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INDEPENDENT AUDITORS' REPORT

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

Introduction
We have audited the consolidated financial statements of Efes Breweries International N.V. and subsidiaries (the Company) for the years ended December 31, 2003 and 2002 which comprise the consolidated balance sheets, consolidated income statements, consolidated cash flow statements, consolidated changes in equity and the related notes 1 to 29. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated balance sheet and the related consolidated statements of income, cash flows, and changes in equity for the year ended December 31, 2001, were audited by other auditors who have ceased operations and whose report dated April 15, 2002, expressed an unqualified opinion on those statements.

Scope
We conducted our audits 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 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 financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Amsterdam, March 30, 2004

Ernst & Young Accountants

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED BALANCE SHEET
As at December 31, 2003, 2002 and 2001

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

	Notes	2003	2002	2001
ASSETS				
Current assets				
Cash and cash equivalents	4	32,677	38,974	24,392
Trade and other receivables	5	17,700	10,026	5,542
Due from related parties	28	4,616	4,995	2,815
Inventories	6	37,798	17,410	15,130
Prepayments and other current assets	7	15,351	13,240	7,167
Total current assets		**108,142**	**84,645**	**55,046**
Non-current assets				
Investments in securities	10	1,754	3,064	3,064
Property, plant and equipment	8	267,639	190,039	130,535
Intangible assets	9	65,266	3,555	2,390
Deferred tax assets	24	3,361	—	—
Prepayments and other non-current assets		2,442	1,701	967
Total non-current assets		**340,462**	**198,359**	**136,956**
Total assets		**448,604**	**283,004**	**192,002**
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	11	30,890	16,134	12,862
Due to related parties	28	13,751	7,393	5,420
Income tax payable		491	—	1,530
Short-term borrowings	12	32,769	23,245	16,280
Current portion of long-term borrowings	12	12,960	10,950	11,531
Total current liabilities		**90,861**	**57,722**	**47,623**
Non-current liabilities				
Long-term borrowings — net of current portion	12	71,534	36,718	30,420
Deferred tax liability	24	12,087	9,040	4,096
Other non-current liabilities		1,277	1,667	1,911
Total non-current liabilities		**84,898**	**47,425**	**36,427**
Minority interest		**53,781**	**25,760**	**19,545**
Equity				
Issued capital	13	124,630	121,641	95,936
Share premium	13	21,567	18,671	—
Currency translation reserve		16,537	8,581	2,661
Legal reserves and accumulated profit/(deficit)		56,330	3,204	(10,190)
Total equity		**219,064**	**152,097**	**88,407**
Total liabilities and equity		**448,604**	**283,004**	**192,002**

The accompanying policies and explanatory notes on pages F-20 through F-53 form an integral part of these financial statements.

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2003, 2002 and 2001

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

	Notes	2003	2002	2001
Sales		**264,119**	160,110	102,620
Cost of sales	15	**(136,322)**	(84,290)	(57,841)
Gross profit		**127,797**	75,820	44,779
Selling and marketing expenses	16	**(59,052)**	(32,392)	(14,781)
General and administrative expenses	17	**(32,880)**	(21,638)	(17,654)
Profit from operations		**35,865**	21,790	12,344
Financial expense	20	**(1,268)**	(4,026)	(9,483)
Other income/(expense)	21	**29,342**	(441)	795
Gain on net monetary position	22	**—**	5,804	6,342
Profit before tax		**63,939**	23,127	9,998
Income tax	23	**(8,150)**	(5,871)	5,205
Profit after tax		**55,789**	17,256	15,203
Minority interest		**(2,663)**	(1,147)	(4,237)
Net profit		**53,126**	16,109	10,966
Earnings per share (in full amounts of U.S Dollars)				
Basic	14	**43.7**	14.3	13.4
Diluted	14	**43.7**	14.3	13.4

The accompanying policies and explanatory notes on pages F-20 through F-53 form an integral part of these financial statements.

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2003, 2002 and 2001

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

	Share Capital	Shares to be Issued	Share Premium	Currency Translation Reserve	Legal Reserves and Accumulated Profit/(Deficit)	Total
Balance at January 1, 2001						
As previously stated	70,974	11,000	—	—	(27,299)	54,675
Effect of adopting IAS 29	—	—	—	—	6,186	6,186
As Restated	**70,974**	**11,000**	**—**	**—**	**(21,113)**	**60,861**
Issue of share capital (Note 13)	24,962	(11,000)	—	—	—	13,962
Effect of adopting IAS 39	—	—	—	—	(43)	(43)
Currency translation reserve	—	—	—	2,661	—	2,661
Net profit for the year	—	—	—	—	10,966	10,966
At December 31, 2001	**95,936**		**—**	**2,661**	**(10,190)**	**88,407**
Issue of share capital (Note 13)	25,705	—	18,288	—	—	43,993
Reclassification	—	—	383	—	(383)	—
Currency translation reserve	—	—	—	5,920	—	5,920
Effect of group restructuring (Note 3)	—	—	—	—	(2,332)	(2,332)
Net profit for the year	—	—	—	—	16,109	16,109
At December 31, 2002	**121,641**		**18,671**	**8,581**	**3,204**	**152,097**
Issue of share capital (Note 13)	**2,989**	**—**	**2,896**	**—**	**—**	**5,885**
Currency translation reserve	**—**	**—**	**—**	**9,486**	**—**	**9,486**
Recognition of currency translation due to dilution at Efes Russia (Note 3)	**—**	**—**	**—**	**(1,530)**	**—**	**(1,530)**
Net profit for the year	**—**	**—**	**—**	**—**	**53,126**	**53,126**
At December 31, 2003	**124,630**		**21,567**	**16,537**	**56,330**	**219,064**

The accompanying policies and explanatory notes on pages F-20 through F-53 form an integral part of these financial statements.

Efes Breweries International N.V. and its Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT
For the year ended December 31, 2003, 2002 and 2001

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

	2003	2002	2001
Cash flows from operating activities			
Net profit before minority interest, income tax and gain/(loss) on net monetary position	**63,939**	17,323	3,656
Adjustments to reconcile net income to net cash provided by operating activities			
Gain on sale of subsidiaries and investment in securities	**(25,265)**	—	(2,157)
Recognition of currency translation due to dilution at Efes Russia	**(1,530)**	—	—
Depreciation and amortisation	**24,051**	14,684	11,029
Provision for bad debt	**439**	167	494
Provision for inventories	**1,185**	57	16
Income recognised from reversal of provision for bad debt	**(82)**	(400)	—
Income recognised from reversal of provision for inventories	**(224)**	(173)	—
Foreign exchange loss raised on loans	**1,379**	2,063	—
Loss from disposal of property, plant and equipment	**421**	130	234
Reserve for vacation pay liability	**102**	356	—
Other non-cash incomes/(expenses)	**46**	202	1,316
Interest expense	**5,161**	4,083	4,126
Interest income	**(208)**	(373)	(509)
Impairment in property, plant and equipment	**—**	272	61
Net income adjusted for non-cash items	**69,414**	38,391	18,266
(Increase)/decrease in inventories	**(14,674)**	2	5,252
(Increase)/decrease in trade receivables	**(3,664)**	(2,721)	(1,252)
(Increase)/decrease in due from related parties	**378**	(2,180)	(2,221)
Increase/(decrease) in trade and other payables	**2,688**	1,847	(12,280)
Increase/(decrease) in due to related parties	**6,358**	1,973	934
(Increase)/decrease in other current assets	**(858)**	(5,286)	(3,288)
(Increase)/decrease in other non-current assets	**(805)**	(734)	151
Increase/(decrease) in other non-current liabilities	**(392)**	(637)	1,913
Taxes paid	**(9,036)**	(3,305)	(3,954)
Interest received	**317**	—	—
Interest paid	**(5,523)**	(4,311)	(4,117)
Net cash provided by operating activities	**44,203**	23,039	(596)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	**(43,066)**	(54,307)	(21,677)
Proceeds from sale of property, plant and equipment	**1,099**	162	1,029
Proceeds from the sale of investment in securities	**1,938**	—	12,761
Acquisition of subsidiary, net of cash acquired	**(45,302)**	(11,158)	—
Capital increases of subsidiaries from minority shareholders	**2,258**	3,321	—
Net cash used in investing activities	**(83,073)**	(61,982)	(7,887)
Cash flows from financing activities			
Net decrease in short-term debt	**1,584**	(1,190)	(250)
Proceeds from long-term debt	**47,230**	25,945	14,115
Repayment of long-term debt	**(18,503)**	(15,303)	(11,698)
Proceeds from issuance of share capital	**2,989**	25,705	13,962
Increase in share premium	**2,896**	18,288	—
Net cash provided by financing activities	**36,196**	53,445	16,129
Monetary gain on cash and cash transactions and currency translation differences	**(3,623)**	80	3,132
Net increase in cash and cash equivalents	**(6,297)**	14,582	10,778
Cash and cash equivalents at beginning of year	**38,974**	24,392	13,614
Cash and cash equivalents at end of year	**32,677**	38,974	24,392

The accompanying policies and explanatory notes on pages F-20 through F-53 form an integral part of these financial statements.

(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 office of the Company is located at Strawinskylaan 633, 1077XX Amsterdam, The Netherlands.

In June 2003, the articles of association were changed and the Company transformed its legal status from a B.V. into a N.V.

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(1) and their shareholding percentages at December 31, 2003, 2002 and 2001 were as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights % December 31, 2003	December 31, 2002	December 31, 2001
ZAO Moscow-Efes Brewery (Efes Moscow)	Russia	Production and marketing of beer	**71.00**	74.50	74.50
OAO Amstar (Amstar)(*)(**)	Russia	Production of beer	**71.00**	—	—
ZAO Efes Entertainment (Efes Entertainment)(**)	Russia	Entertainment	**60.35**	—	—
CJSC 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	49.99
Efes Ukraine Brewery (Efes Ukraine)(*)	Ukraine	Production and marketing of beer	**51.00**	51.00	51.00
Efes Vitanta Moldova Brewery S.A. (Efes Vitanta)(*)	Moldova	Production and marketing of beer, soft drinks, low alcoholic drinks and mineral water	**96.50**	—	—
Efes Weifert Brewery d.o.o (Efes Weifert)(*)	Serbia	Production and marketing of beer	**62.85**	—	—
Efes Commerce d.o.o Belgrade (Efes Commerce)(*)	Serbia	Production and marketing of beverages	**100.00**	—	—
Efes Romania Industrie Si Comert S.A. (ERIC)(*)	Romania	Distribution of Beer	**99.996**	99.996	99.995
Efes Productie S.R.L. (Efes Productie)	Romania	Distribution of Beer	**69.70**	69.70	69.70

(1) Amstar, Efes Entertainment, Efes Vitanta, Efes Weifert and Efes Commerce are not included in the consolidation for 2002 and 2001; Efes Karanganda is not included in the consolidation for 2001.

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

1. GENERAL (Continued)

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights % December 31, 2003	December 31, 2002	December 31, 2001
Euro-Asian Brauerein Holding GmbH (Euro Asian)	Germany	Investment Company	**100.00**	100.00	100.00

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

(**) Subsidiaries of Efes Russia, 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.

Environments and Economic Conditions of Subsidiaries

The countries in which the consolidated subsidiaries are operating, have undergone substantial, political and economic changes in the recent years. Accordingly such markets do not possess well-developed business infrastructures and the operations in such countries might carry risks that 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.

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 with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. 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.

Changes in Accounting Principles

Standing Interpretations Committee (SIC) 19 and SIC 30 application

Until 2001, the subsidiaries in Russia, Ukraine (applied only at December 31, 2000 financials) and Romania (except for Interbrew Efes) had adopted U.S. dollars as their measurement and reporting currencies and since U.S. dollars is not the currency of a hyperinflationary economy, they did not apply IAS 29. SIC19, which became

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

effective from January 1, 2001, did not allow such treatment. According to SIC19, companies operating in a highly inflationary economy and which do not meet the requirements of selecting a hard currency as the measurement currency need to apply IAS 29, which requires that financial statements prepared in the currency of a highly inflationary economy should be stated in terms of the measuring unit current at the balance sheet date and corresponding figures for previous period should be restated in the same terms, before translating them into U.S. dollars.

The Group adopted SIC 19 effective from January 1, 2001 and applied its requirements retroactively to the December 31, 2000 financial statements as follows:

	Shareholders' Equity
Balance at December 31, 2000 as previously reported	54,675
Effect of restatement per IAS 29 instead of IAS 21	6,186
Balance as of December 31, 2000 as restated in the accompanying consolidated financial statements	60,861

The Ukrainian economy has been regarded as hyperinflationary during the ten-year period ended December 31, 2000. As such, Efes Ukraine has applied IAS 29 only to the comparative financial statements for 2000. The subsidiary applied SIC 30 effective from January 1, 2001, in the accompanying consolidated December 31, 2001 financials.

IAS 39 application

IAS 39 sets out, for the first time, requirements for the recognition, derecognition and measurement of derivatives, all monetary assets and liabilities on a company's balance sheet and its equity investments. Eliminated from this standard are requirements relating to investments in associates, leases, employee benefits and tax balances that are dealt with by other standards. The standard imposes strict limits on the use of hedge accounting, even for hedges that are economically effective. The standard is effective from January 1, 2001. Implementation by the Company of IAS 39 had the effect of increasing accumulated deficit by US$43 million at January 1, 2001.

Reclassifications on 2002 and 2001 Financials

The Company has made certain reclassifications in the comparative figures as of December 31, 2002 and 2001 to be consistent with the current year presentation.

Measurement Currency, Reporting Currency and Translation Methodology

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.

Accordingly, the USD was determined to be the Company's measurement currency which reflects the economic substance of the underlying events and circumstances relevant to the Company.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Currencies of the Subsidiaries:

	Local Currency	December 31, 2003 Measurement Currency	December 31, 2002 Measurement Currency	December 31, 2001 Measurement Currency
Efes Russia	RUR	RUR	RUR	RUR
Efes Karaganda	KZT	KZT	KZT	KZT
Interbrew Efes	ROL	EUR	EUR	EUR
Efes Ukraine	UAH	UAH	UAH	UAH
Efes Vitanta	MDL	MDL	—	—
Efes Commerce	YUM	YUM	—	—
ERIC	ROL	ROL	ROL	ROL
Efes Productie	ROL	ROL	ROL	ROL
Euro Asian	EUR	USD	USD	USD
Amstar	RUR	RUR	—	—
Efes Entertainment	RUR	RUR	—	—
Efes Weifert	YUM	YUM	—	—

The assets and liabilities of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The profit and loss 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 equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the profit and loss statement as a component of the gain or loss on disposal.

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 date of the transaction.

The majority of the foreign consolidated subsidiaries are regarded as foreign entities since they are financially, economically and organisationally autonomous.

Hyperinflation

IAS 29, ‘‘Financial Reporting in Hyperinflationary Economies’’, requires that financial statements of enterprises that report in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. IAS 29 indicates that reporting operating results and financial position in the local currency without restatement is not useful because money loses purchasing power at such a rate that the comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, is misleading. Certain of the Company's subsidiaries operated in economies considered to be hyperinflationary pursuant to IAS 29 up to the end of 2002.

The following principles related to the restatement of such subsidiary's financial statements:

- Non-monetary items not already expressed in terms of the measuring currency at the balance sheet date were restated by applying a general price index.
- Monetary items were not restated
- All items in the income statement were restated for the change in the general price index from the transaction date to the balance sheet date

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The gain or loss on the net monetary position was included in net income.

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 unrealised 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

Interbrew Efes is a jointly controlled entity. The Company's ownership interest in Interbrew Efes is recognized by including the accounts using the proportionate consolidation basis, i.e. by including in the accounts under the appropriate financial statements headings of the Company's proportion of the joint venture revenue, costs, assets and liabilities. An assessment of interests in joint ventures is made when there are indications that the assets have been impaired or the impairment losses recognized in prior years no longer exist.

Foreign Currency Transactions

Each entity within the Group translates its foreign currency transactions and balances into its measurement currency by applying to the foreign currency amount the exchange rate between the measurement 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 recognized in the income statement in the period in which they arise.

The "currency translation differences" account is used for translation differences arising on consolidation of financial statements of foreign entities. On disposal of a foreign entity, accumulated exchange differences are recognised in the income statement at the date of the transaction.

Cash and Cash Equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade and Other Receivables

Trade receivables, are recognised at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Inventories

Inventories, including work-in-process, are valued at the lower of cost and net realisable value, after provision for obsolete items. Net realisable 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. Unrealisable inventory has been fully written off.

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

Investments

Investments classified as available-for-sale 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. 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 largely 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.

Intangibles

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. Goodwill is 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.

Intangible Assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The cost of acquisition of new software is capitalised 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.

Research and Development Cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Recognition and Derecognition of Financial Instruments

The Group recognises 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 derecognises a financial asset or a

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion financial asset. The Group derecognises a financial liability when and only when a liability is extinguished, that is when the obligation specified in the contract is discharged, cancelled and expires.

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 net profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation 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 capitalised 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 capitalised 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 against income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

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 goodwill amortisation 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 utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 utilised.

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

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.

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.

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 realise the asset and settle the liability simultaneously.

3. CHANGES IN THE GROUP'S ORGANISATION

For the year 2003

In January 2003, the Company purchased 96.5% of the shares of Efes Vitanta, located in the capital city of Moldova (prior to the acquisition, "Vitanta Intravest S.A.").

3. CHANGES IN THE GROUP'S ORGANISATION (Continued)

In August 2003, the Company acquired 62.85% of Efes Weifert, (prior to the acquisition, ''A.D. Pivara Pancevo'') a Serbian company through a cash contribution to the company's share capital.

At the acquisition of Efes Vitanta and Efes Weifert, the Company has applied IAS 22 — Accounting for Business Combinations, ''allowed alternative treatment'', which states that the identifiable assets and liabilities recognised should be measured at their fair values as at the date of acquisition. Any minority interest should be stated at the minority's proportion of the fair values of the identifiable assets and liabilities recognised.

In July 2003, the Company acquired 6.5% of Efes Russia's shares from the minority shareholders of Efes Russia.

In August 2003, the Company entered into a shareholders agreement with Amsterdam Breweries International B.V., pursuant to which Efes Russia acquired 100% of the share capital of Amstar, whose principal asset was a brewery in Ufa, through a combination of cash equal to USD 13,887 and subscription rights to shares constituting 12.4% of the share capital of Efes Russia on a fully diluted basis. Subsequently, the effective shareholding of the Company at Efes Russia decreased to 71.0%. As a result of this transaction the Company has recognised a gain on sales of participation of USD 24,881 and a currency translation gain of USD 1,530 in the consolidated income statement in 2003 (Refer to Note 21).

The excess of the acquisition costs over the fair values of the net assets acquired in 2003 was USD 60,303 and has been recorded as goodwill in the consolidated balance sheet as of December 31, 2003 (Refer to Note 9).

In April 2003, the Company incorporated a new subsidiary, Efes Commerce, in Belgrade, Serbia and Montenegro, with a capital of USD 20.

For the year 2002

On January 3, 2002, the Company acquired all of the outstanding common stock of Efes Karaganda from Efes Pazarlama ve Dağıtım Ticaret A.Ş (Efpa) (a subsidiary of Anadolu Efes) for a cash price of USD 11,367. Both the Company and Efpa are under the common control of Anadolu Efes. The excess of purchase price over the fair values of the net assets acquired was USD 2,332 and has been recorded as a decrease in the shareholders' equity in the consolidated balance sheet as of December 31, 2002. Accordingly, the consolidated income statement and consolidated cash flow statement include the results and cash flows of Efes Karaganda for the twelve-month period from its acquisition on January 3, 2002.

During 2002, ERIC has increased its share capital where the minority shareholders of the Subsidiary have not exercised their pre-emptive rights. Consequently, the effective shareholding of the Company in ERIC has increased from 99.995% to 99.996% in 2002.

For the year 2001

In 2001, ERIC increased its share capital and the Company increased its shareholding from 99.993% to 99.995% in this increase.

On January 8, 2001, the Company sold 25,028,292 shares, 6.50% of the share capital of Efes Russia, to EL&EL Limited and in return it has been paid a cash amount of USD2.9 million. On March 21, 2001, the Company sold 38,505,065 shares, 10% of the share capital of Efes Russia, to European Bank for Reconstruction and Development (EBRD) and in return it has been paid a cash amount of USD 4.5 million. The sales price of

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

3. CHANGES IN THE GROUP'S ORGANISATION (Continued)

such shares was agreed upon the basis of the historical cost of Efes Russia capital. In the accompanying consolidated financial statements as of December 31, 2001, a gain of USD 691 is recognised, in the other income, as a result of disposal of such shares.

As of December 31, 2000, the Company's shareholding in Efes Ukraine was 100%. On December 4, 2001, Efes Ukraine was re-registered as a closed joint-stock company with the following shareholders' structure — 51% the Company and 49% Chernomor. Chernomor contributed USD 5.3 million in the form of fixed assets. In the accompanying consolidated financial statements as of December 31, 2001, a gain of USD 1,466 is recognised in other income. Such a gain occurred because pre-emptive rights were not exercised.

4. CASH AND CASH EQUIVALENTS

	2003	2002	2001
Cash on hand	**59**	11	119
Banks accounts (including short-term time deposits)	**32,585**	38,961	24,252
Other	**33**	2	21
Cash and cash equivalents per consolidated cash flow statement	**32,677**	38,974	24,392

Loans utilised by Efes Russia of USD 3,000, by Efes Ukraine of USD 4,769, by Efes Karaganda of USD 2,762 and by Rostov Beverage CJSC (Rostov Beverage-a related party) of USD 6,974 as of December 31, 2003 are secured with the same amount of cash at banks (Refer to Note 12)(2002 — USD 14,558, 2001 — USD 16,550).

Time deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest between 1.4% and 4.5%.

5. TRADE AND OTHER RECEIVABLES

	2003	2002	2001
Accounts Receivable	**18,977**	10,609	6,235
Loan notes (Notes receivable)	**30**	—	—
Less: provision for doubtful accounts	**(1,318)**	(596)	(726)
Others	**11**	13	33
Total	**17,700**	10,026	5,542

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

6. INVENTORIES

	2003	2002	2001
Raw materials	**21,424**	10,325	9,775
Finished goods	**3,980**	2,275	2,036
Work-in-process	**3,931**	2,153	1,116
Supplies	**1,374**	1,276	1,185
Merchandise	**898**	24	257
Less reserve for obsolescence	**(4,179)**	(2,096)	(2,193)
Others	**10,370**	3,453	2,954
Total	**37,798**	17,410	15,130

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	2003	2002	2001
Advances given to suppliers	**6,044**	226	1,609
VAT deductible	**5,886**	4,366	466
Prepaid expenses	**522**	4,468	1,299
Other receivables	**2,957**	4,203	4,363
Less provision for other receivables	**(58)**	(23)	(570)
Total	**15,351**	13,240	7,167

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

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Infrastructure	Machinery and Equipment	Furniture And Vehicles	Other	Construction in progress	Total
Cost								
January 1, 2001								
— as previously stated	—	40,843	2,473	62,927	5,995	2,049	3,382	**117,669**
— restatement effect	—	3,745	299	8,336	(2,905)	—	256	**9,731**
— as restated	**—**	**44,588**	**2,772**	**71,263**	**3,090**	**2,049**	**3,638**	**127,400**
Additions	—	2,322	1,155	2,888	631	984	13,586	**21,566**
Disposals	—	—	—	(1,923)	(666)	(71)	—	**(2,660)**
Currency translation difference	—	3,192	304	4,836	186	(98)	238	**8,658**
Transfers	—	728	7	7,426	279	—	(8,440)	**—**
December 31, 2001	**—**	**50,830**	**4,238**	**84,490**	**3,520**	**2,864**	**9,022**	**154,964**
Reclassification	—	(1,905)	—	1,905	—	—	—	**—**
Additions	—	628	39	477	192	1,025	50,186	**52,547**
Disposals	—	—	—	(209)	(343)	(86)	(10)	**(648)**
Addition through subsidiary acquired	307	751	—	4,391	196	594	3,415	**9,654**
Currency translation difference	(11)	5,115	275	8,831	250	299	611	**15,370**
Transfers	—	11,770	342	13,893	1,747	7	(27,759)	**—**
December 31, 2002	**296**	**67,189**	**4,894**	**113,778**	**5,562**	**4,703**	**35,465**	**231,887**
Reclassification	—	—	—	416	—	(416)	—	**—**
Additions	79	115	1	2,782	176	1,187	37,514	**41,854**
Disposals	—	—	—	(1,737)	(243)	(13)	(751)	**(2,744)**
Addition through subsidiary acquired	271	15,138	4,155	31,929	2,454	2,846	1,401	**58,194**
Currency translation difference	46	7,303	324	14,714	678	567	2,450	**26,082**
Transfers	—	11,385	178	50,580	2,032	463	(64,638)	**—**
December 31, 2003	**692**	**101,130**	**9,552**	**212,462**	**10,659**	**9,337**	**11,441**	**355,273**
Accumulated Depreciation and Impairment Losses								
Balance at January 1								
— as previously stated	—	2,383	100	9,476	2,079	77	—	**14,115**
— restatement effect	—	59	(6)	844	(1,174)	480	—	**203**
— as restated	**—**	**2,442**	**94**	**10,320**	**905**	**557**	**—**	**14,318**
Depreciation for the year	—	1,945	77	7,668	629	236	—	**10,555**
Impairment losses	—	—	—	—	—	61	—	**61**
Disposals	—	—	—	(662)	(231)	(504)	—	**(1,397)**
Currency translation difference	—	175	10	650	59	(2)	—	**892**
December 31, 2001		**4,562**	**181**	**17,976**	**1,362**	**348**	**—**	**24,429**
Reclassification	—	(186)	—	292	(106)	—	—	**—**
Depreciation for the year	—	2,963	116	9,729	645	634	—	**14,087**
Impairment losses	—	33	—	—	239	—	—	**272**
Disposals	—	—	—	(50)	(221)	(85)	—	**(356)**
Addition through subsidiary acquired	—	67	—	477	31	117	—	**692**
Currency translation difference	—	519	17	2,110	115	(37)	—	**2,724**
December 31, 2002	**—**	**7,958**	**314**	**30,534**	**2,065**	**977**	**—**	**41,848**
Reclassification	—	—	—	(77)	—	77	—	**—**
Depreciation for the year	—	3,699	213	15,462	1,127	1,136	—	**21,637**
Disposals	—	—	—	(981)	(229)	(14)	—	**(1,224)**
Addition through subsidiary acquired	—	4,468	2,053	10,482	1,379	781	—	**19,163**
Currency translation difference	—	1,259	(30)	4,483	293	205	—	**6,210**
December 31, 2003	**—**	**17,384**	**2,550**	**59,903**	**4,635**	**3,162**	**—**	**87,634**
Net book value								
December 31, 2001	**—**	**46,268**	**4,057**	**66,514**	**2,158**	**2,516**	**9,022**	**130,585**
December 31, 2002	**296**	**59,231**	**4,580**	**83,244**	**3,497**	**3,726**	**35,465**	**190,039**
December 31, 2003	**692**	**83,746**	**7,002**	**152,559**	**6,024**	**6,175**	**11,441**	**267,639**

8. PROPERTY, PLANT AND EQUIPMENT — (Continued)

As of December 31, 2003, 2002 and 2001, 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).

1) Equipment under finance lease

The cost of property, plant and equipment held under finance lease is USD 8,547, USD 8,035 and USD 1,911 and has a net book value of USD 6,763, USD 7,116 and USD 1,747 as at December 31, 2003, 2002 and 2001, respectively (Refer to Note 27).

2) Borrowing costs

Property, plant and equipment include borrowing costs incurred in connection with the construction of certain assets. The gross amounts of borrowing costs capitalised as property, plant and equipment amounted to USD 587, USD 706 and USD 215 as of December 31, 2003, 2002 and 2001, respectively, and were calculated over the terms of long-term borrowings by taking their interest rates into account.

3) Impairment losses

During 2003, no impairment loss was recognised. (2002-USD 272, 2001-USD 61)(Refer to Note 21).

Efes Ukraine ceased production in September 2003. At the beginning of 2004, the Company has initiated intensive discussions for the restructuring of its business in Ukraine including, but not limited to, business partnerships, formation of new joint ventures or acquisition of a significant stake in an other brewing business. Currently, there is no production and development plan for Efes Ukraine as such plan would be fully dependent on the outcome of the ongoing negotiations for the referred restructuring plans. The property, plant and equipment in Ukraine is accounted for at cost less accumulated depreciation. Taking into account that the future cash generation by the property, plant and equipment in Ukraine is fully dependent on the outcome of the intended restructuring, no impairment loss has been recognised for the property, plant and equipment in Ukraine.

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

9. INTANGIBLE ASSETS

	Goodwill	Other intangible assets	2003 Total	2002 Total	2001 Total
Cost					
January 1	7,776	167	**7,943**	6,178	6,070
Additions	60,303	1,802	**62,105**	1,760	111
Disposals	—	—	**—**	—	—
Addition through subsidiary acquired	—	417	**417**	—	—
Currency translation difference	1,879	103	**1,982**	5	(3)
December 31	69,958	2,489	**72,447**	7,943	6,178
Accumulated amortisation and impairment losses					
January 1	4,335	53	**4,388**	3,788	3,314
Amortisation for the year	2,044	370	**2,414**	597	474
Disposals	—	—	**—**	—	—
Addition through subsidiary acquired	—	298	**298**	—	—
Currency translation difference	46	35	**81**	3	—
December 31	6,425	756	**7,181**	4,388	3,788
Net book value	63,533	1,733	**65,266**	3,555	2,390

10. INVESTMENTS IN SECURITIES

	2003	2002	2001
ZAO Mutena Maltery (Mutena Maltery)	**1,511**	1,511	1,511
AOA Knyaz Rurik (Knyaz Rurik)	**—**	1,553	1,553
Others	**243**	—	—
Total available-for-sale investments — non-current	**1,754**	3,064	3,064

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.

At April 17, 2003, the Company sold its total investment in Knyaz Rurik OAO (8.18%) for a value of USD 1,938. As a result of this transaction, the Company recognised a gain amounting to USD 384 in the income statement (Refer to Note 21).

11. TRADE AND OTHER PAYABLES

	2003	2002	2001
Trade accounts payable	**19,507**	10,755	10,811
Taxes payable other than income tax	**5,276**	2,593	365
Accrued expenses	**1,017**	854	590
Other short-term payables	**5,090**	1,932	1,096
Total	**30,890**	16,134	12,862

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

12. BORROWINGS

	2003	2002	2001
Current			
Bank borrowings (including current portion of long-term borrowings)	**42,734**	33,147	27,652
Loan from Interbrew International B.V.	**1,896**	—	—
Finance lease liabilities	**1,099**	1,048	159
	45,729	34,195	27,811
Non-current			
Bank borrowings	**66,993**	28,904	26,815
Loan from Interbrew International B.V.	**—**	2,561	2,428
Finance lease liabilities	**4,541**	5,253	1,177
	71,534	36,718	30,420
Total borrowings	**117,263**	70,913	58,231

As of December 31, 2003, USD 99,981 (2002 — USD 55,955, 2001 — USD 49,976) of the total borrowings are secured with the following:

— Certain fixed assets of the Group amounting to USD 20,511.

— Property of Mutena Maltery, which is one of the Company's investments, amounting to USD 4,075.

— Cash collateral amounting to USD 17,505

— Efes Russia's immovable and movable properties, including inventory balances; the assignment of the rights regarding insurance coverage in respect of Efes Russia's property; all Efes Russia's shares held by the Company.

— All shares of Efes Karaganda held by the Company.

— Inventory of the Group amounting to USD 6,108.

— The ability of Efes Russia and Efes Karaganda to declare dividends is subject to prior consent of the EBRD under the provisions of the relevant loan agreements.

— A letter of guarantee amounting to USD 8,057 provided by the Company.

— A letter of guarantee amounting to USD 20,000 provided by Anadolu Efes.

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

12. BORROWINGS — (Continued)

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

	2003	2002	2001
Bank borrowings			
Non-current			
USD and Euro denominated borrowings	**Libor + (3.1%-4.1%)**	Libor + (3.1%-4.1%)	Libor + (3.1%-4.1%)
	—	Euribor + (0.6%)	—
Current			
USD and Euro denominated borrowings	**Libor + (0.5%-4.1%)**	Libor + (0.5%-4.1%)	Libor + (3.1%-4.1%)
	1.0%-7.0%	1.0%-7.0%	1.0%-4.0%
	—	Euribor + (0.6%)	—
Other currency denominated borrowings	**13.0%-18.0%**	13.5%-20%	20%
Loan from Interbrew International B.V.	**Libor + (3.0%)**	Libor + (3.0%)	Libor + (3.0%)
Finance lease liabilities	**6.0%-8.3%**	7.9%-8.3%	8.3%

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

	2003	2002	2001
2002	**—**	—	11,372
2003	**—**	9,902	13,431
2004	**11,861**	12,922	8,937
2005	**17,820**	5,833	2,750
2006	**17,397**	5,833	2,750
Thereafter	**31,776**	6,877	1,375
	78,854	41,367	40,615

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

	2003	2002	2001
Next 1 year	**1,648**	1,592	303
1 year through 5 years	**5,467**	6,542	1,558
After 5 years	**956**	1,013	1,076
Total minimum lease obligations	**8,071**	9,147	2,937
Interest	**(2,431)**	(2,846)	(1,601)
Present value of minimum obligations	**5,640**	6,301	1,336

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

13. SHARE CAPITAL

	2003 Number of shares	2002 Number of shares	2001 Number of shares
Common shares, 100 EUR, par value			
Authorised	**1,361,400**	1,361,400	3,000,131(*)
Issued and outstanding	**1,223,238**	1,195,103	2,008,685(*)

Movement in share capital

The movement of the share capital of the Company during 2003, 2002 and 2001 is as follows:

	2003		2002		2001	
	Number of shares	USD	Number of shares	USD	Number of shares	USD
At January 1,	**1,195,103**	**121,641**	911,541	95,936	1,420,806	70,974
Shares issued	**28,135**	**2,989**	283,562	25,705	587,879	24,962
At December 31	**1,223,238**	**124,630**	1,195,103	121,641	2,008,685(*)	95,936

(*) As of December 31, 2001, the par value of each share was EUR 45.38 and the number of shares issued and outstanding was 2,008,685. Subsequent to December 31, 2001, the Company converted the par value of all its issued shares from EUR 45.38 to EUR 100. After the conversion, the number of shares with a par value of EUR 100 was equivalent to 911,541.

In 2001, the Company increased its share capital by issuing 587 thousand new shares. Such increase in share capital is partially realised by means of a transfer from share capital advances that were outstanding as of December 31, 2000.

At March 25, 2003, the international corporate investors have exercised their call option right in the Company and the capital of the Company, which was EUR 119,510,300, was increased in cash to EUR 122,323,800. As a result of this transaction, the international corporate investors increased their shares in the Company from 13.04% to 15.04% and the share premium of the Company increased by USD 2,896.

The details of capital increases are as follows:

Date	Number of shares issued	At par		Share Premium	
		EURO (full)	*USD*	*EURO (full)*	*USD*
January 26, 2001	276,300	12,538,494	11,732	—	—
June 1, 2001	148,358	6,732,486	6,299	—	—
October 1, 2001	163,221	7,406,968	6,931	—	—
January 9, 2002	127,661	12,766,075	11,381	—	—
May 24, 2002	155,901	15,590,100	14,324	19,905,035	18,288
March 25, 2003	**28,135**	**2,813,500**	**2,989**	**2,725,851**	**2,896**

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

13. SHARE CAPITAL — (Continued)

As at December 31, 2003, 2002 and 2001 the composition of shareholders and their respective % of ownership can be summarised as follows:

	2003	2002	2001
Anadolu Efes	**84.96%**	86.96%	99.88%
International corporate investors	**15.04%**	13.04%	—
Tarbes Tarim Ürünleri ve Besicilik Sanayi ve Ticaret A.Ş (Tarbes)	**—**	—	0.12%
Total	**100.00%**	100.00%	100.00%

14. EARNINGS PER SHARE

Basic earnings per share (EPS), which is the 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:

	2003	2002	2001
Net profit attributable to ordinary shareholders	**53,126**	16,109	10,966
Weighted average number of ordinary shares	**1,216,763**	1,130,022	817,488(*)

(*) Refer to Note 13 for the change in the number of shares at December 31, 2001. Earnings per share in 2001 have been computed by considering the par value of a share as EUR 100 to be comparative with 2002.

There have been no other transactions involving ordinary shares since the reporting date and before the completion of these financial statements.

15. COST OF SALES

Cost of sales comprised the following expenses:

	2003	2002	2001
Materials used	**102,418**	64,925	42,698
Depreciation on property, plant and equipment	**15,594**	9,222	7,730
Personnel expenses	**6,902**	3,516	2,335
Repair and maintenance expenses	**3,763**	1,525	142
Amortisation of intangible assets	**34**	7	6
Rent expense	**16**	53	207
Other expenses	**7,595**	5,042	4,723
Total expenses	**136,322**	84,290	57,841

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

16. SELLING AND MARKETING EXPENSES

Selling and marketing expenses are analysed as follows:

	2003	2002	2001
Marketing and advertising expenses	**29,644**	17,984	7,185
Distribution expenses	**12,906**	3,874	1,032
Personnel expenses	**7,931**	4,550	3,156
Depreciation on property, plant and equipment	**3,659**	3,390	1,775
Amortisation of intangible assets	**16**	11	6
Other expenses	**4,896**	2,583	1,627
Total expenses	**59,052**	32,392	14,781

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include the following:

	2003	2002	2001
Personnel expenses	**9,860**	6,046	2,881
Management fees and technical assistance	**4,396**	3,866	3,054
Taxes and duties	**4,082**	3,723	3,306
Depreciation on property, plant and equipment	**2,384**	1,475	1,050
Amortisation of intangibles	**2,364**	579	462
Insurance expenses	**996**	816	473
Rent and transportation expenses	**905**	227	1,484
Consulting and legal fees	**645**	1,446	1,211
Bad debt provision	**439**	167	494
Other expenses	**6,809**	3,293	3,239
Total expenses	**32,880**	21,638	17,654

18. PERSONNEL EXPENSES AND AVERAGE NUMBER OF EMPLOYEES

	2003	2002	2001
Wages and salaries	**21,171**	11,859	8,283
Other social expenses	**3,522**	2,253	89
Total expenses	**24,693**	14,112	8,372

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

18. PERSONNEL EXPENSES AND AVERAGE NUMBER OF EMPLOYEES — (Continued)

The average number of employees for the years was:

	2003	2002	2001
Russia(*)	**1,406**	602	487
Moldova(**)	**813**	—	—
Kazakhstan(***)	**696**	388	—
Serbia and Montenegro(**)	**310**	—	—
Ukraine	**240**	258	272
Romania	**139**	148	194
The Netherlands	**2**	—	—
	3,606	1,396	953

(*) The subsidiary in Russia, Efes Russia, acquired 100% of the share capital of Amstar in 2003. Therefore the figure for Amstar has not been included in the number of employees in 2002 and 2001.

(**) The subsidiaries in Moldova and Serbia and Montenegro were acquired in 2003. Therefore the figures for Efes Vitanta and Efes Weifert have not been included in the number of employees in 2002 and 2001.

(***) The Subsidiary in Kazakhstan, Efes Karaganda, was acquired in 2002. Therefore the figures for Efes Karaganda have not been included in the number of employees in 2001.

19. DEPRECIATION AND AMORTISATION EXPENSES

	2003	2002	2001
Property, plant and equipment			
Cost of production	**15,594**	9,222	7,730
Distribution costs	**3,659**	3,390	1,775
Administration expenses	**2,384**	1,475	1,050
Sub-total depreciation expense	**21,637**	14,087	10,555
Intangible assets			
Cost of production	**34**	7	6
Distribution costs	**16**	11	6
Administration expenses	**2,364**	579	462
Sub-total amortisation expense	**2,414**	597	474
Total depreciation and amortisation expenses	**24,051**	14,684	11,029

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

20. FINANCIAL EXPENSE

	2003	2002	2001
Interest income	**208**	373	509
Foreign currency exchange gains	**4,880**	71	—
Total financial income	**5,088**	444	509
Interest expense on borrowings	**(4,765)**	(3,554)	(3,983)
Interest expense on finance lease	**(396)**	(529)	(143)
Foreign currency exchange losses	**—**	—	(5,229)
Other financial expense	**(1,195)**	(387)	(637)
Total financial expense	**(6,356)**	(4,470)	(9,992)
Net financial expense	**(1,268)**	(4,026)	(9,483)

Interest expenses, net for the years ended December 31, 2003, 2002 and 2001, are stated net of government grants received in the amount of approximately USD 249, USD 267 and USD 396, respectively.

21. OTHER INCOME/(EXPENSE)

	2003	2002	2001
Gain on sale of participations (Refer to Notes 3 and 10)	**25,265**	—	2,157
Recognition of currency translation due to sale of participation (Refer to Note 3)	**1,530**	—	—
Income on sale of soda drinks	**1,950**	1,492	—
Cost of sale of soda drinks	**(1,805)**	(1,375)	—
Provision for obsolete inventory	**(1,185)**	(57)	(16)
Management fee income	**1,136**	—	—
Loss on disposal of property, plant and equipment	**(421)**	(130)	(234)
Dividend income	**242**	—	—
Provision for impairment of property, plant and equipment (Refer to Note 8)	**—**	(272)	(61)
Other income/(expense)	**2,630**	(99)	(1,051)
Total other income/(expenses)	**29,342**	(441)	795

22. GAIN ON NET MONETARY POSITION

Efes Russia, ERIC and Efes Productie are operating in Russia and Romania, which were deemed as hyperinflationary environments in 2002. In 2003, the economies of these countries were regarded as non-hyperinflationary and the management has stopped hyperinflationary accounting in Russia and Romania since January 1, 2003. The impact of inflation on the Group's net monetary position was included in this item in 2002 and 2001.

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

23. INCOME TAXES

	2003	2002	2001
Current tax expense	**(10,002)**	(1,775)	(2,421)
Deferred tax income/(expense) relating to the origination and reversal of temporary differences	**1,852**	(4,096)	7,626
Total income tax	**(8,150)**	(5,871)	5,205

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

	2003	2002	2001
Consolidated profit before tax and minority interest	**63,939**	23,127	9,998
Permanent differences between IFRS and statutory results	**(23,643)**	(8,826)	(9,286)
Tax effect of loss-making subsidiaries	**7,620**	5,064	8,669
Participation exemption	**—**	—	(2,927)
Add non deductible expenses	**3,447**	2,229	5,812
Taxable profit	**51,363**	21,594	12,266
Tax calculated at the Company's tax rate of 34.5% in 2003 and 2002, and 35% in 2001	**(17,977)**	(7,558)	(4,293)
Utilisation of previously unused tax losses	**3,361**	4,585	418
Investment tax credit	**(653)**	175	2,137
Impact of different tax rates in other countries	**3,978**	1,023	(683)
Income tax exemption	**1,289**	—	—
	(10,002)	(1,775)	(2,421)
Change in tax rate	**—**	—	1,777
Tangible asset valuation, net	**(995)**	(4,533)	6,917
Intangible asset valuation, net	**7**	(53)	(73)
Tax loss carried forward	**2,534**	(273)	(305)
Accruals	**1,645**	1,035	(379)
Others	**(1,339)**	(272)	(311)
Total income tax	**(8,150)**	(5,871)	5,205

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

24. DEFERRED TAXES

Components of deferred tax assets and liabilities are as follows:

	Assets			Liabilities			Net		
	2003	**2002**	**2001**	**2003**	**2002**	**2001**	**2003**	**2002**	**2001**
Accruals	**3,147**	1,331	273	**—**	—	—	**3,147**	1,331	273
Inventory	**210**	34	8	**(295)**	(71)	(149)	**(85)**	(37)	(141)
Tax loss carried forward	**5,167**	2,568	2,592	**—**	—	—	**5,167**	2,568	2,592
Prepayments	**—**	—	—	**(413)**	(244)	(175)	**(413)**	(244)	(175)
Tangible assets	**—**	—	—	**(15,616)**	(12,136)	(6,597)	**(15,616)**	(12,136)	(6,597)
Intangible assets	**58**	—	43	**—**	(5)	—	**58**	(5)	43
Other	**476**	896	592	**(1,460)**	(1,413)	(683)	**(984)**	(517)	(91)
	9,058	4,829	3,508	**(17,784)**	(13,869)	(7,604)	**(8,726)**	(9,040)	(4,096)
Net deferred income tax liability							**(12,087)**	(9,040)	(4,096)
Deferred income tax asset — tax loss carried forward							**3,361**	—	—
							(8,726)	(9,040)	(4,096)

Deferred tax arises on the above in the following circumstances:

— property, plant and equipment: accelerated tax depreciation results in tax bases that are lower than with 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 unrealised 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.

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

24. DEFERRED TAXES — (Continued)

Movements in deferred tax for the year 2003 are as follows:

	Balance at January 1, 2003	Addition through subsidiary acquired	Recognised in income	Translation effect	Balance at December 31, 2003
Accruals	1,331	—	1,645	171	**3,147**
Inventory	(37)	113	(139)	(22)	**(85)**
Tax loss carried forward	2,568	—	2,534	65	**5,167**
Prepayments	(244)	—	(118)	(51)	**(413)**
Tangible assets	(12,136)	(1,259)	(995)	(1,226)	**(15,616)**
Intangible assets	(5)	2	7	54	**58**
Other	(517)	594	(1,082)	21	**(984)**
	(9,040)	**(550)**	**1,852**	**(988)**	**(8,726)**

Movements in deferred tax for the year 2002 are as follows:

	Balance at January 1, 2002	Addition through subsidiary acquired	Recognised in income	Translation effect	Balance at December 31, 2002
Accruals	273	6	1,035	17	**1,331**
Inventory	(141)	—	118	(14)	**(37)**
Tax loss carried forward	2,592	—	(273)	249	**2,568**
Prepayments	(175)	—	(40)	(29)	**(244)**
Tangible assets	(6,597)	(199)	(4,533)	(807)	**(12,136)**
Intangible assets	43	—	(53)	5	**(5)**
Other	(91)	(118)	(350)	42	**(517)**
	(4,096)	(311)	(4,096)	(537)	**(9,040)**

Movements in deferred tax for the year 2001 are as follows:

	Balance at January 1, 2001	Addition through subsidiary acquired	Recognised in income	Translation effect	Balance at December 31, 2001
Accruals	679	—	(480)	74	**273**
Inventory	(207)	—	89	(23)	**(141)**
Tax loss carried forward	2,611	—	(305)	286	**2,592**
Prepayments	(158)	—	(17)	—	**(175)**
Tangible assets	(14,461)	—	9,005	(1,141)	**(6,597)**
Intangible assets	124	—	(94)	13	**43**
Other	424	—	(572)	57	**(91)**
Total	(10,988)	—	7,626	(734)	**(4,096)**

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

25. NOTES TO CASH FLOW STATEMENTS

Cash flows from acquisition and disposal of subsidiaries:

	2003 Acquisition	2002 Acquisition	2001 Acquisition
Cash and cash equivalents	**6,924**	209	—
Trade receivables	**4,009**	1,611	—
Inventories — net	**6,884**	2,184	—
Other current assets	**1,252**	241	—
Investments	**234**	—	—
Property, plant and equipment — net	**39,031**	8,962	—
Intangible assets — net	**119**	—	—
Deferred tax assets	**454**	—	—
Other non-current asset	**45**	—	—
Trade and other payables	**(3,514)**	(938)	—
Short-term loans	**(5,045)**	(2,529)	—
Current portion of Long-term borrowings	**(450)**	—	—
Long-term loans	**(8,941)**	—	—
Deferred tax liability	**(1,004)**	—	—
Other current liabilities	**(8,431)**	—	—
Other non-current liabilities	**—**	(705)	—
Fair value of net assets	**31,567**	9,035	—
Net assets acquired	**27,822**	9,035	—
Goodwill	**60,303**	2,332	—
Minority shares of Efes Russia acquired	**8,775**		—
Total purchase consideration	**96,900**	11,367	—

The cash outflow on acquisition is as follows:

	2003 Acquisition	2002 Acquisition	2001 Acquisition
Net cash acquired with subsidiary	**(6,924)**	(209)	—
Fair value of the shares of Efes Russia	**(44,674)**	—	—
Total purchase consideration	**96,900**	11,367	—
Net cash outflow	**45,302**	11,158	—

26. FINANCIAL INSTRUMENTS

Financial Risk Management

Credit risk

The Group has no significant concentration of credit risk with any single counterparty or group of counter parties.

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

26. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Group mainly enters into LIBOR based contracts in its financial borrowings. As of December 31, 2003, 10% of the Group's long-term debt was at fixed rates (2002 — 13%, 2001 — 7%).

The weighted average effective interest rates which are calculated from different types of currencies, as at December 31, 2003 are as follows:

Fixed rate bank loans	7.7% (2002 — 10.1%, 2001 — 6.7%)
Floating rate bank loans	3.3% (2002 — 3.2%, 2001 — 3.7%)
Fixed leasing	7.8% (2002 — 8.0%, 2001 — 8.3%)

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 Company as of December 31, 2003 is approximately USD 85 million (2002 — USD 26 million, 2001 — USD 26 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.

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

27. LEASES

Lessee — Finance Lease

Property leased by the Group includes buildings, machinery and equipment. The most significant obligations assumed under the lease terms, other than rental payments, are the upkeep of the facilities, insurance and property taxes. Lease terms generally range from 3 to 25 years with options to renew at varying terms.

The following is an analysis of assets under finance leases:

	2003	2002	2001
Buildings	**4,072**	3,773	—
Machinery and equipment	**3,688**	3,634	1,911
Other tangible assets	**787**	628	—
Accumulated depreciation	**(1,784)**	(919)	(164)
Net book value	**6,763**	7,116	1,747

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 40 for the year ended December 31, 2003. As of December 31, 2003, 2002 and 2001 prepayments for the lease agreement are as follows:

	2003	2002	2001
Prepaid lease for less than one year	**83**	40	40
Prepaid lease for more than one year	**1,435**	1,162	967
	1,518	1,202	1,007

The brewery of Efes Russia 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 Russia under the loan agreements with the EBRD.

28. 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 as being controlled by/associated with them, are referred to as related parties.

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

28. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

1) Balances with Related Parties

Balances with related parties as of December 31, 2003, which are separately classified in the consolidated balance sheets are as follows:

Due from related parties	2003	2002	2001
Anadolu Efes[1]	**218**	68	—
Anadolu Efes Technical Management Consultancy N.V. (Anadolu Efes TMC)[2]	**—**	261	138
Efes Holland Technical Management Consultancy N.V. (Efes Holland)[2]	**944**	—	250
Coca-Cola Bottlers Kazakhstan Almaty (Coca-Cola Almaty)[2]	**556**	481	—
Coca-Cola Bishkek Bottlers C.J.S.C. (Coca-Cola Bishkek)[2]	**217**	143	—
Astana Coca-Cola Bottlers C.J.S.C. (Coca-Cola Astana)[2]	**383**	388	—
Coca-Cola Shymkent Distribution C.J.S.C. (Coca-Cola Shymkent)[2]	**193**	42	—
Efes Sinai Yatirim Holding A.Ş. (Efes Sinai)[2]	**—**	500	—
Interbrew Efes[3]	**1,896**	2,561	2,427
Mutena Maltery[4]	**209**	230	—
Efes Entertainment C.J.S.C.[4]	**—**	321	—
Total	**4,616**	4,995	2,815

Due to related parties	2003	2002	2001
Anadolu Efes[1]	**23**	12	11
Efpa[2]	**64**	64	44
Anadolu Efes TMC	**2,460**	—	—
Efes Holland[2]	**6,767**	4,246	2,826
Coca-Cola Almaty[2]	**75**	21	—
Coca-Cola Rostov[2]	**773**	432	990
Coca-Cola Bishkek[2]	**—**	4	—
Oyex Handels Gmbh[2]	**340**	103	22
Mutena Maltery[4]	**3,249**	1,871	697
Knyaz Rurik[4]	**—**	640	830
Total	**13,751**	7,393	5,420

2) Transactions with Related Parties

The most significant transactions with related parties during the one-year period ended December 31, 2003, 2002 and 2001 were as follows:

The most significant transactions with related parties during the year ended December 31, 2003 are as follows:

- Management and license fee expense to Efes Holland[2] amounted to USD 637.
- Sale of beer to Coca-Cola Astana[2] amounted to USD 2,794.
- Sale of beer to Coca-Cola Bishkek[2] amounted to USD 897.
- Sale of beer to Coca-Cola Shymkent[2] amounted to USD 425.

28. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- Sale of beer to Coca-Cola Almaty[(2)] amounted to USD 2,662.
- Interest expense on loan from Anadolu Efes TMC[(2)] amounted to USD 13.
- Interest expense on loan from Anadolu Efes[(1)] amounted to USD 25.
- Processing services from Mutena Maltery[(4)] amounted to USD 4,237.
- Provision for consulting services and rent income to Mutena Maltery[(4)] amounted to USD 58.
- Purchase of raw materials from Oyex Handels Gbmh[(2)] amounted to USD 12.
- Purchase of fixed asset from Anadolu Efes[(1)] amounted to USD 43.
- Dividend income from Mutena Maltery[(4)] amounted to USD 206.
- Purchase of fixed assets from Coca-Cola Almaty[(2)] amounted to USD 9.
- Purchase of fixed asset from Oyex Handels Gbmh[(2)] amounted to USD 3.
- Purchase of materials from Coca-Cola Almaty[(2)] amounted to USD 115.
- Purchase of materials from Anadolu Efes[(1)] amounted to USD 166.
- Advertising expense from Coca-Cola Almaty[(2)] amounted to USD 22.
- Purchase of beer from Anadolu Efes[(1)] amounted to USD 118.
- Consultancy fee expense from Efes Invest Holland[(2)] amounted to USD 5.
- Interest gain on loan to Anadolu Efes TMC[(2)] amounted to USD 2.
- Management fee income from Efes Holland[(2)] amounted to USD 1,136.
- Technical assistance expense to Efes Holland[(2)] amounted to USD 3,226.
- Purchase of soda drinks from Coca-Cola Almaty[(2)] amounted USD 2,162.
- Purchase of bottles from Coca-Cola Bishkek[(2)] for USD 604.
- Purchase of chemicals, kegs and packaging material from Oyex Handels Gmbh[(2)] amounted to USD 573.
- Interest gain on loan to Interbrew Efes[(3)] amounted to USD 92.
- Purchase of malt from Mutena Maltery[(4)] amounted to USD 72.
- Sale of barley to Mutena Marley[(4)] amounted to USD 1,016.

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(1) The ultimate shareholder of the Company

(2) Related party of Anadolu Efes

(3) Jointly controlled entity of the Company

(4) Company's investment

28. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

The most significant transactions with related parties during the year ended December 31, 2002 were as follows:

- Interest gain on loan to Anadolu Efes TMC(2) amounted to USD 11.
- Interest gain on loan to Efes Holland(2) amounted to USD 2.
- Technical assistance expense to Efes Holland(2) amounted to USD 3,391.
- Purchase of marketing supply from Efpa(2) amounted to USD 21.
- Sale of beer to Coca-Cola Almaty(2) amounted to USD 5,458.
- Purchase of drinks from Coca-Cola Almaty(2) amounted to USD 1,319.
- Purchase of drinks from Coca-Cola Bishkek(2) for USD 111.
- Purchase of chemicals, kegs and packaging material from Oyex Handels Gmbh(2) amounted to USD 269.
- Interest gain on loan to Interbrew Efes(3) amounted to USD 134.
- Purchase of malt from Mutena Maltery(4) amounted to USD 5,690.
- Sale of barley to Mutena Maltery(4) amounted to USD 1,568.
- Provision of energy supply from Knyaz Rurik(4) amounted to USD 143.

(1) The ultimate shareholder of the Company

(2) Related party of Anadolu Efes

(3) Jointly controlled entity of the Company

(4) Company's investments

28. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

The most significant transactions with related parties during the year ended December 31, 2001 were as follows:

- Interest expense to Anadolu Efes(1) during 2001 amounted to USD 86.
- Interest expense to Efpa(2) during 2001 amounted to USD 25.
- Interest income from Interbrew Efes(3) during 2001 amounted to USD 176.
- Rent expense and settlements for beer and soft drink to C.C.Rostov(2) during 2001 amounted to USD 1,120.
- Management fee expense to Efes Holland Technical Management Consultancy B.V.(2) during 2001 amounted to USD 2,598.
- Expense of energy supply by OJSC Kynaz Rurik(4) during 2001 amounted to USD 882.
- Purchase of processing services from Mutena Maltery(4) during 2001 amounted to USD 2,694.
- Purchase of malt from Mutena Maltery(4) during 2001 amounted to USD 401.
- Purchase of inventory and fixed assets from Oyex Gmbh(2) during 2001 amounted to USD 131.
- Technical services received from Efes Sinai Yatirim Holding A.S.(2) during 2001 amounted to USD 221.

(1) Shareholder of the Company

(2) Related party of Anadolu Efes

(3) Jointly controlled entity of the Company

(4) Company's investments.

3) Emoluments of the members of the Supervisory Board and the Board of Management for the years 2003, 2002 and 2001

a) No shares are held by the members of the Supervisory Board and the Board of Management.

b) There are no share options granted to the members of the Supervisory Board and the Board of Management.

c) No loans have been granted to the members of the Supervisory Board and the Board of Management.

29. COMMITMENTS AND CONTINGENCIES

Obligation to complete the production facilities

In relation to financing the new brewery constructed in Almaty by Efes Karaganda and for the capacity increase of Efes Russia, the related subsidiaries have obtained loans from the EBRD. Anadolu Efes has committed to support the completion of the related projects, though not by repaying the EBRD loans. The upper limit for Efes Karaganda is USD 9,500 and for Efes Russia, although the limit is not specified in the contract, the limit is the project amount, which is USD 17,000. Currently, the technical investment concerning the increase of capacity by Efes Russia has been completed.

29. COMMITMENTS AND CONTINGENCIES (Continued)

Put options

A put option has been granted to Invesco Funds, which is related to Efes Ukraine's minority shareholder, 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 as will be owned by Invesco Funds at the time such option becomes exercisable) to the Company at an option price which will be determined by an independent valuation.

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 Russia shares to the Company at an option price determined by the higher of an independent valuation and a price to be determined by EBRD in order to give EBRD a rate of return on its investment in Efes Moscow shares equal to six months US Interbank rate plus a margin of 410 basis points per annum cumulative and compounded every six months, calculated from the date respective subscription monies were paid less any dividends or bonus shares paid to EBRD.

A put option has been granted to Amsterdam Breweries International B.V. by the Company that may be exercisable between 2005 and 2007. By such put option, Amsterdam Breweries International B.V. will be entitled to sell its Efes Russia shares to the Company at an option price determined by the higher of an independent valuation and a calculation based on eight times EBITDA minus Net Indebtedness per share. EBITDA means operating profit plus depreciation and amortisation plus non cash expense items up to operating profit plus other income other than extraordinary income items minus non cash income items up to operating profit minus other expenses other than extraordinary expense items. Net Indebtedness means long and short term borrowing plus payables to fixed asset suppliers plus payables to shareholders plus advances taken plus contractual contingent liabilities minus cash minus marketable securities minus advances paid. In this context, EBITDA and Net Indebtedness are to be derived from the consolidated financial statements of Efes Moscow for the 12-month period ended on (i) 31 December of any given year in case the put option is notified between 1 January and 30 June of the following year or (ii) 30 June of any given year in case the put option is notified between 30 June and 31 December of that year.

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 relevant government manages the transformation from a command to a market-oriented economy. The various legislation and regulations are not always clearly written and their interpretation is subject to the opinions of the local, regional and national tax authorities, the relevant Central Bank and the relevant Ministry of Finance. Tax declarations, together with other legal compliance areas (as examples, 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 those 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 any such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.