

Efes Breweries International N.V.

**Unaudited Consolidated Interim
Financial Statements**

**together with
Independent Auditors' Review Report**

June 30, 2005

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Review Report	1
Unaudited Consolidated Interim Balance Sheet	2
Unaudited Consolidated Interim Income Statement	3
Unaudited Consolidated Interim Statement of Changes in Shareholders' Equity	4
Unaudited Consolidated Interim Cash Flow Statement	5
Selected Notes to the Unaudited Consolidated Interim Financial Statements	6-14

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

INDEPENDENT AUDITORS' REVIEW REPORT

Introduction

We have reviewed the accompanying consolidated interim balance sheet of Efes Breweries International N.V. (the Company) and its subsidiaries as of June 30, 2005 and the related consolidated interim income statement, the consolidated interim statement of changes in shareholders' equity and the consolidated interim cash flow statement and the selected notes thereto for the six month period then ended (together consolidated interim financial statements). These consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

Scope

We conducted our review in accordance with International Standards on Auditing applicable to review engagements. These standards require that we plan and perform the review to obtain moderate assurance about whether the consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards.

Amsterdam, August 24, 2005

for Ernst & Young Accountants



W.Th. Abbink



C.N.J. Verhart

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED INTERIM BALANCE SHEET

As at June 30, 2005

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

ASSETS

	Notes	June 30, 2005 (unaudited)	December 31, 2004 (audited)
Current assets			
Cash and cash equivalents		124,751	134,668
Trade and other receivables		35,976	28,366
Due from related parties	9	3,407	3,384
Inventories		55,131	47,999
Prepayments and other current assets		32,454	19,613
Total current assets		251,719	234,030
Non-current assets			
Investments in securities	6	1,742	1,756
Property, plant and equipment	7	334,984	315,910
Intangible assets	8	67,220	69,164
Deferred tax assets		2,406	5,765
Prepayments and other non-current assets		2,133	3,816
Total non-current assets		408,485	396,411
Total assets		660,204	630,441

LIABILITIES AND EQUITY

	Notes	June 30, 2005 (unaudited)	December 31, 2004 (audited)
Current liabilities			
Trade and other payables		62,731	44,483
Due to related parties	9	17,001	13,478
Income tax payable		2,596	567
Short-term borrowings	10	62,091	30,154
Current portion of long-term borrowings	10	19,382	19,284
Total current liabilities		163,801	107,966
Non-current liabilities			
Long-term borrowings-net of current portion	10	43,976	53,471
Deferred tax liability		11,048	12,900
Other non-current liabilities		2,763	1,596
Total non-current liabilities		57,787	67,967
Equity			
Issued capital	4	156,921	156,921
Share premium		101,626	101,626
Currency translation reserve		18,858	30,886
Legal reserves and accumulated profit		89,721	91,931
		367,126	381,364
Minority interest		71,490	73,144
Total equity		438,616	454,508
Total liabilities and equity		660,204	630,441

The accompanying policies and explanatory notes on pages 6 through 14 form an integral part of these consolidated interim financial statements.

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED INTERIM INCOME STATEMENT

For the period ended June 30, 2005

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

	Six-month period ended June 30, 2005 (unaudited)	Six-month period ended June 30, 2004 (unaudited)
Sales	221,683	184,425
Cost of sales	(119,213)	(95,363)
Gross profit	102,470	89,062
Selling and marketing expenses	(60,292)	(42,468)
General and administrative expenses	(24,656)	(22,120)
Profit from operations	17,522	24,474
Financial expense	(9,965)	(1,439)
Other expense	(445)	(2,446)
Profit before tax	7,112	20,589
Income tax	(7,233)	(5,438)
Profit/(loss) after tax	(121)	15,151
<u>Attributable to:</u>		
Equity holders of the parent	(2,210)	12,174
Minority Interests	2,089	2,977
	(121)	15,151
Earnings per share (in full amounts of U.S. Dollars)		
Basic	(0.01)	0.10
Diluted	(0.01)	0.10

The accompanying policies and explanatory notes on pages 6 through 14 form an integral part of these consolidated interim financial statements.

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended June 30, 2005

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

	Share Capital	Share Premium	Currency Translation Reserve	Legal Reserves and Accumulated Profit	Total
Balance at January 1, 2004	124,630	21,567	16,537	56,330	219,064
Currency translation reserve	-	-	2,874	-	2,874
Net profit for the six-month period ended June 30, 2004	-	-	-	12,174	12,174
Balance at June 30, 2004 (unaudited)	124,630	21,567	19,411	68,504	234,112

	Share Capital	Share Premium	Currency Translation Reserve	Legal Reserves and Accumulated Profit	Total
Balance at January 1, 2005	156,921	101,626	30,886	91,931	381,364
Currency translation reserve	-	-	(12,028)	-	(12,028)
Net loss for the six-month period ended June 30, 2005	-	-	-	(2,210)	(2,210)
Balance at June 30, 2005 (unaudited)	156,921	101,626	18,858	89,721	367,126

The accompanying policies and explanatory notes on pages 6 through 14 form an integral part of these consolidated interim financial statements.

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the period ended June 30, 2005

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

	Six-month period ended June 30, 2005 (unaudited)	Six-month period ended June 30, 2004 (unaudited)
Cash flows from operating activities		
Net profit before minority interest and income tax	7,112	20,589
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Gain on sale of subsidiaries and investment in securities	-	(470)
Depreciation and amortization	19,388	16,341
Provision for bad debt	276	245
Provision for inventories	1,021	773
Income recognized from reversal of provision for bad debt	(42)	(138)
Income recognized from reversal of provision for inventories	(161)	(86)
Impairment in property, plant and equipment	(55)	3,006
Reserve for vacation pay liability	349	197
Provision for other assets	(9)	16
Loss from disposal of property, plant and equipment	124	94
Interest expense	3,299	3,078
Interest income	(1,486)	(89)
Net income adjusted for non-cash items	29,816	43,556
(Increase)/decrease in inventories	(7,992)	(5,974)
(Increase)/decrease in trade receivables	(7,844)	(8,439)
(Increase)/decrease in in due from related parties	(23)	923
Increase/(decrease) in trade and other payables	17,899	14,131
Increase/(decrease) in due to related parties	3,523	2,373
(Increase)/decrease in other current assets	(12,755)	(5,049)
Decrease/(increase) in other non-current assets	1,683	142
Increase/(decrease) in other non-current liabilities	1,167	3,262
Taxes paid	(3,817)	(5,306)
Interest received	1,409	45
Interest paid	(3,015)	(3,348)
Net cash provided by operating activities	20,051	36,316
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(54,587)	(32,774)
Proceeds from sale of property, plant and equipment	411	639
Acquisition of subsidiary, net of cash acquired	-	(323)
Capital increase at subsidiaries by minority shareholders	-	4,836
Dividends paid to minority shareholders	(901)	-
Net cash used in investing activities	(55,077)	(27,622)
Cash flows from financing activities		
Net increase/(decrease) in short-term debt	34,731	(2,136)
Proceeds from long-term debt	-	154
Repayment of long-term debt	(9,151)	(6,486)
Net cash provided by financing activities	25,580	(8,468)
Currency translation differences	(471)	(1,621)
Net increase/(decrease) in cash and cash equivalents	(9,917)	(1,395)
Cash and cash equivalents at beginning of year	134,668	32,677
Cash and cash equivalents at end of period	124,751	31,282

The accompanying policies and explanatory notes on pages 6 through 14 form an integral part of these consolidated interim financial statements.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

(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 office of the Company is located at 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 depository receipts (GDR's) representing an interest in five shares constituting 8,354,013 GDR's. The GDR's are 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 unaudited consolidated interim 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, 2005 and December 31, 2004 are as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			June 30, 2005	December 31, 2004
ZAO Moscow-Efes Brewery (Efes Moscow)	Russia	Production and marketing of beer	71.00	71.00
OAO Amstar (Amstar) (*)	Russia	Production of beer	71.00	71.00
ZAO Efes Entertainment (Efes Entertainment) (*)	Russia	Entertainment	60.35	60.35
JSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and marketing of beer	100.00	100.00
Interbrew Efes Brewery S.A (Interbrew Efes) (**)	Romania	Production of beer	49.99	49.99
Efes Ukraine Brewery (Efes Ukraine) (***)	Ukraine	Production and marketing of beer	58.91	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)	Serbia & Montenegro (Serbia)	Production and marketing of beer	62.85	62.85
Efes Zajecar Brewery d.o.o (Efes Zajecar)	Serbia	Production and marketing of beer	64.40	64.40
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
Euro-Asian Brauerein Holding GmbH (Euro Asian)	Germany	Investment company	100.00	100.00

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

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

(***) Refer to Note 3 for detailed information.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

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

Environments and Economic Conditions of Subsidiaries

The countries where 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

In preparation of the consolidated interim financial statements of the Company, the same accounting policies and methods of computation were followed in the unaudited consolidated interim financial statements as compared to the most recent annual financial statements except for the one which is explained below. The consolidated interim financial statements have been prepared in compliance with IAS 34, "Interim Financial Reporting".

Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. For the period ended June 30, 2004 goodwill was amortised on a straight-line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is stated at cost less accumulated amortisation and any impairment in value.

In 2004, IASB issued IFRS 3, revised IAS 36 'Impairment of Assets' and revised IAS 38 'Intangible Assets' which should be applied on acquisition to the accounting for goodwill in business combinations for which the agreement date is after 31 March 2004. The previous version of IAS 38 was based on the assumption that the useful life cannot exceed twenty years from the date the asset is available for use. That presumption has been removed. The Standards require goodwill not to be amortised and to be tested for impairment annually.

Therefore, starting from January 1, 2005, goodwill acquired in a business combination is no further amortised but tested for impairment annually, irrespective of whether there is any indication that it may be impaired.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

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

3. CHANGES IN GROUP'S ORGANIZATION

For 2005

There has been no change in group's organisation for the six-month period ended June 30, 2005.

For 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 9,860 where the cash contributions of the Company and the minority shareholders were USD 5,024 and USD 4,836, respectively.

As a result of above transactions the effective shareholding of the Company in Efes Ukraine has increased from 51.00% to 58.91% and the Company has recognised a gain on dilution of USD 470 in the consolidated income statement in the period ended as of June 30, 2004.

4. SHARE CAPITAL

	June 30, 2005	December 31, 2004
	Number of shares	Number of shares
Common shares , 1 EUR, par value		
Authorized	250,000,000	250,000,000
Issued and outstanding	148,000,000	148,000,000

As at June 30, 2005, the composition of shareholders and their respective % of ownership can be summarized as follows:

	June 30, 2005	December 31, 2004
Anadolu Efes	70.22%	70.22%
Public	29.78%	29.78%
Total	100.00%	100.00%

Movements in share capital

The movement of the share capital of the Company during the six-month period ended June 30, 2005 was as follows:

	2005	
	Number of shares	USD
Opening, January 1	148,000,000	156,921
Shares issued	-	-
Closing, June 30	148,000,000	156,921

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

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

5. 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 has been granted to Invesco Funds, which is related to Efes Ukraine's minority shareholders, by the Company that may be exercisable between 2005 and 2012. By such put option, Invesco Funds will be entitled to sell its Efes Ukraine shares (such shares which will be owned by Invesco Funds at the time such option becomes exercisable) to the Company at an option price to be determined by an independent valuation.

The Company will purchase (and has already begun the process of acquiring) from the minority shareholders of Efes Ukraine their collective 41.1% interest for a price equal to approximately USD 1.7 million. Consequently, the put option which has been granted to Invesco Funds by the Company will be terminated when the purchase of the shares by the Company is completed.

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 Efes Moscow shares to the Company at an option price to be determined by an independent valuation.

A put option has been granted to Amsterdam Brewery Investment B.V. by the Company that may be exercisable between 2005 and 2007. By such put option, Amsterdam Brewery Investment B.V. will be entitled to sell its Efes Moscow shares to the Company at an option price to be determined by an independent valuation.

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.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

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

6. INVESTMENTS IN SECURITIES

	June 30, 2005	December 31, 2004
ZAO Mutena Maltery (Mutena Maltery)	1,511	1,511
Others	231	245
Total available-for-sale investments – non-current	1,742	1,756

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.

7. PROPERTY, PLANT AND EQUIPMENT

For the six-month period ended June 30, 2005, additions and disposals of property, plant and equipment were as follows:

	Additions	Disposals, net	Transfers
Land	-	-	6
Buildings	-	(16)	387
Infrastructure	-	(2)	(321)
Machinery and equipment	2,023	(340)	29,272
Motor vehicles	586	(118)	1,849
Other tangible assets	2,126	(59)	255
Construction in progress	49,492	-	(31,448)
	54,227	(535)	-

1) Borrowing costs

Borrowing costs capitalized as property, plant and equipment amounted to USD nil for the six-month period ended June 30, 2005.

2) Impairment losses

For the six-month period ended June 30, 2005, an impairment loss of USD 55 was recognised.

3) Pledge on tangible assets

Refer to Note 10 for pledge on tangible assets.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

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

8. INTANGIBLE ASSETS

For the six-month period ended June 30, 2005, additions to intangible assets were as follows:

	Additions
Other intangible assets	360
	360

9. RELATED PARTY BALANCES AND TRANSACTIONS

For the purposes of the unaudited consolidated interim 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 consolidated interim balance sheet.

2) Transactions with Related Parties

The most significant transactions with related parties for the six-month period ended June 30, 2005 were as follows:

Nature of Transaction	Related Party	Amount
Management and license fee expense to;	Efes Holland (2)	3,395
Interest expense to;	Coca-Cola Rostov (2)	171
Sale of beer to;	Coca-Cola Bishkek (2)	335
Purchase of other materials from;	Coca-Cola Bishkek (2)	16
Sale of beer to;	Coca-Cola Almaty (2)	4,127
Purchase of soda drinks from;	Coca-Cola Almaty (2)	1,707
Processing services from;	Coca-Cola Almaty (2)	96
Purchase of other materials from;	Coca-Cola Almaty (2)	341
Purchase of raw materials from;	Oyex Handels Gmbh (2)	2,396
Purchase of beer from;	Anadolu Efes (1)	216
Purchase of other materials from;	Anadolu Efes (1)	324
Processing services from;	Mutena Maltery (3)	2,562
Heating and water services given to;	Mutena Maltery (3)	422
Interest expense on trade payables to;	Mutena Maltery (3)	101

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

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

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

10. BORROWINGS

For the six-month period ended June 30, 2005, issuance, repurchases and repayments of borrowings were as follows:

	Short-Term	Long-Term
Balance as of December 31, 2004	30,154	72,755
Proceeds	45,268	-
Interest expense	825	2,474
Repayments	(11,236)	(11,466)
Currency translation differences	(2,920)	(405)
Total	62,091	63,358
Less: current portion		(19,382)
Long-term debt net-of current portion		43,976

As of June 30, 2005, USD 87,762 (December 31, 2004 - USD 73,167) of the total borrowings were secured with the followings:

- Certain fixed assets and inventory of the Group amounting to USD 4,615
- Cash collaterals amounting to USD 31,029.
- 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 Moscow and 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 20,000 provided by Anadolu Efes.

11. SEGMENT REPORTING

The Company 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 company'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	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Total Assets	338,027	312,098	322,177	318,343	660,204	630,441
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Sales	169,424	142,594	52,259	41,831	221,683	184,425
Purchase of property, plant and equipment and intangible assets	34,070	23,501	20,517	9,273	54,587	32,774

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

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

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:

	2005	2004
Net profit attributable to ordinary shareholders	(2,210)	12,174
Weighted average number of ordinary shares	148,000,000	122,323,800 (*)
EPS (in full U.S. Dollars)	(0.01)	0.10

(*) 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 weighted average number of shares has been adjusted from 1,223,238 shares to 122,323,800 shares to give effect to the share split.

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, 2005, 10% of the Group's long-term debt was at fixed rates (December 31, 2004, 10%).

The weighted average effective interest rates which are calculated from different types of currencies, as at June 30, 2005 are as follows:

Fixed rate bank loans	5.2%
Floating rate bank loans	Applicable Base Rate + 2.5%
Fixed leasing	7.8%

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.

Efes Breweries International N.V. and its Subsidiaries

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended June 30, 2005

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

13. FINANCIAL INSTRUMENTS (Continued)

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 Company as of June 30, 2005 is approximately USD 6 million (December 31, 2004, USD 16 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.

14. SUBSEQUENT EVENTS

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