191,513
Selling and marketing expenses	17	**(128,230)**	(88,292)
General and administrative expenses	18	**(47,277)**	(44,832)
Other operating income / (expense)	19	**(2,821)**	(4,113)
Profit from operations		**49,705**	54,276
Financial income/(expense)	22	**(13,902)**	1,852
Profit before tax		**35,803**	56,128
Income tax	23	**(16,828)**	(13,615)
Profit after tax		**18,975**	42,513
Attributable to:			
Equity holders of the parent company		**20,122**	35,601
Minority interests		**(1,147)**	6,912
		18,975	42,513
Earnings per share (in full U.S. Dollars)			
Basic	15	**0.14**	0.28
Diluted	15	**0.14**	0.28

The accompanying policies and explanatory notes on pages 7 through 36 form an integral part of these consolidated financial statements.

Consolidated *Statement of Changes in Equity*

For the year ended December 31, 2005

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

	Attributable to the Equity Holders of the Parent Company					Minority Interests	Total Equity
	Share Capital	**Share Premium**	**Currency Translation Reserve**	**Retained Earnings and Accumulated Profit**	**Total**		
Balance at January 1, 2004	**124,630**	**21,567**	**16,537**	**56,330**	**219,064**	**53,781**	**272,845**
Foreign currency translation	-	-	14,349	-	**14,349**	3,551	**17,900**
Total income and expense for the year recognized directly in equity	-	-	14,349	-	**14,349**	3,551	**17,900**
Net profit for the year	-	-	-	35,601	**35,601**	6,912	**42,513**
Total income and expense for the year	-	-	14,349	35,601	**49,950**	10,463	**60,413**
Issue of share capital (Note 14)	32,291	80,059	-	-	**112,350**	-	**112,350**
Additions through subsidiaries acquired	-	-	-	-	-	4,978	**4,978**
Dividends of subsidiaries	-	-	-	-	-	(904)	**(904)**
Capital increase at subsidiaries	-	-	-	-	-	4,826	**4,826**
At December 31, 2004	**156,921**	**101,626**	**30,886**	**91,931**	**381,364**	**73,144**	**454,508**
Foreign currency translation	-	-	(16,354)	-	**(16,354)**	(1,777)	**(18,131)**
Effect of group restructuring (Note 3)	-	-	-	(2,294)	**(2,294)**	(193)	**(2,487)**
Total income and expense for the year recognized directly in equity	-	-	(16,354)	(2,294)	**(18,648)**	(1,970)	(20,618)
Net profit for the year	-	-	-	20,122	**20,122**	(1,147)	**18,975**
Total income end expense for the year	-	-	(16,354)	17,828	**1,474**	(3,117)	**(1,643)**
Dividends of subsidiaries	-	-	-	-	-	(901)	**(901)**
Additions through subsidiaries acquired	-	-	-	-	-	487	**487**
Effect of puttable instruments	-	-	-	-	-	(45,018)	**(45,018)**
Capital increase at subsidiaries	-	-	-	-	-	283	**283**
At December 31, 2005	**156,921**	**101,626**	**14,532**	**109,759**	**382,838**	**24,878**	**407,716**

The accompanying policies and explanatory notes on pages 7 through 36 form an integral part of these consalidated financial statements.

Consolidated *Cash Flow Statement*

For the year ended December 31, 2005
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

	2005	2004
Cash flows from operating activities		
Profit before tax	**35,803**	56,128
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on dilution	**-**	(470)
Gain on purchase of shares of subsidiary	**(1,046)**	-
Depreciation and amortisation	**41,384**	36,185
Provision for bad debt	**1,060**	287
Provision for inventories	**1,832**	1,585
Income recognised from reversal of provision for bad debt	**(47)**	(106)
Income recognised from reversal of provision for inventories	**(664)**	(35)
Impairment in property, plant and equipment	**1,445**	5,025
Reserve for vacation pay liability	**756**	839
Provision for other assets	**698**	722
Loss from disposal of property, plant and equipment	**691**	376
Interest income	**(3,036)**	(698)
Interest expense	**6,487**	5,937
Net income adjusted for non-cash items	**85,363**	105,775
(Increase)/decrease in inventories	**(8,353)**	(8,983)
(Increase)/decrease in trade receivables	**(10,679)**	(9,691)
(Increase)/decrease in due from related parties	**(253)**	1,232
(Decrease) / increase in trade and other payables	**(4,715)**	9,530
Increase/(decrease) in due to related parties	**6,511**	(273)
(Increase)/decrease in other current assets	**(7,420)**	(5,344)
Decrease /(increase) in other non-current assets	**4,036**	(1,374)
Increase/(decrease) in other non-current liabilities	**17**	(211)
Taxes paid	**(11,712)**	(14,753)
Interest received	**3,101**	839
Interest paid	**(6,380)**	(6,708)
Net cash provided by operating activities	**49,516**	70,039
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets	**(89,865)**	(52,235)
Proceeds from sale of property, plant and equipment	**867**	901
Acquisition of subsidiary, net of cash acquired	**(1,755)**	(15,688)
Capital increases of subsidiaries from minority shareholders	**283**	4,826
Dividends paid to minority shareholders	**(901)**	(904)
Net cash used in investing activities	**(91,371)**	(63,100)
Cash flows from financing activities		
Net increase /(decrease) in short-term debt	**16,197**	(3,461)
Proceeds from long-term debt	**8,642**	379
Repayment of long-term debt	**(20,856)**	(12,500)
Proceeds from issuance of share capital	**-**	32,291
Increase in share premium	**-**	80,059
Net cash provided by financing activities	**3,983**	96,768
Currency translation differences	**64**	(1,716)
Net increase / (decrease) in cash and cash equivalents	**(37,808)**	101,991
Cash and cash equivalents at beginning of year	**134,668**	32,677
Cash and cash equivalents at end of year	**96,860**	134,668

▸▸The accompanying policies and explanatory notes on pages 7 through 36 form an integral part of these consalidated financial statements.

For the year ended December 31, 2005
(Currency - In 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.

In October 2004, 41,770,065 ordinary shares of the Company, each with a nominal value of EUR 1 per share were offered, in the form of global depositary receipts (GDR's) representing an interest in five shares constituting 8,354,013 GDR's. The GDR's have been listed on the London Stock Exchange.

The parent of the Company is Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi (Anadolu Efes-the Parent Company). Anadolu Efes is a Turkish Corporation, which was established in Istanbul in 1966. The operations of Anadolu Efes consist of production of beer and its raw materials. Certain shares of Anadolu Efes are listed on the Istanbul Stock Exchange.

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, 2005 and December 31, 2004 were as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting rights %	
			December 31, 2005	December 31, 2004
ZAO Moscow-Efes Brewery (Efes Moscow) (iv)	Russia	Production and marketing of beer	**71.00**	71.00
OAO Amstar (Amstar) (i)	Russia	Production of beer	**71.00**	71.00
ZAO Efes Entertainment (Efes Entertainment) (i)	Russia	Entertainment	**60.35**	60.35
Rostov Beverages C.J.S.C. (Rostov Beverages) (i)(ii)	Russia	Production of beer	**71.00**	-
JSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and marketing of beer	**100.00**	100.00
Interbrew Efes Brewery S.A (Interbrew Efes) (ii)	Romania	Production of beer	**49.99**	49.99
Brewery Pivdenna C.J.S.C. (Efes Ukraine) (iii)	Ukraine	Production and marketing of beer	**100.00**	58.91
Efes Vitanta Moldova Brewery S.A. (Efes Vitanta)	Moldova	Production and marketing of beer, soft drinks, low alcoholic drinks and mineral water	**96.50**	96.50
Efes Weifert Brewery d.o.o (Efes Weifert) (iii)	Serbia & Montenegro (Serbia)	Production and marketing of beer	**83.53**	62.85
Efes Zajecar Brewery d.o.o (Efes Zajecar) (iii)	Serbia	Production and marketing of beer	**72.96**	64.40
Euro-Asian Brauerein Holding GmbH (Euro Asian)	Germany	Investment company	**100.00**	100.00
Efes Commerce d.o.o Belgrade (Efes Commerce)	Serbia	Production and marketing of beverages	**100.00**	100.00
Efes Romania Industrie Si Comert S.A. (ERIC)	Romania	Distribution of Beer	**99.996**	99.996
Efes Productie S.R.L. (Efes Productie)	Romania	Distribution of Beer	**69.70**	69.70

(i) Subsidiaries of Efes Moscow, which are consolidated under its financial statements.

(ii) Together with 0.01% shares owned by Anadolu Efes, the Company's ultimate shareholder, the Company controls 50% of Interbrew Efes.

(iii) Refer to Note 3 for detailed information.

(iv) Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), a further 21.2% interest has also been consolidated since the minority shareholders hold put options on Efes Moscow shares.

Environments and Economic Conditions of Subsidiaries

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

2. Summary of Significant Accounting Policies

General

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards and Standing Interpretations Committee (SIC) interpretations approved by the IASC that remain in effect. The consolidated financial statements have been prepared based on the historical cost convention with some items are presented at fair value, as disclosed in below notes.

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 in U.S. Dollars. In December 2000, ERIC and Efes Productie adopted a plan of liquidation and as a result changed their basis of accounting, from the going-concern basis to a liquidation basis.

Foreign Currency Translation

The Company is domiciled in the Netherlands. The Group 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, the 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.

	December 31, 2005		December 31, 2004
	Local Currency	**Functional Currency**	Functional Currency
Efes Moscow	RUR	RUR	RUR
Amstar	RUR	RUR	RUR
Efes Entertainment	RUR	RUR	RUR
Rostov Beverages	RUR	RUR	RUR
Efes Karaganda	KZT	KZT	KZT
Interbrew Efes	ROL	EUR	EUR
Efes Ukraine	UAH	UAH	UAH
Efes Vitanta	MDL	MDL	MDL
Efes Weifert	YUM	YUM	YUM
Efes Zajecar	YUM	YUM	YUM
Euro Asian	EUR	USD	USD
Efes Commerce	YUM	YUM	YUM
ERIC	ROL	ROL	ROL
Efes Productie	ROL	ROL	ROL

The assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet 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 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 balance sheet date.

Basis of Consolidation

Subsidiaries are 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.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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.

The consolidated financial statements of the Group include Efes Breweries International N.V. and the companies which it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheets and income statements, respectively.

Investments in Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture involves the establishment of a separate entity in which each venturer has an interest.

Interbrew Efes is a joint venture which is a jointly controlled entity. Interest in Interbrew Efes is recognised by including the accounts using the proportionate consolidation basis, i.e. by including in the accounts under the appropriate financial statements headings, the Company's proportion of the joint venture in revenue, costs, assets and liabilities.

The financial statements of the joint venture are prepared for the same reporting year as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, if any.

An assessment of interests in joint ventures is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

The joint venture is proportionately consolidated until the date on which the Company ceases to have joint control over the joint venture.

Cash and Cash Equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with the maturities of three months or less.

Trade and Other Receivables

Trade receivables, are recognised at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group will no longer be able to collect the debts. Bad debts are written off when identified.

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.

The Group sells their products in non-returnable bottles, returnable bottles and other containers. For returnable bottles, there is no deposit obligation of the Group. The Group accounts for bottles and other containers in inventory.

Investments in Securities

Investments classified as available-for-sale equity 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 balance sheet date for impairment.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or to sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. 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	5-15 years
Vehicles	5-10 years
Furniture and Fixtures	3-15 years
Other tangible assets	2-14 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. 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. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. 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.

Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired of a subsidiary at the date of acquisition, and is included under the caption of intangible assets. In 2004, IASB issued IFRS 3 "Business Combinations", revised IAS 36 'Impairment of Assets' and revised IAS 38 'Intangible Assets' which should be applied on acquisitions to the accounting for goodwill in business combinations for which the agreement date is after 31 March 2004.

In addition, starting from January 1, 2005, goodwill acquired in a business combination prior to 31 March 2004 is no longer amortised but tested for impairment annually, irrespective of whether there is any indication that it may be impaired. Goodwill arising on acquisitions after 31 March 2004 is not amortised but subject to impairment test annually. The previous version of IAS 38 was requiring that the useful life of an intangible asset can not exceed twenty years.

Goodwill is stated at cost less any impairment in value.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to the business segments which are the countries in which it operates.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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 balance sheet 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.

Borrowings

All borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

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.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Leases

The Group as Lessee

Finance Lease

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.

Operating Lease

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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods are passed to the buyer and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes.

Income Tax

Tax expense/(income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet 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 initial recognition of goodwill or 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- 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 tax assets are only recognised 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 difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

Subsequent Events

Post-year-end events that provide additional information about the Company's position at the balance sheet 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.

Use of Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. 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.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. The Group is in a single product business which is considered to be the primary segment and the secondary segment is the geographical segment. Products other than beer represent less than 10% of the Group's sales.

3. Changes in Group's Organization

For the year 2005

In August 2005, the Company acquired another 20.68% and 8.56% of share capital in Efes Weifert and Efes Zajecar by share capital cash contributions and accordingly increased its share in the subsidiaries up to 83.53% and 72.96% respectively.

In September 2005, the Company acquired 41.09 % of share capital in Efes Ukraine from OJSC Chernomor and Meinl Bank AG and increased its share in the subsidiary up to 100%. The excess of the fair value of the net assets acquired over the purchase price was USD 1,046, and has been recorded in the consolidated income statement. (Refer to Note 19)

In December, Efes Moscow acquired all of the outstanding common stock of Rostov Beverages from Efes Sınai Yatırım Holding A.Ş. (Efes Invest) (a subsidiary of Anadolu Efes) for a cash consideration of USD 100. Both the Group and Efes Invest are under the common control of Anadolu Efes. The excess of the purchase consideration over the fair values of the net assets acquired was USD 2,294 and has been recorded as a decrease in retained earnings and accumulated profit in the consolidated balance sheet.

For the year 2004

In April 2004, the Company entered into an agreement to acquire 13.00% of the share capital of Efes Ukraine for a cash consideration of USD 323.

In April 2004, Efes Ukraine increased its share capital by USD 9,850 where the cash contributions of the Company and the minority shareholders were USD 5,024 and USD 4,826, respectively.

As a result of above transactions the effective shareholding of the Company in Efes Ukraine increased from 51.00% to 58.91% and the Company recognised a gain on dilution of USD 470 in the consolidated income statement. (Refer to Note 19)

In September 2004, the Company acquired 64.40% of the share capital of a brewery in Zajecar, Serbia through a public bidding process for USD 15,430. The excess of the purchase consideration over the fair values of the net assets acquired was USD 5,015 and has been recognised as goodwill in the consolidated balance sheet (Refer to Note 9).

4. Cash and Cash Equivalents

	2005	2004
Cash on hand	**51**	71
Banks accounts (including short-term time deposits)	**96,780**	134,483
Other	**29**	114
Cash and cash equivalents per consolidated cash flow statement	**96,860**	134,668

Loans utilized by Efes Ukraine of USD 4,085, by Efes Karaganda of USD 2,762, by Efes Moscow of USD 19,634 and by Efes Weifert of USD 8,314 and by Efes Zajecar of USD 356 as of December 31, 2005 are secured with cash amount of USD 37,068 at banks (Refer to Note 12) (2004-USD 13,579).

Time deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest between 2% and 4.8%.

5. Trade and Other Receivables

	2005	2004
Accounts Receivable	**40,576**	31,844
Others	**1,340**	27
Less: provision for doubtful accounts	**(3,884)**	(3,505)
Total	**38,032**	28,366

6. Inventories

	2005	2004
Raw materials	**31,100**	32,490
Supplies and spare parts	**10,182**	6,504
Finished goods	**9,679**	5,233
Work-in-process	**4,633**	4,735
Others	**9,078**	8,299
Less reserve for obsolescence	**(9,489)**	(9,262)
Total	**55,183**	47,999

7. Prepayments and Other Current Assets

	2005	2004
Advances given to suppliers	**13,060**	8,973
VAT deductible	**8,986**	6,732
Other receivables	**5,795**	3,518
Prepaid expenses	**551**	1,212
Less provision for other receivables	**(1,155)**	(822)
Total	**27,237**	19,613

8. Property, Plant and Equipment

	Land	Buildings	Infrastructure	Machinery and Equipment	Furniture and Vehicles	Other Tangible Assets	Construction in Progress	2005 Total
Cost								
January 1, 2005	2,799	123,693	10,463	284,005	13,948	11,212	10,204	**456,324**
Additions	-	63	-	3,959	1,192	1,951	82,207	**89,372**
Disposals	(37)	(191)	(83)	(2,846)	(1,248)	(636)	-	**(5,041)**
Addition through subsidiary acquired	324	-	-	-	-	-	-	**324**
Currency translation difference	(114)	(8,013)	(372)	(19,021)	(1,424)	(13)	(1,229)	**(30,186)**
Transfers	657	2,258	769	56,187	3,382	1,175	(64,428)	**-**
December 31, 2005	**3,629**	**117,810**	**10,777**	**322,284**	**15,850**	**13,689**	**26,754**	**510,793**
Accumulated Depreciation and Impairment Losses								
January 1, 2005	-	28,738	3,290	97,453	5,840	5,093	-	**140,414**
Depreciation for the year	-	4,367	292	31,270	2,077	1,712	-	**39,718**
Impairment losses	-	549	235	746		(85)	-	**1,445**
Disposals	-	(58)	(61)	(1,873)	(920)	(571)	-	**(3,483)**
Addition through subsidiary acquired	-	-	-	-	-	-	-	**-**
Currency translation difference	-	(2,537)	(454)	(7,794)	(425)	307	-	**(10,903)**
December 31, 2005	**-**	**31,059**	**3,302**	**119,802**	**6,572**	**6,456**	**-**	**167,191**
Net book value	**3,629**	**86,751**	**7,475**	**202,482**	**9,278**	**7,233**	**26,754**	**343,602**
Cost								
January 1, 2004	692	101,130	9,552	212,462	10,659	9,337	11,441	**355,273**
Additions	-	219	47	2,120	965	1,315	46,698	**51,364**
Disposals	(304)	(286)	(341)	(3,689)	(2,233)	(281)	(18)	**(7,152)**
Addition through subsidiary acquired	-	10,224	-	16,877	2,771	-	2,261	**32,133**
Currency translation difference	145	6,794	458	16,308	(248)	737	512	**24,706**
Transfers	2,266	5,612	747	39,927	2,034	104	(50,690)	**-**
December 31, 2004	**2,799**	**123,693**	**10,463**	**284,005**	**13,948**	**11,212**	**10,204**	**456,324**
Accumulated Depreciation and Impairment Losses								
January 1, 2004	-	17,384	2,550	59,903	4,635	3,162	-	**87,634**
Depreciation for the year	-	3,975	297	23,548	1,769	1,729	-	**31,318**
Impairment losses	-	1,281	537	3,040	-	167	-	**5,025**
Disposals	-	(280)	(191)	(3,456)	(1,759)	(189)	-	**(5,875)**
Addition through subsidiary acquired	-	5,351	-	8,855	1,494	-	-	**15,700**
Currency translation difference	-	1,027	97	5,563	(299)	224	-	**6,612**
December 31, 2004	**-**	**28,738**	**3,290**	**97,453**	**5,840**	**5,093**	**-**	**140,414**
Net book value	**2,799**	**94,955**	**7,173**	**186,552**	**8,108**	**6,119**	**10,204**	**315,910**

As of December 31, 2005 and 2004, certain property, plant and equipment are pledged as security for short-term and long-term loans and borrowings of the Group. (Refer to Note 12).

2) Equipment under finance lease

The cost of property, plant and equipment held under finance lease is USD 2,337 and USD 8,825 and has a net book value of USD 1,660 and USD 6,147 as at December 31, 2005 and 2004, respectively (Refer to Note 27).

2) Impairment losses

In 2005, a net impairment loss of USD 1,445 was recognised where the impairment loss of USD 1,800 related to Efes Ukraine was partially offset by reversal of a prior impairment loss amounting USD 355. In 2004, USD 5,025 impairment loss was recognised of which USD 4,400 of the impairment loss was related to Efes Ukraine and the remaining USD 625 was related to other subsidiaries. In 2004, The Company and the minority shareholders of Efes Ukraine have entered into negotiations with prospective buyers related with the sale of all shares of Efes Ukraine which has not taken place so far. Considering the price range on the negotiations and the operational expenses to be incurred by Efes Ukraine until the transfer of shares is affected, a loss on sale of participation of USD 4,400 is estimated. Consequently, the recoverable amount was estimated to be USD 4,400 lower and such loss was recognised as an impairment loss of property, plant and equipment in the consolidated income statement for the year ended December 31, 2004. In 2005, the recoverable amount is reassessed to be further USD 1,800 lower and such loss was recognised as an impairment loss of property, plant and equipment in the consolidated income statement for the year ended December 31, 2005 (Refer to Note 19).

9. Intangible Assets

	Goodwill	Other intangible assets	**2005 Total**	Goodwill	Other intangible assets	**2004 Total**
Cost						
January 1	77,869	3,551	**81,420**	69,957	2,490	**72,447**
Additions	142,961	493	**143,454**	5,015	891	**5,906**
Disposals	-	(95)	**(95)**	-	-	**-**
Currency translation difference	(1,799)	(155)	**(1,954)**	2,897	170	**3,067**
December 31	219,031	3,794	**222,825**	77,869	3,551	**81,420**
Accumulated amortisation and impairment losses						
January 1	10,350	1,906	**12,256**	6,424	755	**7,179**
Amortisation for the year	-	1,666	**1,666**	3,795	1,072	**4,867**
Disposals	-	(48)	**(48)**	-	-	**-**
Currency translation difference	(135)	(123)	**(258)**	131	79	**210**
December 31	10,215	3,401	**13,616**	10,350	1,906	**12,256**
Net book value	208,816	393	**209,209**	67,519	1,645	**69,164**

10. Investments in Securities

	2005	2004
ZAO Mutena Maltery (Mutena Maltery)	**1,511**	1,511
Others	**167**	245
Total – non-current	**1,678**	1,756

Mutena Maltery (11.09%) 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.

11. Trade and Other Payables

	2005	2004
Trade accounts payable	**20,650**	26,593
Taxes payable other than income tax	**7,860**	8,231
Accrued expenses	**452**	2,408
Other short-term payables	**12,336**	7,251
Short-term liability for puttable instrument	**108,168**	-
Total	**149,466**	44,483

12. Borrowings

	2005	2004
Current		
Bank borrowings (including current portion of long-term borrowings)	**67,712**	48,189
Loan from Interbrew International B.V.	**1,192**	-
Finance lease liabilities	**260**	1,249
	69,164	49,438
Non-current		
Bank borrowings	**40,792**	49,990
Finance lease liabilities	**692**	3,481
	41,484	53,471
Total borrowings	**110,648**	102,909

As of December 31, 2005, USD 84,965 (2004 – USD 73,167) of the total borrowings are secured with the followings:

- Certain fixed assets of the Group amounting to USD 4,316.
- Cash collaterals amounting to USD 37,068.
- Efes Moscow's and Efes Karaganda's immovable and movable properties, including inventory balances; the assignment of the rights regarding insurance coverage in respect of Efes Moscow's and Efes Karaganda's property.
- 43% of Efes Moscow's shares and all shares of Efes Karaganda held by the Company.
- Inventory of the Group amounting to USD 661.
- The ability of Efes Moscow and Efes Karaganda to declare dividends is subject to prior consent of the EBRD under the provisions of the loan agreements.
- A letter of guarantee amounting to USD 20,000 provided by Anadolu Efes.

The effective interest rates at the balance sheet date were as follows:

	2005	2004
Bank borrowings		
Non-current		
USD and EURO denominated borrowings	**Libor + (2.95%-3.65%)**	Libor + (2.95%-3.65%)
	2%	-
Current		
USD and Euro denominated borrowings	**Libor + 0.5%**	Libor + (0.5%-4.1%)
	1.0%-6.25%	1.0%-6.25%
Other currency denominated borrowings	**6.32%-9.0%**	8.0%-18.0%
Loan from Interbrew International B.V.	**6.7%**	-
Finance lease liabilities	**7.0%-8.3%**	6.0%-8.3%

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

	2005	2004
2005	**-**	18,035
2006	**18,394**	17,417
2007	**25,770**	17,469
2008	**12,834**	12,835
Thereafter	**2,188**	2,269
	59,186	68,025

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

	2005	2004
Next 1 year	**295**	1,721
1 to 5 years	**722**	4,050
After 5 years	**1,039**	905
Total minimum lease obligations	**2,056**	6,676
Interest	**(1,104)**	(1,946)
Present value of minimum obligations	**952**	4,730

13. Other Non-Current Liabilities

	2005	2004
Long Term liability for puttable instrument	**76,601**	-
Others	**1,641**	1,596
Total	**78,242**	1,596

14. Share Capital

	2005	2004
	Number of shares	Number of shares
Common shares, par value of EUR 1		
Authorized	**250,000,000**	250,000,000
Issued and outstanding	**148,000,000**	148,000,000

In October 2004, the articles of association of the Company were amended, whereby each share issued before the amendment of the articles of association with a par value of EUR 100 was split in one hundred shares with a par value of EUR 1. Consequently, the number of shares increased from 1,223,238 shares to 122,323,800 shares. In addition, the authorised number of shares was increased to 250,000,000 shares with a par value of EUR 1.

Movement in share capital

The movement of the share capital of the Company during 2005 and 2004 is as follows:

	2005		2004	
	Number of shares	**USD**	Number of shares	USD
At January 1,	**148,000,000**	**156,921**	122,323,800 (*)	124,630
Shares issued	**-**	**-**	25,676,200	32,291
At December 31	**148,000,000**	**156,921**	148,000,000	156,921

In October 2004, 38,287,250 ordinary shares and an additional 3,482,815 shares for the over-allotment option (which was exercised in full) of the Company, each with a nominal value of EUR 1 per share were offered, in the form of GDR's representing an interest in five Shares. The GDR's have been listed on the London Stock Exchange. In connection with the initial public offering, the Company has authorised the issue of 25,676,200 ordinary shares with a nominal value of EUR 1 per share. Consequently, the number of shares increased from 122,323,800 shares to 148,000,000 shares. Anadolu Efes did not sell any share of the Company in relation with this offering. Certain portion of existing shares of other shareholders was floated during the public offering.

(*) The number of shares as of January 1, 2004 has been adjusted to reflect the effect of the share split in October 2004, whereby each share with a nominal value of EUR 100 was split into 100 shares, each with a nominal value of EUR 1.

The details of the capital increases are as follows:

Date	Number of shares issued	USD	
		At Par Value	Share Premium
October 2004	25,676,200	32,291	80,059

As at December 31, 2005 and 2004, the composition of shareholders and their respective % of ownership can be summarised as follows:

	2005	2004
Anadolu Efes	**70.22%**	70.22%
Public	**29.78%**	29.78%
Total	**100.00%**	100.00%

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:

	2005	2004
Net profit attributable to ordinary shareholders	**20,122**	35,601
Weighted average number of ordinary shares	**148,000,000**	127,810,769
EPS (in full U.S. Dollars)	**0.14**	0.28

16. Cost of Sales

Cost of sales comprised the following expenses:

	2005	2004
Inventory used	**184,215**	151,097
Depreciation & Amortisation	**27,748**	22,497
Personnel expenses	**13,748**	10,791
Energy expenses	**10,673**	8,675
Repair and maintenance expenses	**8,225**	6,344
Other expenses	**8,581**	7,614
Total expenses	**253,190**	207,018

17. Selling and Marketing Expenses

Selling and marketing expenses are analyzed as follows:

	2005	2004
Marketing and advertising expenses	**52,897**	40,293
Distribution expenses	**34,955**	21,215
Personnel expenses	**17,483**	12,235
Depreciation & Amortisation	**9,068**	6,091
Other expenses	**13,827**	8,458
Total expenses	**128,230**	88,292

18. General and Administrative Expenses

General and administrative expenses include the following:

	2005	2004
Personnel expenses	**18,829**	15,356
Depreciation & Amortisation	**4,568**	7,597
Consulting and legal fees and other business services	**3,825**	4,987
Taxes and duties	**3,758**	5,371
Management fees and technical assistance	**3,324**	3,522
Rent expense	**1,470**	1,107
Bad debt provision	**1,060**	287
Insurance expenses	**806**	972
Other expenses	**9,637**	5,633
Total expenses	**47,277**	44,832

19. Other Operating Income / (Expense)

	2005	2004
Income on sale of soda drinks	**3,660**	2,716
Cost of sale of soda drinks	**(3,373)**	(2,400)
Gain on purchase of shars at subsidiary and dilution (Refer to Note 3)	**1,046**	470
Provision for obsolete inventory	**(1,832)**	(1,585)
Loss on disposal of property, plant and equipment	**(691)**	(376)
Impairment of property, plant and equipment (Refer to Note 8)	**(1,445)**	(5,025)
Dividend income	**112**	91
Management fee income	**-**	1,244
Other (expense) / income	**(298)**	752
Total other income / (expenses)	**(2,821)**	(4,113)

20. Personnel Expenses and Average Number of Employees

	2005	2004
Wages and salaries	42,377	32,144
Other social expenses	7,683	6,238
Total expenses	50,060	38,382

The average number of employees for the years was:

	2005	2004
Russia	1,684	1,448
Moldova	779	848
Kazakhstan	747	684
Serbia and Montenegro	511	701
Ukraine	108	168
Romania	122	133
The Netherlands	4	3
	3,955	3,985

21. Depreciation and Amortisation Expenses

	2005	2004
Property, plant and equipment		
Cost of sales	**27,678**	22,454
Selling and marketing	**9,058**	6,023
General and administrative	**2,982**	2,841
Sub-total depreciation expense	**39,718**	31,318
Intangible assets		
Cost of sales	**70**	43
Selling and marketing	**10**	68
General and administrative	**1,586**	4,756
Sub-total amortisation expense	**1,666**	4,867
Total depreciation and amortisation expenses	**41,384**	36,185

22. Financial Income / (Expense)

	2005	2004
Interest income	**3,036**	698
Foreign currency exchange gains	**-**	7,899
Total financial income	**3,036**	8,597
Interest expense on borrowings	**(6,006)**	(5,409)
Interest expense on finance lease	**(481)**	(528)
Foreign currency exchange losses	**(8,983)**	-
Other financial expense	**(1,468)**	(808)
Total financial expense / (expense)	**(16,938)**	(6,745)
Net financial expense	**(13,902)**	(1,852)

Net financial expense for the years ended December 31, 2005 and 2004 is stated net of government grants received in the amount of approximately USD 254 and USD 261, respectively.

23. Income Taxes

	2005	2004
Current tax expense	**(11,840)**	(15,525)
Deferred tax income/(expense) relating to the origination and reversal of temporary differences	**(4,988)**	1,910
Total income tax	**(16,828)**	(13,615)

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

	2005	2004
Consolidated profit before tax and minority interest	**35,803**	56,128
Permanent differences between IFRS and statutory results	**17,043**	(1,941)
Tax effect of loss making subsidiaries	**14,655**	10,183
Non taxable income and non deductible expenses	**(2,014)**	6,881
Taxable profit	**65,487**	71,251
Tax calculated at the Company's tax rate of 31,5% in 2005 and 34.5% in 2004	**(20,628)**	(24,581)
Impact of different tax rates in other countries	**4,928**	7,468
Utilization of previously unused tax losses	**3,820**	352
Income tax exemption	**40**	1,236
	(11,840)	(15,525)
Changes in deferred tax	**(4,988)**	1,910
Total income tax	**(16,828)**	(13,615)

24. Deferred Taxes

Components of deferred tax assets and liabilities are as follows:

	Assets		Liabilities		Net	
	2005	2004	**2005**	2004	**2005**	2004
Accruals	**7,475**	3,491	**-**	-	**7,475**	3,491
Inventory	**345**	327	**27**	391	**372**	718
Tax loss carried forward	**3,307**	8,021	**-**	-	**3,307**	8,021
Prepayments	**-**	-	**(162)**	(271)	**(162)**	(271)
Tangible assets	**-**	-	**(21,425)**	(17,378)	**(21,425)**	(17,378)
Other	**490**	630	**(2,117)**	(2,346)	**(1,627)**	(1,716)
	11,617	12,469	**(23,677)**	(19,604)	**(12,060)**	(7,135)
Net deferred income tax liability					**(13,104)**	(12,900)
Deferred income tax asset - tax loss carried forward					**1,044**	5,765
					(12,060)	(7,135)

Deferred tax arises on the above in the following circumstances:

- property, plant and equipment: accelerated tax depreciation lead to tax bases lower than carrying amounts;
- 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);
- inventories may have carrying amounts lower than tax bases due to the elimination of unrealized profits on intercompany sales;
- employee benefits expenses, and provisions are not tax deductible until payments are made;
- 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;
- some provisions may not be tax deductible in some countries until a payment is made to settle the obligation;
- fair value adjustments upon acquisition of a subsidiary may impact all of the above captions.

Movements in deferred tax during the year 2005 are as follows:

	Balance at January 1, 2005	Recognised in income statement	Translation effect	**Balance at December 31, 2005**
Accruals	3,491	4,181	(197)	**7,475**
Inventory	718	(329)	(17)	**372**
Tax loss carried forward	8,021	(4,137)	(577)	**3,307**
Prepayments	(271)	86	23	**(162)**
Tangible assets	(17,378)	(4,879)	832	**(21,425)**
Intangible assets	-	-	-	**-**
Other	(1,716)	90	(1)	**(1,627)**
	(7,135)	**(4,988)**	**63**	**(12,060)**

Movements in deferred tax during the year 2004 are as follows:

	Balance at January 1, 2004	Addition through subsidiary acquired	Recognised in income statement	Translation effect	**Balance at December 31, 2004**
Accruals	3,147	-	156	188	**3,491**
Inventory	(85)	5	757	41	**718**
Tax loss carried forward	5,167	-	2,701	153	**8,021**
Prepayments	(413)	-	158	(16)	**(271)**
Tangible assets	(15,616)	-	(692)	(1,070)	**(17,378)**
Intangible assets	58	-	(58)	-	**-**
Other	(984)	207	(1,112)	173	**(1,716)**
	(8,726)	**212**	**1,910**	**(531)**	**(7,135)**

25. Notes to Cash Flow Statements

Cash flows from acquisition and disposal of subsidiaries:

	2005	2004
	Acquisition	Acquisition
Cash and cash equivalents	**22**	65
Trade receivables	**-**	1,156
Due from related parties	**1,758**	-
Inventories-net	**-**	2,768
Other current assets	**194**	405
Investments	**-**	1
Property, plant and equipment-net	**319**	16,433
Deferred tax assets	**-**	212
Other non-current asset	**2,399**	-
Trade and other payables	**(1)**	(1,569)
Due to related parties	**(508)**	-
Short-term and long-term loans loans	**(6,545)**	(1,113)
Other current liabilities	**(28)**	(1,655)
Other non-current liabilities	**-**	(531)
Fair value of net assets	**(2,390)**	16,172
Net assets acquired	**(2,194)**	10,415
Recognized as decrease in retained earnings and accumulated profit	**2,294**	-
Goodwill	**-**	5,015
Acquired minority shares of Efes Ukraine	**1,677**	323
Total purchase consideration	**1,777**	15,753

The cash outflow on acquisition is as follows:

Net cash acquired with subsidiary	**(22)**	(65)
Total purchase consideration	**1,777**	15,753
Net cash outflow	**1,755**	15,688

26. Financial Instruments

Financial Risk Management

Credit risk

The credit risk of the Group is primarily attributable to its trade receivables. The Group has established control procedures over its sales system. The credit risk arising from the transactions with customers is monitored by management and the management believes that such risk is limited.

Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group mainly enters into LIBOR based contracts in its financial borrowings. As of December 31, 2005, 19% of the Group's long-term debt was at fixed rates (2004 - 10%).

The weighted average effective interest rates which are calculated from different types of currencies, as at December 31, 2005 are as follows:

Fixed rate bank loans	4.9 %
Floating rate bank loans	Applicable Base Rate + 2.9 %

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. 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.

Net foreign currency asset position of the Company as of December 31, 2005 is approximately USD 0.1 million (2004 – USD 16 million, net foreign currency liability).

Liquidity risks

Liquidity risk represents the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. For the Group, liquidity risk arises from the possibility that customers do not settle obligations to the Group within the normal terms of trade. To manage this risk the Group periodically assesses the financial viability of customers.

Fair Values

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

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.

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

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:

	2005	2004
Buildings	-	4,322
Machinery and equipment	2,056	3,477
Other tangible assets	281	1,026
Accumulated depreciation	(677)	(2,678)
Net book value	1,660	6,147

Lessee - Operating Lease

The Company and its subsidiaries have various operating lease agreements for land in Romania and in Russia, on which the subsidiaries operate and for machinery and equipment, which are detailed below:

In October 1995 and in May 1996, Interbrew Efes concluded an operating lease agreement with Ploiesti City Hall for the land beneath the factory's premises rented for a period of 49 years. Rent expense consists of the basic expense of USD 43 for the year ended December 31, 2005. As of December 31, 2005, prepayment for the lease agreement is as follows:

	2005	2004
Prepaid lease for less than one year	79	83
Prepaid lease for more than one year	1,384	1,609
	1,463	1,692

The brewery of Efes Moscow is situated on a site leased from the Moscow City Government under a 49-year lease contract. The lease rights, as well as fixed assets, are mortgaged for the full carrying amounts to secure obligations of Efes Moscow under the loan agreements with the EBRD. 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 contacts amount to USD 1,791 (2004 – USD 1,803).

28. Segment Reporting

The Group is in a single product business which is considered to be the primary segment and the secondary segment is the geographical segment. Segment information is presented in respect of the Group's geographical segments based on location of customers. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Russia		Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004
Total Assets	**345,569**	312,098	**434,850**	318,343	**780,419**	630,441
Sales	**362,964**	305,548	**118,259**	92,983	**481,223**	398,531
Purchase of property, plant and equipment	**62,529**	37,580	**26,843**	13,784	**89,372**	51,364

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.

1) Balances with Related Parties

Balances with related parties as of December 31, 2005, which are separately classified in the consolidated balance sheets are as follows:

Due from related parties	**2005**	2004
Efes Holland Technical Management Consultancy N.V. (Efes Holland) (2)	**4,554**	2,390
Coca-Cola Bottlers Kazakhstan Almaty (Coca-Cola Almaty) (2)	**364**	738
Coca-Cola Bishkek Bottlers C.J.S.C (Coca-Cola Bishkek) (2)	**351**	168
Mutena Maltery (3)	**126**	88
Total	**5,395**	3,384

Due to related parties	**2005**	2004
Efes Holland (2)	**12,952**	8,619
Mutena Maltery (3)	**3,583**	3,188
Oyex Handels Gmbh (2)	**2,970**	374
Efpa (2)	**608**	-
Anadolu Efes (1)	**384**	164
Rostov Beverages (2)	**-**	1,079
Coca-Cola Almaty (2)	**-**	50
Efes Invest (2)	**-**	4
Total	**20,497**	13,478

2) Transactions with Related Parties

The most significant transactions with related parties during the year ended December 31, 2005 are as follows::

Nature of Transaction	Related Party	Amount
Sale of beer to;	Coca-Cola Almaty (2)	8,809
Processing services from;	Mutena Maltery (3)	5,462
Purchase of raw materials from;	Oyex Handels Gmbh (2)	4,954
Purchase of soda drinks from;	Coca-Cola Almaty (2)	3,466
Management and license fee expense to	Efes Holland (2)	2,983
Heating and water services given to;	Mutena Maltery (3)	1,098
Sale of beer to;	Coca-Cola Bishkek (2)	977
Purchase of other materials from;	Anadolu Efes (1)	500
Interest expense on trade payables to;	Mutena Maltery (3)	448
Purchase of beer from;	Anadolu Efes (1)	372
Interest expense to;	Rostov Beverages (2)	316
Sale of beer to ;	Efes Pazarlama (2)	257
Dividend income from;	Mutena Maltery (3)	112
Processing services from;	Coca-Cola Almaty (2)	112
Purchase of other materials from;	Coca-Cola Almaty (2)	34

(1) The ultimate shareholder of the Company
(2) Related party of Anadolu Efes
(3) Company's investment

3) Emoluments of the Board of Directors

a) The remuneration of executive board of USD 272 (2004 - USD 340) and supervisory board of USD 89 (2004 - USD 72) were included in personnel expenses.
b) No shares are held by the members of directors of the Company.
c) There are no share options granted to the directors of the Company.
d) No loans have been granted to the directors of the Company.

30. Commitments and Contingencies

Obligation to complete the production facilities

In relation to financing the new brewery constructed in Almaty, Efes Karaganda has obtained loans from the EBRD. The Company has committed to support the completion of the project together with Anadolu Efes. The referred commitment of USD 9.5 million is not related to reimbursement of the referred loan, but to support the completion of the project.

Put options

A put option was granted to Amsterdam Brewery Investments B.V. by the Company that may be exercisable between 2005 and 2007 to sell its 12.4% of Efes Moscow shares to the Company at an option price to be determined by an independent valuation. Such put option was exercised by Amsterdam Brewery Investments B.V. in February 2006 (Refer to Note 31).

A put option has been granted to the EBRD by the Company that may be exercisable between 2008 and 2011. By such put option, the EBRD will be entitled to sell its 8.8% of Efes Moscow shares to the Company at an option price to be determined by an independent valuation.

Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), participation interests related with above mentioned put options has been regarded as liability in the Group's Financial Statements, to be stated at fair value. The liability for the put options has been measured by applying a weighting of different valuation techniques based on best estimates currently available, and USD 108.2 million was presented in other current liabilities and USD 76.6 million in other non-current liabilities as 'liability for puttable instruments' in the consolidated balance sheet.

In order to give effect to the recognition of liability for puttable instruments, the equity and net income attributable to the interest of minority shareholders of Efes Moscow has been decreased by 21.2%. The excess of the liability for puttable instruments over the fair value of net assets of Efes Moscow amounting to USD 139,751 has been recognised as 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.

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. Subsequent Events

The Company has acquired 92.3% of Krasny Vostok Brewing Group located in Russia, in February 2006 with a total cash consideration of USD 364.1 million which is subject to working capital adjustment.

In February 2006, the Company has acquired 12.4% of Efes Moscow from Amsterdam Brewery Investments B.V. with a total cash consideration of USD 108.2 million and increased its effective shareholding percentage in Efes Moscow to 83.4%.

The Company has entered into a loan facility agreement in February 2006, amounting USD 500 million for the purpose of financing its acquisitions and general corporate funding needs.

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