

Efes Breweries International N.V.

Unaudited Interim Condensed Consolidated Financial Statements

together with Independent Auditors' Review Report

June 30, 2007

signed for identification
 **ERNST & YOUNG**
ACCOUNTANTS

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

REVIEW REPORT

Introduction

We have reviewed the accompanying interim condensed consolidated financial information for the six month period ended June 30, 2007 of Efes Breweries International N.V. (the 'Company'), Amsterdam, which comprises the balance sheet as at June 30, 2007, the statement of income, statement of changes in equity and cash flow statement for the six-month period then ended and explanatory notes. Company's management is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review


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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at 30 June 2007 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, August 27, 2007

for Ernst & Young Accountants



C.N.J. Verhart



signed for identification
ERNST & YOUNG
ACCOUNTANTS

Efes Breweries International N.V. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2007

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

ASSETS

	Notes	June 30, 2007 (unaudited)	December 31, 2006 (audited)
Current assets			
Cash and cash equivalents		76,272	163,861
Trade and other receivables		72,816	49,630
Due from related parties		4,672	3,475
Inventories		132,448	97,913
Prepayments and other current assets		51,449	56,422
Total current assets		337,657	371,301
Non-current assets			
Investments in securities	7	1,583	1,575
Property, plant and equipment	8	671,074	628,550
Intangible assets		525,039	514,969
Deferred tax assets		10,451	10,699
Prepayments and other non-current assets		3,175	2,246
Total non-current assets		1,211,322	1,158,039
Total assets		1,548,979	1,529,340

LIABILITIES AND EQUITY

	Notes	June 30, 2007 (unaudited)	December 31, 2006 (audited)
Current liabilities			
Trade and other payables		251,361	145,770
Due to related parties		21,779	22,148
Income tax payable		4,880	1,694
Short-term borrowings	10	126,743	138,156
Current portion of long-term borrowings	10	15,523	22,294
Total current liabilities		420,286	330,062
Non-current liabilities			
Long-term borrowings-net of current portion	10	305,397	311,108
Deferred tax liability		10,366	12,260
Other non-current liabilities	6	953	103,886
Total non-current liabilities		316,716	427,254
Equity			
Issued capital	5	237,488	237,488
Share premium		319,318	319,318
Currency translation reserve		97,936	75,520
Retained earnings		147,731	130,367
Equity attributable to equity holders of the parent		802,473	762,693
Minority interests		9,504	9,331
Total equity		811,977	772,024
Total liabilities and equity		1,548,979	1,529,340

The accompanying policies and explanatory notes on pages 6 through 15 form an integral part of these interim condensed consolidated financial statements.

Efes Breweries International N.V. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended June 30, 2007

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

	Notes	Six-month period ended June 30, 2007 (unaudited)	Six-month period ended June 30, 2006 (unaudited)
Sales	11	384,737	292,129
Cost of sales		(204,148)	(151,715)
Gross profit		180,589	140,414
Selling and marketing expenses		(101,385)	(78,896)
General and administrative expenses		(43,537)	(32,113)
Other operating income/(expense)		2,687	(1,342)
Profit from operations		38,354	28,063
Financial expense		(12,752)	(8,256)
Profit before tax		25,602	19,807
Income tax		(8,165)	(6,938)
Profit / (loss) after tax		17,437	12,869
<u>Attributable to:</u>			
Minority Interests		73	390
Equity holders of the parent		17,364	12,479
Earnings per share (in full amounts of U.S. Dollars)			
Basic		0.08	0.08
Diluted		0.08	0.08

The accompanying policies and explanatory notes on pages 6 through 15 form an integral part of these interim condensed consolidated financial statements.

Efes Breweries International N.V. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended June 30, 2007
(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	Total	
At January 1, 2006	156,921	101,626	14,532	109,759	24,878	407,716
Foreign currency translation	-	-	27,922	-	2,073	29,995
Total income and expense for the period recognized directly in equity	-	-	27,922	-	2,073	29,995
Net profit for the period	-	-	-	12,479	390	12,869
Total income and expense for the period	-	-	27,922	12,479	2,463	42,864
Dividends of subsidiaries	-	-	-	-	(325)	(325)
Dividends paid to put option holder	-	-	-	-	21,708	21,708
At June 30, 2006	156,921	101,626	42,454	122,238	48,724	471,963
	Attributable to the Equity Holders of the Parent Company				Minority Interests	Total Equity
	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Total	
At January 1, 2007	237,488	319,318	75,520	130,367	9,331	772,024
Foreign currency translation	-	-	22,416	-	209	22,625
Total income and expense for the period recognized directly in equity	-	-	22,416	-	209	22,625
Net profit for the period	-	-	-	17,364	73	17,437
Total income and expense for the period	-	-	22,416	17,364	282	40,062
Dividends of subsidiaries	-	-	-	-	(386)	(386)
Dividends paid to put option holder	-	-	-	-	277	277
At June 30, 2007	237,488	319,318	97,936	147,731	9,504	811,977

The accompanying policies and explanatory notes on pages 6 through 15 form an integral part of these interim condensed consolidated financial statements.

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Efes Breweries International N.V. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended June 30, 2007

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

	Notes	Six-month period ended June 30, 2007 (unaudited)	Six-month period ended June 30, 2006 (unaudited)
Cash flows from operating activities			
Net profit before minority interest and income tax		25,602	19,807
Adjustments to reconcile net income to net cash provided by operating activities			
Gain on sale of soft-drink trademarks		(3,780)	-
Depreciation and amortization		33,821	26,157
Provision for bad debt		292	101
Provision for inventories		1,319	1,292
Income recognized from reversal of provision for bad debt		(129)	(747)
Income recognized from reversal of provision for inventories		(240)	(194)
Reserve for vacation pay liability		871	1,071
Provision for other assets		302	(1,383)
Loss from disposal of property, plant and equipment		938	272
Amortised borrowing costs	10	645	-
Interest expense	10	16,831	16,515
Interest income		(2,480)	(2,493)
Net income adjusted for non-cash items		73,992	60,398
(Increase)/decrease in inventories		(35,614)	(16,324)
(Increase)/decrease in trade receivables		(23,349)	(11,911)
(Increase)/decrease in due from related parties		(1,197)	(512)
Increase/(decrease) in trade and other payables		34,867	34,817
(Decrease)/increase in due to related parties		(369)	(1,380)
(Increase)/decrease in other current assets		3,801	(4,279)
(Increase)/decrease in other non-current assets		(929)	(1,428)
(Decrease)/increase in other non-current liabilities		713	(149)
Taxes paid		(5,681)	(3,366)
Interest received		2,140	2,528
Interest paid		(23,956)	(12,938)
Net cash provided by operating activities		24,418	45,456
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(66,699)	(81,302)
Proceeds from sale of property, plant and equipment		3,755	1,401
Proceeds from sale of soft-drink trademarks		3,780	-
Acquisition of subsidiaries, net of cash acquired		-	(427,079)
Payments for previously acquired shares		(33,516)	-
Dividends paid to minority shareholders		(386)	(325)
Net cash used in investing activities		(93,066)	(507,305)
Cash flows from financing activities			
Net increase/(decrease) in short-term debt		(12,049)	562,196
Proceeds from long-term debt	10	286	139
Repayment of long-term debt	10	(8,706)	(9,271)
Net cash (used for) / provided by financing activities		(20,469)	553,064
Currency translation differences		1,528	3,835
Net increase/(decrease) in cash and cash equivalents		(87,589)	95,050
Cash and cash equivalents at beginning of year		163,861	96,860
Cash and cash equivalents at the end of the period		76,272	191,910

The accompanying policies and explanatory notes on pages 6 through 15 form an integral part of these interim condensed consolidated financial statements.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2007

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

1. GENERAL

Efes Breweries International N.V. (the Company) was incorporated in the Netherlands on October 2, 1996. The registered address of the Company is Strawinskyalaan 1227, 1077XX Amsterdam, the Netherlands.

The Company's ordinary shares have been listed on the London Stock Exchange in the form of global depositary receipts (GDR's).

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

The consolidated financial statements of the Company for the six month period ended on June 30, 2007 were authorised for issue by the directors on August 27, 2007.

Nature of Activities of the Company/Group

The Company acts as a Dutch Holding company, facilitating investments in breweries.

For the purpose of the unaudited interim condensed consolidated financial statements, the Company and its consolidated subsidiaries are referred to as "the Group".

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at June 30, 2007 and December 31, 2006 are as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			June 30, 2007	December 31, 2006
CJSC "Moscow-Efes Brewery" (Efes Moscow) (ii),	Russia	Production and marketing of beer	90.85	90.85
JSC «AMSTAR» (Amstar) (i)	Russia	Production of beer	90.85	90.85
ZAO Efes Entertainment (Efes Entertainment) (i)	Russia	Entertainment	90.85	90.85
CJSC.Rostov Beverage (Rostov Beverages) (i)	Russia	Production of beer	90.85	90.85
LLC "Sary Melnik" (i)	Russia	Advertising	90.85	90.85
JSC Brewing Union «Krasny Vostok - Solodovbeer» (KV Group) (ii)	Russia	Production and marketing of beer	92.85	92.85
LLC "KV - SibPivCompaniya"(ii)	Russia	Production of beer	97.53	97.53
LLC "Vostok solod"(iii)	Russia	Production of malt	92.85	92.85
LLC "Krasny Vostok – Invest"(iii)	Russia	Finance	92.85	92.85
LLC „T'sentralny Torgovy Dom „Krasny Vostok”(iii)	Russia	Trading house	92.85	92.85
CJSC "MTD "Krasny Vostok" (iii)	Russia	Trading house	92.85	92.85
CJSC „Samsarskii Torgovyyi Dom „Krasny Vostok" (iii)	Russia	Trading house	92.85	92.85
CJSC „Saratovskii Torgovyyi Dom „Krasny Vostok" (iii)	Russia	Trading house	92.85	92.85
LLC „Ufimskii Torgovyyi Dom „Krasny Vostok" (iii)	Russia	Trading house	92.85	92.85

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2007

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

1. GENERAL (Continued)

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			June 30, 2007	December 31, 2006
LLC „Barnaulskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Volgogradskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Voronezhskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Ekaterinburgskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Kemerovskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Krasnodarskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Krasnoyarskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Kurskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Nizhegorodskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Nizhnepetavskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Novosibirskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Omskii Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Permskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Sankt-Peterburgskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Tomskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
LLC „Chelyabinskii Torgovyi Dom „Krasny Vostok” (iii)	Russia	Trading house	92.85	92.85
JSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and marketing of beer	100.00	100.00
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)	Serbia	Production and marketing of beer	90.97	90.97
Efes Zajecar Brewery d.o.o. (Efes Zajecar)	Serbia	Production and marketing of beer	72.96	72.96
Euro-Asian Brauerein Holding GmbH (Euro Asian)	Germany	Investment company	100.00	100.00
Efes Commerce d.o.o. Belgrade (Efes Commerce) (iv)	Serbia	Production and marketing of beverages	100.00	100.00
Brewery Pivdenna C.J.S.C. (Efes Ukraine) (iv)	Ukraine	Production and marketing of beer	100.00	100.00
Efes Romania Industrie Si Comert S.A. (ERIC) (iv)	Romania	Distribution of beer	99.996	99.996
Efes Productie S.R.L. (Efes Productie) (iv)	Romania	Distribution of beer	69.70	69.70

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

(ii) Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), a further 9.15% and 6.70% interest has also been consolidated for Efes Moscow and KV Group, respectively.

(iii) Subsidiaries of KV Group, which are consolidated under its financial statements.

(iv) Subsidiaries that are either dormant or in the process of being liquidated.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2007

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

1. GENERAL (Continued)

Environments and Economic Conditions of Subsidiaries

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in compliance with IAS 34, "Interim Financial Reporting", adopted by EU. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2006.

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

- IFRS 7 Financial Instruments: Disclosures

The Group will adopt IFRS 7 in the year end financial statements.

- IFRIC 10 Interim Financial Reporting and Impairment

The Group adopted IFRIC Interpretation 10 as of January 1, 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

3. SEASONALITY OF OPERATIONS

Beer consumption is seasonal, typically resulting in higher demand during the summer season and accordingly lower profitability and turnover during the first half of the year. The figures for the first half include the effects of the seasonal variations therefore the results of business operations for the first six-months up to June 30, 2007 do not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

4. CHANGES IN GROUP'S ORGANIZATION

For the period ended June 30, 2007

In February 2007, Efes Vitanta, subsidiary of the Company in Moldova, reached an agreement with The Coca-Cola Company ("TCCC") to sell Efes Vitanta's soft drink brand called "Viva" as well as "Real" brand of bottled water to TCCC.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2007

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

4. CHANGES IN GROUP'S ORGANIZATION (Continued)

For the year 2006

The Company acquired 92.3% of KV Group located in Russia, in February 2006 with a total cash consideration of USD 366.7 million (including costs directly attributable to acquisition of USD 1.2 million). In June 2006, with a total cash consideration of USD 1.6 million, the Company additionally acquired 0.5% of KV Group from minority shareholders. The excess of the acquisition costs over the fair values of the net assets acquired was USD 85,481 for the initial acquisition and USD 9 for the minority buyout, and has been recognised as goodwill in the consolidated balance sheet. The goodwill is justified by acquired market share which has consolidated the Groups existing Russian business at fourth position in the market, operational synergies, production optimisation across the Group's brewing platforms, a lower cost base through a higher sales volume and logistical advantage through more extensive geographical coverage.

Financial statements of the KV Group and its subsidiaries until 28 February 2006 had been prepared in accordance with Regulations on Accounting and Reporting of the Russian Federation (Russian GAAP). Russian GAAP differs in certain respects from IFRS. KV Group has prepared its financial statements under IFRS for the first time as of February 28, 2006 and recognised the fair values of its assets and liabilities at carrying value, in compliance with IFRS 1 "First time adoption of IFRS". Therefore, it is impracticable for the Company to disclose the information about the carrying values on the date of acquisition and the comparative figures as required by IFRS 3.

The Company has gone through a substantial integration exercise which was intended to align the KV Group business into the Company's current Russian system. The principal integration goals were focusing on deriving benefit from areas that evidence scope for rapid synergies. The previous business model of KV Group has been significantly changed through cross-brewing, sales, distribution and marketing. KV Group has commenced producing brands of Efes Moscow and Efes Moscow has commenced producing brands of KV Group. The selling and distribution model of KV Group via trading houses has been ceased and all selling and distribution activities have been transferred to Efes Moscow.

As a result, KV Group has been restructured as a production centre. Therefore, financial performance of KV Group does not reflect the contribution of the integrated business model to the consolidated income statement of the Company.

Relating to the put option granted to Amsterdam Brewery Investments B.V., the Company acquired 12.4% of Efes Moscow for a total cash consideration of USD 108.9 million and increased its shareholding percentage in Efes Moscow to 83.4% in February 2006. Following revised IAS 32, the liability for the put options was measured, and the excess of the liability for puttable instrument over the fair value of the net assets of Efes Moscow amounting to USD 81,429 was for the first time recognised as goodwill as of December 31, 2005. Due to the difference between the estimated valuation and the actual cash consideration, the Company has recognized an additional goodwill of USD 740.

In August 2006, the Company sold all of its shares in Interbrew Efes, together with Anadolu Efes to InBev. The Company received USD 26.6 million for 49.99% of the share capital of Interbrew Efes. Interbrew Efes contributed USD 10,891 and USD 1,519 to consolidated revenue and consolidated net income, respectively for the six month period ended June 30, 2006.

In October 2006, the Company has acquired 7.50% of Efes Moscow from EL & EL for a total cash consideration of USD 88.5 million and increased its shareholding percentage to 90.85%. For the remaining 0.39% shares owned by EL & EL, EBI has been granted a call option. The excess of fair value of net assets acquired over the purchase price was USD 68,063 and has been recognised as goodwill in the consolidated balance sheet.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2007

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

4. CHANGES IN GROUP'S ORGANIZATION (Continued)

In December 2006, the Company acquired another 7.47% of share capital in Efes Weifert by cash contributions to its share capital and accordingly increased its share in the subsidiaries up to 90.97%. The excess of fair value of net assets acquired over the purchase price was USD 1,674 and has been recorded as goodwill.

5. SHARE CAPITAL

	June 30, 2007	December 31, 2006
	Number of shares	Number of shares
Common shares, 1 EUR, par value		
Authorized	250,000,000	250,000,000
Issued and outstanding	211,428,569	211,428,569

As at June 30, 2007, the composition of shareholders and their respective % of ownership can be summarized as follows:

	June 30, 2007	December 31, 2006
Anadolu Efes	70.22%	70.22%
Public	29.78%	29.78%
Total	100.00%	100.00%

6. COMMITMENTS AND CONTINGENCIES

Put options

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

A put option has been granted to the OAO Krasny Vostok Agro that may be exercisable between 2007 and 2009. By such option, OAO Krasny Vostok Agro will have right to sell its 6.7% of KV Group shares to the Company at an option price either at in full USD 0.395 multiplied by number of shares plus interest accrued from the date of the option until the date of completion at a rate of LIBOR plus 4.9% or the consolidated EBITDA multiplied by a multiple of nine minus net indebtedness.

Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), the obligation for the participating interest related with put options have been regarded as 'liability for puttable instruments' in the Group's financial statements, to be stated at fair value. The liability for the put option has been measured by applying a weighting of different valuation techniques based on best estimates currently available. Subsequent changes to the valuation of the put options have been recorded as changes to 'liability for puttable instruments' and to goodwill, without any direct impact on the consolidated income statement.

The contingent considerations related with the put options granted to EBRD and OAO Krasny Vostok Agro of USD 102,833 and USD 24,202 have been presented as 'liability for puttable instruments' in trade and other payables in the consolidated balance sheet. In order to give effect to the recognition of the liability for puttable instruments, the equity and net income attributable to the interest of minority shareholders of Efes Moscow and KV Group have been decreased by 8.8% and 6.7%, respectively.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2007

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

6. COMMITMENTS AND CONTINGENCIES (continued)

Tax and legal matters

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

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

7. INVESTMENTS IN SECURITIES

	June 30, 2007	December 31, 2006
ZAO Mutena Maltery (Mutena Maltery)	1,511	1,511
Others	72	64
Total available-for-sale investments – non-current	1,583	1,575

Available-for-sale investments

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.

8. PROPERTY, PLANT AND EQUIPMENT

For the six-month period ended June 30, 2007, additions and transfer to property, plant and equipment were as follows:

	Additions	Transfers
Buildings	115	2,599
Infrastructure	-	709
Machinery and equipment	440	21,522
Motor vehicles	809	2,909
Other tangible assets	8,463	1,249
Construction in progress	56,192	(28,988)
	66,019	-

Pledge on tangible assets

Refer to Note 10 for pledge on tangible assets.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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9. RELATED PARTY BALANCES AND TRANSACTIONS

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

1) Balances with Related Parties

Balances with related parties are separately classified in the unaudited interim condensed consolidated balance sheet.

2) Transactions with Related Parties

The most significant transactions with related parties for the six-month period ended June 30, 2007 were as follows:

Nature of Transaction	Related Party	Amount
Management and license fee expense to;	Efes Holland (2)	3,719
Sale of beer to;	Coca-Cola Bishkek (2)	2,053
Sale of beer to;	Coca-Cola Almaty (2)	2,351
Services rendered from;	Coca-Cola Almaty (2)	65
Purchase of raw materials from;	Oyex Handels Gmbh (2)	3,729
Purchase of service;	Efes Tur (2)	89
Purchase of service;	ABH (2)	1,410
Purchase of beer from;	Anadolu Efes (1)	769
Processing services from;	Mutena Maltery (3)	3,765
Heating and water services given to;	Mutena Maltery (3)	642
Dividend income from;	Mutena Maltery (3)	134

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

10. BORROWINGS

For the six-month period ended June 30, 2007, issuance, repurchases and repayments of borrowings were as follows:

	Short-Term	Long-Term
Balance as of December 31, 2006	138,156	333,402
Proceeds	93,012	286
Interest expense	5,173	11,658
Interest paid	(7,576)	(16,380)
Repayments	(105,061)	(8,706)
Currency translation differences	3,039	15
Amortisation of Syndication Loan	-	645
Total	126,743	320,920
Less: current portion		(15,523)
Long-term debt net-of current portion		305,397

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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10. BORROWINGS (continued)

As of June 30, 2007, USD 339,017 (December 31, 2006 – USD 383,203) of the total borrowings were secured with the followings:

- Cash collaterals amounting to USD 38,760.
- 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 the Efes Moscow's and Efes Karaganda's property.
- 43% of Efes Moscow's shares and all shares of Efes Karaganda held by the Company.
- The ability of Efes Karaganda to declare dividends is subject to prior consent of EBRD under the provisions of the loan agreements.
- A letter of guarantee amounting to USD 307,500 provided by Anadolu Efes.

11. SEGMENT REPORTING

The Group's risks and rates of return are affected predominantly by the fact that it operates in different countries which are considered to be the primary segment and the secondary segment is the business. The Group is in a single product business and products other than beer represent less than 10% of the Group's sales. Segment information is presented in respect of the Group's geographical segments based on location of its assets and customers. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Russia & Kazakhstan		Serbia & Moldova		Unallocated		Consolidated	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Total Assets	937,602	815,597	117,732	94,203	493,645	619,540	1,548,979	1,529,340
	Russia & Kazakhstan		Serbia & Moldova		Unallocated		Consolidated	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
External Revenues	353,401	255,873	35,641	26,394	(4,305)	9,862	384,737	292,129
Purchase of property, plant and equipment	(57,486)	(66,727)	(8,422)	(10,630)	(111)	(3,654)	(66,019)	(81,011)

12. EARNINGS PER SHARE

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

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

	June 30, 2007	June 30, 2006
Net profit attributable to ordinary shareholders	17,364	12,479
Weighted average number of ordinary shares	211,428,569	148,000,000
EPS (in full U.S. Dollars)	0.08	0.08

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. 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 mainly enters into LIBOR based contracts in its financial borrowings. As of June 30, 2007, 0.3% of the Group's long-term debt was at fixed rates (December 31, 2006, 2%).

The weighted average effective interest rates which are calculated from different types of currencies, as at June 30, 2007 are as follows:

Fixed rate bank loans	7.1%
Floating rate bank loans	Applicable Base Rate + 1.7%

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 liability position of the Group as of June 30, 2007 is approximately USD 317 million (December 31, 2006, net foreign currency asset position of USD 249 million).

Liquidity risks

Liquidity risk arises from the possibility that customers may not be able to 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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In May 2007, Efes Karaganda reached an agreement with The European Bank for Reconstruction and Development (“EBRD”), to provide a loan of appr. USD 42.5 million, which will be used to expand brewing capacity of Efes Karaganda to 2.1 million hectoliters from 1.3 million hectoliters and further develop marketing and distribution systems. The whole amount was utilized in the beginning of July 2007.

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