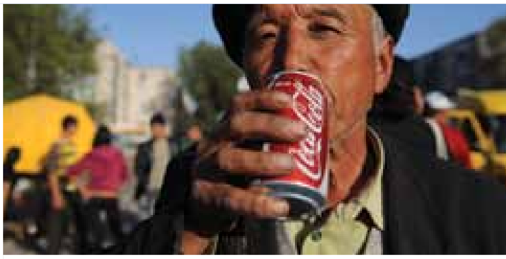
# ANADOLU EFES




ANNUAL REPORT 2010


# Contents



Commencing its operations in 1969 with two breweries, Anadolu Efes is an international powerhouse with 16 breweries, 7 malteries and 20 Coca-Cola bottling plants in 15 countries.

As being Europe’s $5^{th}$ and the world’s $13^{th}$ largest brewer by sales volume, Anadolu Efes is an international company with a production network spread across 15 countries, always targeting the top positions in all operating countries and growing faster than its operating markets.

Coca-Cola İçecek, conducting Anadolu Efes’ soft drink operations, is the $5^{th}$ largest bottler in terms of sales volume within the Coca-Cola System.


Starting its operations in **2** breweries in Turkey, Anadolu Efes is an international powerhouse with its **16** breweries, **7** malteries and **20** Coca-Cola bottling plants in **15** countries.

# *An International Powerhouse…*

Reaching over 600 million consumers across a wide geographic area, Anadolu Efes carries out its operations through two primary business units: the Beer Group and the Soft Drinks Group.


# ANADOLU EFES AT A GLANCE

Undertaking the beverage operations of Anadolu Group, Anadolu Efes, together with its subsidiaries and affiliates, is a network of companies that produces and markets beer, malt and soft drinks, across a wide geographic area including Turkey, Russia, the CIS countries, South Eastern Europe and the Middle East.

## General Overview

Anadolu Endüstri Holding A.Ş. ("AEH" or "Anadolu Group") is one of Turkey's leading conglomerates. The foundation of the Anadolu Group was laid in the early 1950s by the Özilhan and Yazıcı families. Today, Anadolu Group contributes significantly to the Turkish economy through 81 companies and 47 production facilities located in 13 countries across the world through the grand vision and immense efforts of two families.

In addition to its operations in the beer, soft drinks, automotive, finance and retail sectors, Anadolu Group has expanded its business activities through investments in the IT, electronics, energy, food and healthcare industries.

Undertaking the beverage operations of Anadolu Group, Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes" or "the Company"), together with its subsidiaries and affiliates, is a network of companies that produces and markets beer, malt and soft drinks, across a wide geographic area including Turkey, Russia, the CIS countries, South Eastern Europe and the Middle East.

Of Anadolu Efes' capital, 30.9 percent is held by Yazıcılar Holding A.Ş. ("Yazıcılar Holding"), 17.59 percent is held by Özilhan Sınai Yatırım A.Ş. ("Özilhan Sınai") and 7.8 percent is held by AEH, while 43.8 percent is publicly


owned. The majority shareholders, Yazıcılar Holding and Özilhan Sınai, hold respective shares of 68.0 percent and 32.0 percent share in AEH, which is the third largest shareholder of Anadolu Efes.

Anadolu Efes which is an important contributor to the success of the Anadolu Group, is an international powerhouse with 16 breweries, 7 malteries and 20 Coca-Cola bottling plants in 15 countries. Reaching over 600 million consumers across a wide geographic area, Anadolu Efes carries out its operations through two business units: the Beer Group and the Soft Drinks Group. The international beer operations of Anadolu Efes are conducted by Efes Breweries International N.V. ("EBI"), which is headquartered in the Netherlands. Anadolu Efes is also the largest shareholder of Coca-Cola İçecek A.Ş. ("CCİ"), conducting Coca-Cola operations both in Turkey and international markets.

## Beer Group

As being Europe's 5$^{th}$ and the world's 13$^{th}$ largest brewer by sales volume, Anadolu Efes has 35.2 million hectoliters ("hl") of annual brewing and 290,000 tons of malt production capacity per annum as of 2010-end. Anadolu Efes has 28 brands within its product portfolio in total; eight brands in its Turkey beer operations and 20 brands in other countries in international operations. As the flagship brand of the Company, "Efes" is exported to and consumed with appreciation in nearly 80 countries as of 2010-end.

With its broad vision and sound business objectives, Anadolu Efes expands its operating region day-by-day, in line with its sustainable growth strategy. One of the top strategic priorities of Anadolu Efes is the realization of value-enhancing acquisitions within the region comprising Turkey, Russia, CIS countries and the South East Europe, a territory where beer operations are focused.

## Turkey Beer Operations

Commencing its operations in 1969 with two breweries and a total production capacity of 0.3 mhl, today Anadolu Efes is the market leader with 89 percent market share in Turkey. Anadolu Efes:

• is the largest brewer in Turkey with its five breweries, two malteries and one hops processing facility.

As being Europe's 5$^{th}$ and the world's 13$^{th}$ largest brewer by sales volume, Anadolu Efes has 35.2 million hectoliters of brewing and 290,000 tons of malt production capacity per annum as of 2010-end.


• has an annual production capacity of 10 million hl of beer and 115,000 tons of malt in Turkey.

• conducts its sales, distribution and marketing operations in 10 sales regions in Turkey through its fully owned subsidiary Efes Pazarlama ve Dağıtım Ticaret A.Ş. ("EFPA"). With 192 retailers and 28 distributors, EFPA has a powerful logistics network that distributes its products throughout the country. Working with highly up-to-date and detailed information by using SAP system which is one of the most powerful information technologies, Turkey Beer Operations conducts direct sales in Turkey's five largest cities.

• has a hops production facility in Turkey, Tarbes Tarım Ürünleri ve Besicilik Sanayi ve Ticaret A.Ş. ("Tarbes"), which has an annual production capacity of 300 tons pellets. The facility supplies Turkey beer operation's annual requirement for hops, one of the main raw materials required for beer production.

## International Beer Operations

Anadolu Efes' international beer operations are conducted by the Netherlands-based, 100 percent subsidiary EBI. As of end of year 2010, EBI operates nine breweries located in Russia, Kazakhstan, Moldova and Georgia with an annual total production capacity of 25.2 million hl. EBI also has five malteries with an aggregate capacity of 175,000 tons per annum. As a result of the latest increases in malt production capacity in Russia operations in 2010, EBI achieved over 90 percent self-sufficiency in terms of malt production. In addition, EBI has a 28 percent share in Central Europe Beverages ("CEB"), which owns the third largest brewer in Serbia with its two plants. Anadolu Efes, besides its exports to many countries around the world, also owns directly or controls sales and distribution companies in Belarus and Azerbaijan. These companies carry out or coordinate the sales and distribution of the Group's products in these markets.

An agreement was reached in 2010 with Einbecker Brauhaus AG for the contract manufacturing of our "Efes Pilsener" brand which is to be sold by Efes Deutschland GmbH, 100 percent subsidiary of our Company in Germany, and local manufacturing of our "Efes Pilsener" brand in Germany started as of March 2010.


## Soft Drinks Group

Anadolu Efes conducts its soft drinks operations through its 50.3 percent subsidiary CCİ. As being the $5^{th}$ largest bottler in the Coca-Cola System in terms of sales volume, CCİ undertakes production, sales and distribution of the sparkling and still beverage brands of The Coca-Cola Company (TCCC). CCİ undertakes operations in Turkey, Pakistan, Kazakhstan, Azerbaijan, Turkmenistan, Jordan, Iraq and Syria with nearly 9,000 employees. CCİ also has exports to Tajikistan. The company is the leading soft drinks producer in all of its operating markets, except for Jordan and Pakistan, where it is ranked second.

CCİ serves more than 350 million consumers through its 20 bottling plants and has a total annual bottling capacity of 978 million unit cases. Besides the sparkling beverages, the Company also offers a rich product portfolio comprising of fruit juices, bottled water, energy and sports drinks, ice tea and tea.

## Anadolu Efes: A Regional Giant...

- An international powerhouse with a production network spread across 15 countries
- A Company which targets top positions in every country that it operates while always growing faster than its operating markets
- A brand portfolio with strong recognition across all operations
- The leader in the Turkish beer market
- The $5^{th}$ largest brewer in Europe
- “Efes” brand being the $2^{nd}$ best-selling beer brand in Europe
- Exports to nearly 80 countries from Japan to Uganda
- The leader in the Turkish soft drinks market
- The $5^{th}$ largest bottler within the Coca-Cola system
- Stable performance, sustainable profitability and robust financial structure
- Over 40 years of experience and a competent management team
- Distinguished dealer and distributor network

Anadolu Efes conducts its soft drinks operations through its 50.3 percent subsidiary CCİ, which is the $5^{th}$ largest bottler of the Coca-Cola System.

## TURKEY BEER OPERATIONS

**Anadolu Efes Biracılık ve Malt San. A.Ş.**

- Tarbes Tarım Ürünleri ve Besicilik San. A.Ş. 99.8 %
- Efes Pazarlama ve Dağıtım Tic. A.Ş. 100.0 %
- Etap Tarım ve Gıda Ürünleri Ambalaj Sanayi ve Tic. A.Ş. 33.3 %

## INTERNATIONAL BEER OPERATIONS

**Efes Breweries International N.V. 100.0 %**

- Moscow Efes Brewery, Russia 91.0 %
- Efes Karaganda Brewery, Kazakhstan 72.0 %
- JSC Lomisi, Georgia 100.0 %
- Efes Vitanta Moldova Brewery, Moldova 96.5 %
- Efes Trade BY FLLC Belarus 100.0 %
- Central Europe Beverages N.V. (CEB), Serbia 28.0 %

## SOFT DRINK OPERATIONS

**Coca-Cola İçecek A.Ş. 50.3 %**

- Coca-Cola Satış Dağıtım A.Ş. (CCSD) 100.0 %
- Mahmudiye Kaynak Suyu Ltd. Şti. 100.0 %
- Türkmenistan Coca-Cola Bottlers Ltd. Turkmenistan 59.5 %
- Coca-Cola Beverages Pakistan Ltd., Pakistan 49.2 %
- Coca-Cola Almaty Bottlers LLP,* Kazakhstan 99.7 %
- Azerbaycan Coca-Cola Bottlers Ltd,* Azerbaijan 99.9 %
- Coca-Cola Bishkek Bottlers CJSC,* Kyrgyzstan 100.0 %
- The Coca-Cola Bottling Company of Jordan Ltd., Jordan 90.0 %
- Syrian Soft Drink Sales Distribution L.L.C., Syria 50.0 %
- CC Beverage Limited, Iraq* 100.0 %**

** Direct and indirect total shareholding*

***As of March 9, 2011*


EFES
Bira
EFES
Pilsen
EFES
Pilsen
EFES
Pilsen
EFES

# GEOGRAPHIC FOOTPRINT

## BEER

### TURKEY
73.7 million population (1)
5 breweries, 2 malteries
10 mhl brewing capacity
115,000 ton malt production capacity
12 lt. consumption per capita (2)
89 percent market share (3)
1st position in the market

### RUSSIA
139.4 million population (1)
5 breweries, 5 malteries
20.2 mhl brewing capacity
175,000 ton malt production capacity
73 lt. consumption per capita (2)
11 percent market share (4)
4th position in the market

### KAZAKHSTAN
16.2 million population (1)
2 breweries
2.4 mhl brewing capacity
37 lt. consumption per capita (2)
41 percent market share (3)
2nd position in the market (5)

### MOLDOVA
4.3 million population (1)
1 brewery
1.4 mhl brewing capacity (6)
32 lt. consumption per capita (2)
1st position in the market

### GEORGIA
4.6 million population (1)
1 brewery
1.2 mhl brewing capacity
20 lt. consumption per capita (2)
1st position in the market

### BELARUS (7)
9.6 million population (1)
47 lt. consumption per capita (2)

### AZERBAIJAN (7)
9,0 million population (1)
7 lt. consumption per capita (2)

### SERBIA
7.3 million population (1)
2 breweries
62 lt. consumption per capita (2)

### ALMANYA (8)
82.3 million population (1)
107 lt. consumption per capita (2)

## SOFT DRINK

### TURKEY
73.7 million population *
8 bottling plants
69 percent market share **
1st position in the market

### KAZAKHSTAN
16.2 million population *
1 bottling plant
34 percent market share **
1st position in the market

### AZERBAIJAN
9.0 million population *
1 bottling plant
56 percent market share **
1st position in the market

### KYRGYZSTAN
5.5 million population *
1 bottling plant
1st position in the market ***

### IRAQ
31.4 million population *
1 bottling plant

### JORDAN
6.4 million population *
1 bottling plant
12 percent market share **
2nd position in the market

### PAKISTAN
185.5 million population *
6 bottling plants
29 percent market share **
2nd position in the market

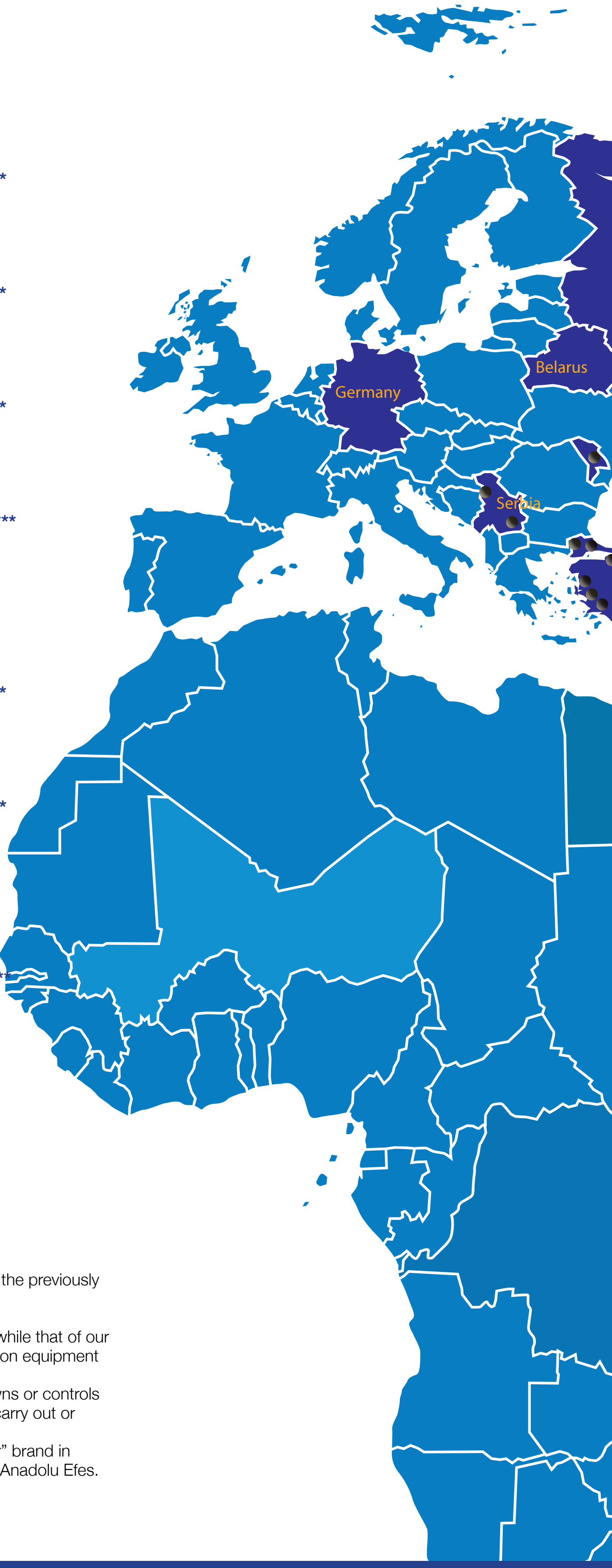
### TURKMENISTAN
4.9 million population *
1 bottling plant

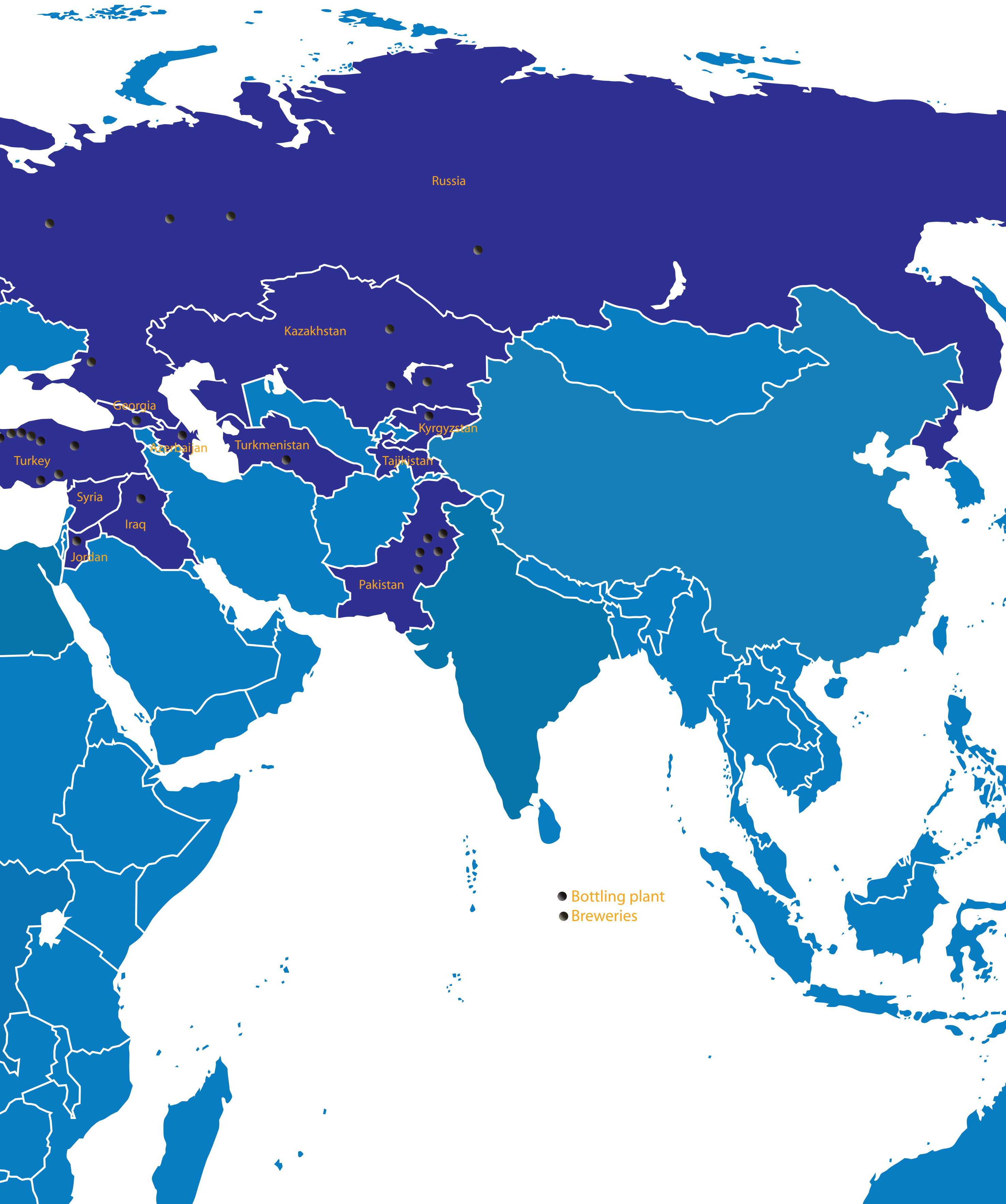
### SYRIA
22.5 million population *
9 percent market share ****
2nd position in the market

### TAJIKISTAN
7.7 million population *

**Footnotes (Soft Drink)**
* TUIK, EIU
**The Nielsen Company
***CCİ Estimate
****MEMRB

**Footnotes (Beer)**
1. TUIK, CIA, The World Fact Book
2. Canadean's Global Beer Trends, 2010F
3. The Nielsen Company, January-December 2010
4. Due to changes in the Nielsen Company's methodology as of January 2011, the previously announced market share data for 2010 has been changed.
5. Market leader as of August 2010.
6. In 2010, the beer production capacity of our Moldova operations fell slightly while that of our Georgia operations rose. This was due to the relocation of some of the production equipment from our Moldova facilities to Georgia facilities.
7. Anadolu Efes, besides exporting to many countries around the world also owns or controls sales and distribution companies in Belarus and Azerbaijan. These companies carry out or coordinate the sales and distribution of the Group's products.
8. As of March 2010, Einbecker Brauhaus AG started to produce "Efes Pilsener" brand in Germany to be sold by Efes Deutschland GmbH, the 100 percent subsidiary of Anadolu Efes.




Russia
Kazakhstan
Georgia
Azerbaijan
Turkmenistan
Kyrgyzstan
Tajikistan
Turkey
Syria
Iraq
Jordan
Pakistan
Bottling plant
Breweries



# MAIN OPERATIONAL AND FINANCIAL INDICATORS

| Income Statement Items (1) | 2010 | 2009 | Change (%) |
|---|---|---|---|
| Beer Sales Volume (m hectoliters) [2] | 24.2 | 22.1 | 9.2 |
| Soft Drink Sales Volume (m unit case) [3] | 665.4 | 586.5 | 13.5 |
| Net Sales (000 TL) | 4,168,793 | 3,811,067 | 9.4 |
| Profit from Operations (000 TL) | 693,624 | 647,981 | 7.0 |
| Profit from Operations Margin | 16.6 % | 17.0 % | |
| Depreciation and Amortization (000 TL) | 301,031 | 265,557 | 13.4 |
| Net Income (000 TL) | 503,640 | 422,588 | 19.2 |
| Net Income Margin ( percent) | 12.1 % | 11.1 % | |
| EBITDA [4] (000 TL) | 1,019,004 | 916,614 | 11.2 |
| EBITDA [4] Margin | 24.4 % | 24.1 % | |

| Balance Sheet Items | 2010 | 2009 | Change (%) |
|---|---|---|---|
| Cash, Cash Equivalents and Marketable Securities (000 TL) | 994,414 | 1,074,460 | -7.4 |
| Total Assets (000 TL) | 5,588,831 | 5,430,041 | 2.9 |
| Equity Attributable Equity Holders of the Parent (000 TL) | 2,767,087 | 2,426,917 | 14.0 |
| Total Financial Debt (including lease obligations) (000 TL) | 1,764,496 | 1,857,385 | -5.0 |
| Net Financial Debt/EBITDA | 0.8X | 0.9X | |
| Capital Expenditure (Gross) [5] (000 TL) | 330,714 | 317,651 | 4.1 |
| Number of Shares | 450,000,000 | 450,000,000 | |
| Earnings per Share [6] | 1.1192 | 0.9391 | 19.2 |
| Average Number of Employees | 15,202 | 15,122 | 5.3 |

Note 1: CCİ's consolidated results are proportionally consolidated in Anadolu Efes' Financial Statements as per Anadolu Efes' 50.3 percent shareholding.
Note 2: EBITDA: Earnings before interest, tax, depreciation, and amortization are calculated by adding or subtracting depreciation and other relevant non-cash items up to profit from operations.
Note 4: Earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Note 5: 1 hectoliter = 100 liters.
Note 6: 1 unit case = 5.678 liters.




# CAPITAL AND SHAREHOLDING STRUCTURE

The Company's shareholders and their shareholding percentages as of December 31, 2010 and December 31, 2009 are as follows:

| | December 31, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| | Amount (TL 000) | % | Amount (TL 000) | % |
| Yazıcılar Holding | 139,251 | 30.94 | 139,251 | 30.94 |
| Özilhan Sınai | 78,937 | 17.54 | 78,937 | 17.54 |
| AEH | 35,292 | 7.84 | 35,292 | 7.84 |
| Publicly held and miscellaneous | 196,520 | 43.67 | 196,520 | 43.67 |
| | 450,000 | 100.00 | 450,000 | 100.00 |

Of Anadolu Efes' capital stock, 30.9 percent is held by Yazıcılar Holding, 17.5 percent is held by Özilhan Sınai and 7.8 percent is held by AEH, while 43.7 percent is publicly owned. Yazıcılar Holding and Özilhan Sınai hold respective shares of 68.0 percent and 32.0 percent in AEH. Yazıcılar Holding (YAZIC.IS) is a publicly held company trading on the Istanbul Stock Exchange (ISE) as well.

The Company's registered authorized capital is TL 900,000,000 and issued capital is TL 450,000,000.

The level of foreign institutional investment in the free float of Anadolu Efes has always been high and consistently above the average of ISE since its listing in 2000.

As of 2010, Anadolu Efes (AEFES.IS) is among the largest publicly traded companies listed on the ISE. The level of foreign institutional investment in the free float of Anadolu Efes is among the highest of the publicly listed Turkish companies (76 percent as of December 2010).

In addition to foreign institutional investors, Anadolu Efes provides trading for foreign individual investors at a certain level on the OTC market, through its Level-1 American Depositary Receipt (ADR) program (AEBZY/Cusip No: 032523102).


As being the **5**th largest brewer in Europe and **13**th largest in the world, Anadolu Efes has **35.2** mhl of beer and **290.000** tons of malt production capacity.

## *A pioneer in the beverage industry…*

For more than 40 years, Anadolu Efes has introduced many new products to Turkish people. From the first canned beer to the first wheat beer, from the first iced tea to the first energy soda pop, many tastes have entered the lives of Turkish people thanks to Anadolu Efes.


# HISTORY

## 1969

• The first breweries of Efes Beverage Group (the “Group”), Erciyas Biracılık (Istanbul) and Ege Biracılık (Izmir), commenced production of “Efes Pilsen” which is the first brand of the Group.

## 1970’s

• Tarbes Tarım Ürünleri ve Besicilik Sanayii ve Ticaret A.Ş., the hop processing facility of the Group, started production (1971).

• Malt production commenced in Afyon, Turkey (1973).

• Güney Biracılık, the third brewery of the Group, started production (1974).

## 1980’s

• Anadolu Biracılık, the second malt production facility of the Group, commenced production (1984).

• Efes Pazarlama (EFPA), marketing & distribution company in Turkey, was established (1986).

## 1990’s

• Efes Sınai Yatırım Holding A.Ş. (Efes Invest) was established to carry out Coca-Cola bottling investments in CIS countries (1993).

• 25 percent of Efes Invest shares were sold to foreign institutional investors via a private placement (1994).

• Ankara Brewery, the fourth brewery of the Group, equipped with state-of-the-art technology commenced production (1995).

• Coca-Cola Almaty Bottlers (CCAB), Kazakhstan, a subsidiary of Efes Invest, started production (1995).

• Coca-Cola Bishkek Bottlers (CCBB) and Azerbaijan Coca-Cola Bottlers (ACCB), subsidiaries of Efes Invest, commenced production (1996).

• The Group acquired 33 percent of the shares of the Coca-Cola bottling and marketing companies Ansan, Maksan, Meda and Mepa, accounting for 80 percent the Coca-Cola operations in Turkey, from The Coca-Cola Company (“TCCC”) (1996).

• Karaganda Brewery, located in Kazakhstan, was acquired via privatization





(1996).

• Assets of Toros Biracılık were acquired along with “Marmara” brand, increasing the number of breweries of the Group to five in Turkey (1998).

• EBI was established in the Netherlands to carry out the international brewing operations of the Group (1998).

• Initial public offering of Efes Invest on the Istanbul Stock Exchange and London Stock Exchange with a free float of 48 percent (1998).

• Turkey’s sole authorized Coca-Cola bottler, Coca-Cola Bottlers of Turkey (CCBT), was established. Anadolu Efes’ collective stake in CCBT including the Anadolu Group shares reached 40 percent (1998).

• The Group’s Ploiesti plant, the most modern brewery in Romania commenced production (1998).

• Moscow Efes Brewery (MEB), the first green-field brewery investment of the Group in Russia established in partnership with the EBRD and the Municipality of Moscow, started production (1999).

• “Stary Melnik” brand was launched in Russia (1999).

• Malt production commenced in Moscow Efes Brewery (1999).

## 2000’s

• The Group merged its four publicly listed brewing and malting companies (Erciyas Biracılık, Ege Biracılık, Güney Biracılık and Anadolu Biracılık) under one publicly listed entity “Anadolu Efes” (2000).

• CCBT was restructured under two companies, Coca-Cola İçecek Üretim (Production Company) and Coca-Cola Satış ve Dağıtım (Sales and Distribution Company) (2000).

• Anadolu Efes Depository Receipts (DRs) started trading at Level-1 (2002).

• Coca-Cola Bottling operations in Turkey were restructured to operate as a production company, Coca-Cola İçecek A.Ş. (CCİ) and a sales & marketing company which becomes a wholly owned subsidiary of CCİ (2002).

• EBI increased its capital by allocating 15 percent of its capital to foreign institutional investors through a private placement (2002 - 2003).

• Efes Vitanta Moldova Brewery was founded after the acquisition of the Vitanta Intravest S.A. brewery located in Chisinau, Moldova. In addition to beer, the Group became a leader in the soft drinks and bottled water



markets in Moldova (2003).

• Production started in the new green-field brewery in Rostov, Russia (2003).

• Production commenced in the new green-field brewery in Almaty, Kazakhstan (2003).

• Acquisition of the Amstar Brewery located in Ufa, in the Urals region of Russia (2003).

• Acquisition of the majority shares of the Pancevo Brewery in Serbia, located near Belgrade. The name of the brewery was changed to “Efes Weifert” (2003).

• Following the acquisition of the majority shares of the Zajecar Brewery in Serbia, EBI became the third largest brewer in Serbia (2004).

• Initial Public Offering and listing of EBI on the London Stock Exchange (2004).

• A 50-50 JV between Efes Invest and a local partner in Iraq obtained exclusive rights to cover Iraq for the sales and distribution rights of Coca-Cola trademarked beverages and the option of carrying out bottling activities including production for the Iraqi market (2005).

• Efes Invest acquired 90 percent of “The Coca-Cola Bottling Company of Jordan” which conducts bottling activities for Coca-Cola in Jordan (2005).

• Anadolu Efes’ entire soft drink operations were restructured to bring them under the CCİ roof. The merger of CCİ and Efes Sınai was registered and finalized on December 25, 2006 (2005 - 2006).

• Krasny Vostok Brewing Group (KV Group), the seventh largest brewer in Russia, was acquired (2006).

• “Mahmudiye” natural spring water was acquired by CCİ (2006).

• EBI sold its 50 percent share in Interbrew Efes Brewery in Romania to InBev (2006).

• The Initial Public Offering of CCİ was completed (2006).

• EBI acquired 100 percent of Georgia’s leading brewer, JSC Lomisi Ltd (2008).

• EBI and Heineken decided to enter into a strategic partnership in the Serbian and Kazakh markets and completed mergers in Serbia and Kazakhstan in the 3rd and 4th quarters of 2008, respectively (2008).


• CCİ reached an agreement to undertake sales and distribution of herbal tea, fruit tea, green tea and black tea products produced by Doğadan Gıda Ürünleri Sanayi ve Pazarlama A.Ş. (Doğadan), owned by TCCC, in Turkey (2008).
• CCİ acquired 49 percent of the shares of Coca-Cola Beverages Pakistan Ltd. (CCBPL) from the majority shareholder TCCC (2008).
• Anadolu Efes acquired 33.3 percent of Etap Tarım ve Gıda Ürünleri Ambalaj Sanayi ve Ticaret Anonim Şirketi ("Etap"), a fruit juice concentrate producer selling its products in Turkey and abroad (2009).
• CCİ purchased a portion of assets, rights, permissions and licenses related to the water operations of Sandras, a natural spring water company (2009).
• Anadolu Efes re-launched its flagship brand "Efes" in all of its operating countries with its new logo and packaging (2009).
• Anadolu Efes made a tender offer for the entire depository receipts of EBI not owned by the Company. Following completion of the tender offer, Anadolu Efes' share in EBI increased to 73.5 percent (2009).
• Einbecker Brauhaus AG started production of the "Efes Pilsener" brand in Germany to be sold by Efes Deutschland GmbH, the 100 percent subsidiary of Anadolu Efes (2010).
• Anadolu Efes' share in EBI increased to 100 percent. Listing of EBI on the London Stock Exchange ended as of October 6, 2010 (2010).
• CCİ entered the natural spring water market with the start of the production of "Damla Minera" in the Bursa plant (2010).


# ANADOLU EFES' PIONEERING VENTURES

## BEER

- **Turkey's first canned beer** produced by Ege Biracılık in Izmir in 1986.
- **Turkey's first light beer**, "Efes Light", was launched in 1993.
- **The first non-returnable (deposit free) bottles** started to be used in 1996.
- **Turkey's first dark beer**, "Efes Dark", was launched in non-returnable transparent bottle in 1998.
- **Turkey's first five-liter keg packaging** made its debut in 1999.
- **Turkey's first "embossed" printed can** was introduced in 1999.
- The 30$^{th}$ anniversary of the Company was commemorated with the production of **Turkey's first embossed "shaped can"** in 1999.
- Production of the **first licensed beer** commenced in **Russia** with the "Efes" brand in 1999.
- **First licensed production of a foreign beer brand** (Miller Genuine Draft) started in **Turkey** in 2000.
- **Kazakhstan's first dark beer**, "Karagandinskoe Dark", was produced in 2003.
- **Kazakhstan's first high-alcohol beer**, "Karagandinskoe Strong", was produced in 2003.
- **Turkey's first canned draft beer**, "Efes Pilsen Fıçı", was introduced in keg-shaped cans in 2004.
- **Turkey's first draft beer in keg-shaped glass bottles** was introduced in 2005.
- **Russia's first beer in transparent PET** packaging was introduced in 2005.
- **Turkey's first ice beer**, "Efes Ice", manufactured with ice production technique, was launched in 2006.
- **Turkey's first wheat beer**, "Gusta", launched in 2007.
- **Kazakhstan's first high alcohol premium beer**, "Amsterdam Navigator", produced under license in the country, was launched in 2007.
- "Stary Melnik Iz Bochonka" makes its debut in **Russia** in 2007 as the **first draft beer presented in bottle and can** forms.
- **Turkey's first coffee-flavored beer**, "Efes Dark Brown", was launched in 2008.


• **Kazakhstan's first bottled draft beer**, "Karagandinskoe Kruzhka Svezhego", was launched in 2008.

• **Russia's first semi-dark beer in PET packaging**, "Gold Mine Beer Red Special", was launched in 1.5 liter packaging in 2008.

• **Russia's first two malts blended beer**, "Efes Fusion", was launched in 2008.

• **Russia's first draft beer in transparent PET packaging**, "Stary Melnik iz Bochonka Mild", was launched in 2008.

• "Gusta Dark," the high-alcohol version of "Gusta" and Turkey's **first dark wheat beer**, was launched in 2009.

• A high-alcohol version of Efes Pilsen draught beer, **the first high-alcohol draught beer in can in Turkey**, was launched in 2009.

• **Kazakhstan's first bottled draft beer**, "Karagandinskoe Kruzhka Svezhego Mild", was launched in 0.5 liter transparent packaging in 2009.

• **Kazakhstan's first bottled draft dark beer**, "Karagandinskoe Kruzhka Svezhego Velvet", was launched in 0.5 liter packaging in 2009.

• **Moldova's first bottled draft beer**, "Chisinau Draft Mild", was launched in 0.5 liter transparent packaging in 2009.

• **Georgia's first bottled draft beer**, "Natakhtari Kasris", was launched in 0.5 liter bottle in 2009.

• **Russia's first bottled mojito beer cocktail**, "Sokol Mohito", was launched in 0.5 liters packaging in 2009.

• **Russia's first cola-flavored beer**, "Sokol", was launched in 2010.

• **The first beer of Efes Russia created especially for women**, Chardonnay flavored "Dolce Iris", was launched in 2010.

• **Kazakhstan's first mojito beer cocktail**, "Sokol Mohito", was launched in 0.5 liter bottle packaging in 2010.


## SOFT DRINKS

• **Turkey's first sparkling beverage in a PET bottle** was produced in 1986.

• **Production of Turkey's first sparkling beverage in aluminum can** commenced in 1987.

• **Turkey's first diet sparkling beverage**, "Diet Coke", was launched in 1987.

• **Turkey's first "iced tea"** was launched with the "Nestea" brand in 1994.

• **Turkey's first returnable PET bottle** was launched in 1995.

• Azerbaijan Coca-Cola Bottlers was the **first foreign company**, operating in a sector other than oil, invested in **Azerbaijan** in 1996.

• **Kazakhstan's first processed drinking water**, "Bonaqua", was launched in 1998.

• **Kazakhstan's first diet sparkling beverage**, "Coca-Cola Light", was launched in 2000.

• **Turkey's first sports drink**, "Powerade", was launched in 2002.

• Azerbaijan Coca-Cola Bottlers' bottling plant became **the first facility in the Caucasus and Central Asia to be awarded the "ISO 9001: 2000 Quality Certificate."**

• **Kazakhstan's first tonic** was produced in 2005.

• **Kazakhstan's first sparkling beverage in aluminum can** was launched in 2005.

• **Kazakhstan's first fruit juice in aluminum can** was launched in 2006.

• **Kazakhstan's first iced tea** was launched in 2006.

• **The world's first twist-off cap sparkling/alcohol-free beverage** was launched in 2007.

• Production of **Turkey's first fruit juice in an aseptic PET bottle** started in 2007.

• **Turkey's first energy drink in aluminum bottle** was launched in 2007.

• Production of **Kazakhstan's first fruit juice in Tetra packaging** commenced in 2007.

• **TCCC enters the hot tea business for the first time in the world in Turkey** by acquiring Doğadan in 2008.

• **Turkey's first energy soda pop**, "Sprite 3G", was launched in 2008.

• **Turkey's first flavored tonic**, "Schweppes pomegranate tonic", was launched in 2008.

• **Production of Kazakhstan's first iced tea in Tetra packaging** commenced in 2008.

• Azerbaijan Coca-Cola Bottlers became **the first beverage company in Azerbaijan awarded ISO 22000:2005 Food Safety Management System Certification.**

• **CCİ's first mineral water in Turkey**, "Damla Minera", was launched in 2010.

• **Turkey's first a ready-to-drink fruit and herbal tea** was launched by Doğadan in 2010.


EFES


Coca-Cola


# VISION AND MISSION

## Anadolu Efes' Beer Group vision is;

To be the most admired beer company in the markets we operate while tripling our business in next 10 years.

## Mission is;

We help people enjoy life better through the responsible enjoyment of our products.

## Anadolu Efes' Soft Drink Group vision is;

To be the outstanding beverage company leading the market, inspiring people, adding value through excellence.

## Mission is;

Build a sustainable and profitable business through refreshing consumers, partnering with customers, delivering superior value to shareholders and being trusted by communities.

Coca-Cola

EFES
EFES

Anadolu Efes, with close to **30** brands in its product portfolio is the leader of the Turkish beer market with **89 percent** market share.

## *We strengthened our position further in our operating markets...*

While continuing its investments in order to grow the Turkish beer market, Anadolu Efes sustains its fast growth and increases its market share in all operating countries by continuously outperforming the markets.


# MESSAGE FROM THE CHAIRMAN

With a product portfolio appealing to the tastes of consumers from all walks of life, our Company has further enriched its product offering through new launches in 2010.

Esteemed shareholders,

Over the last several years, initiatives aimed to heal the destructive effects of the global economic crisis have continued unabated. Last year, we maintained our sustainable and profitable growth thanks to the strategic measures we adopted to overcome the hurdles due to the economic crisis on the beer and soft drinks sectors.

We entered 2010 with positive signs in some of the macroeconomic indicators from the geographical area in which we conduct our operations. However, we also faced with new challenges as a result of excise tax increases on beer in all our operating markets. Nevertheless, we not only met our performance targets but also exceeded them.

Increased sales volumes in both beer and soft drink operations are the clearest indicators of our success. In 2010, 56 percent of our consolidated sales volume was generated by our beer operations while soft drink operations contributed 44 percent. For the year, our total beer sales volume increased by 9.2 percent and reached 24.2 mhl. Sales volume of our soft drink operations rose to 665.4 million unit cases, indicating an increase of 13.5 percent over the previous year.

In our Turkey beer operations, according to our




guidance we forecasted that our 2010 sales volume would decline by low single digit as a result of the rise in excise taxes and price increases to reflect higher taxes. Although we maintained this guidance throughout the whole year, the total sales volume of our Turkish beer operations increased by 8.4 percent in the last quarter of 2010 over the same quarter of the previous year. This success was achieved by the contribution of the low base of last year and favorable weather conditions in October and November; together, these factors more than compensated for the negative impact of the 17 percent price increase to pass through the 26 percent hike in the excise tax on October 28. As a result, we were able to maintain our total sales volume in our Turkish beer operations in 2010 almost the same as the previous year. Our EBITDA margin declined slightly in parallel with our expectations.

The sales volume of our Turkish beer operations totaled 8.5 mhl, with a market share in Turkey of 89 percent as of 2010-end. Net sales revenue generated from our Turkish beer operations was TL 1,293.4 million with EBITDA of TL 519.1 million.

As the leader in the Turkish beer market, achieved through satisfying the evolving needs and expectations of our consumers and creating new consumption occasions for our consumers, our primary objective is to grow the total beer market. With a product portfolio appealing to the tastes of consumers from all walks of life, our Company has further expanded its offerings with new product launches in 2010.

When we set our guidance for our international beer operations in early 2010, we made conservative assumptions taking into account the unfavorable economic conditions and the sizeable 200 percent hike in the excise tax in Russia. Nevertheless, our international beer operations performed extremely well since the beginning of the year and saw a sales volume increase exceeding our expectations. As a result, we were able to increase our gross profit and EBITDA margins even during such a difficult year.

In Russia, the world's fourth largest beer market and also our largest international market, EBI achieved a sales volume of 12.0 mhl in 2010, a 12.6 percent increase over the previous year. In all quarters of 2010, EBI's operations in Russia outperformed the market and its market share climbed to over 10 percent, solidifying its position. As a result of the latest increases effected in malt production capacity in Russian operations in 2010, EBI also achieved over 90 percent self-sufficiency in terms of malt production.

Efes' outperformance of the market internationally was assisted by its focused, innovative, memorable and cost effective marketing activities. Efes plans to continue initiatives to expand its product availability and to introduce innovations to the market in order to further strengthen its presence and profitability in Russia.

Efes Kazakhstan widely outperformed the market and its market share in the country rose to 41 percent in 2010, up from 35 percent in the previous year. As a


result, Efes Kazakhstan captured the market leader position as of August.

The “Karagandinskoe” and “Karagandinskoe Kruzhka Svezhego” brands account for the greater part of Efes’ sales volume in Kazakhstan, and continued as the leading brands of Kazakh beer market.

As the market leader, Efes has further improved and strengthened its position in Moldova in 2010. Our Chisinau brewery in Moldova was awarded with ISO 9001:2008 Quality Management System Certificate and ISO 22000:2005 Food Safety Management System Certificate in 2010. In addition, our Natakhtari brewery in Georgia was awarded with ISO 9001:2008 Quality Management System Certificate and HACCP Food Safety Certificate in 2010.

EBI is again the market leader in Georgia. Although currently home to the smallest of EBI’s operations, the country has the potential for fast growth. The Georgian beer market is forecast to grow by more than 30 percent in the next five years. As the market leader, EBI is expected to be the main beneficiary of this rapid growth. In spite of the economic recession that continued in 2010, EBI’s sales volume in Georgia increased about 30 percent in 2010, and the contribution of Georgian operations to EBI’s consolidated sales volume reached 6 percent.

Another development we are immensely proud of is the launch of our production activities in Germany. An agreement was reached with Einbecker Brauhaus AG for the contract to manufacture of our “Efes Pilsener” brand. It is to be sold by Efes Deutschland GmbH, the 100 percent subsidiary of our Company in Germany. The local production our “Efes Pilsener” brand in 0.33 lt and 0.5 lt glass bottles commenced in March in Germany where there are some 1,300 beer producers and 5,000 beer brands.

While we strengthened our leadership position in Turkey, Moldova and Georgia in 2010, we approached the third position in Russia and became the market leader in Kazakhstan. Strategic brand investments proved to be important success factors, in addition to the market-oriented practices of our Company. We can generally summarize these practices as follows:

- We make price increases less painful to consumers.
- We build on momentum of present successful brands.
- We introduce innovations to the market.
- We keep our working capital discipline.
- We are dedicated to thinking “outside the box” and breaking paradigms and accept that the future is not simply an extension of the past.

We have also left behind a successful year in terms of our soft drink operations, in parallel with the growth of the Turkish economy and the recovery in consumer confidence. We have sustained a regular increase in our soft drink sales volumes throughout 2010.

By focusing on production efficiency and cost optimization in the post-crisis period, we maintained our production capacity. These efforts allowed us to increase our production and achieve successful results during the high season. We also increased our net sales revenues beyond the sales volume both in Turkish and international operations and increase EBITDA beyond our net sales revenues.

The consolidated sales volume of our soft drink operations grew by 13.5 percent to 665.4 million unit


cases in 2010. While we realized strong sales volume growth both in our Turkish and international operations, we achieved double digit increases in all categories. Demand for sparkling beverages grew every quarter and the category ended 2010 with healthy growth of over 10 percent. During the same period, the still beverages category saw close to twenty percent volume growth. As a result, net sales revenue of our soft drinks operations grew by 14.4 percent to TL 2,753.2 million and EBITDA was TL 435.0 million.

These strong results are thanks to successful implementation of effective practices such as operational excellence, supply chain efficiencies, expansion of sales and distribution networks and other innovations coupled with the improvement in macroeconomic conditions and also successful new product launches.

The Company's sustainability and supply chain efficiency initiatives in Turkey were recognized at the Eurasia & Africa Group President's Environmental Awards where CCİ Turkey was awarded the "Best Country Bottling Operation". In addition, CCİ's Izmir plant was the winner in the "Best Performer" category.

During the same period, our international soft drinks operations also performed successfully. Customized local marketing campaigns, increased availability and product extensions in sparkling and still beverage categories drove these results in key markets.

Esteemed shareholders,

Despite all the difficulties encountered, we left 2010 behind in a much better position than we anticipated. Similarly, we expect 2011 to be a tough year especially for the beer industry. Further hikes in excise taxes, modifications in rules and regulations, and considerable increases in the price of barley in operating markets other than Turkey will impact our sector.
Nevertheless, we are fully confident that we will take our successful performance to higher levels and sustain it in 2011 as well. The factors that have fostered this confidence, contributed to our success to this date and will bring us further successes include:

- Success in building preferences on new generation of consumers and building brand equity on present strategic brands
- Successful implementation of price increases meeting both market share and EBITDA targets
- Implementation of new route-to-market business models
- Cost/expense excellence
- Free cash flow generation by maintaining our working capital discipline
- Information systems customized for our needs
- Responsible and proactive organizational structure
- Experienced and highly skilled workforce

Sincerely,

**Tuncay Özilhan**
**Chairman**


# BOARD OF DIRECTORS


**Tuncay Özilhan - Chairman** (1)

Born in 1947, Tuncay Özilhan graduated from Saint Joseph High School and the Faculty of Economics of Istanbul University; he received his MBA in Management Sciences from Long Island University in USA. His professional career began in 1977 as General Director of Erciyas Biracılık (brewery); he later became Coordinator of Anadolu Endüstri Holding Beer Group and General Coordinator of Anadolu Endüstri Holding until his appointment as CEO of the Anadolu Group in 1984. In 2007, Mr. Özilhan was appointed Chairman of Anadolu Group and still continues to serve in this position. He also serves as the Chairman of other Anadolu Group companies. Mr. Özilhan also serves as the Vice-President of TÜSİAD High Advisory Council, President of Efes Pilsen Sports Club, Estonian Honorary Consulate and President of the Turkish-Japanese Business Council.

**İbrahim Yazıcı - Vice Chairman** (2)

Born in 1949, İbrahim Yazıcı graduated from Bursa Economic and Commercial Sciences Academy in 1975. He received his MBA in 1979 from Atlanta University in the USA. Mr. Yazıcı has assumed a variety of responsibilities in Anadolu Group companies since 1982 and he currently serves as Chairman, Vice Chairman and member of the Board of Directors of several Anadolu Group companies.

**Süleyman Vehbi Yazıcı* - Member** (3)

Born in 1947, Süleyman Vehbi Yazıcı finished junior high school and high school in Beyoğlu Tarhan College after which he graduated from the Faculty of Economics of Istanbul University in 1972. Having gained on-the-job experience in various family-owned Group companies while he was a student, Mr. Yazıcı served as the General Director of Çelik Motor A.Ş. from 1975 to 1977. He has been an active member of NGOs such as Kenan Evren Eğitim Kültür Vakfı (Kenan Evren Education Culture Foundation), Anadolu Eğitim ve Sosyal Yardım Vakfı (Anadolu Education and Social Assistance Foundation), Türk Kalp Vakfı (Turkish Heart Foundation), Göz Nurunu Koruma Vakfı (Eyesight Protection Foundation), and Doğal Hayatı Koruma Vakfı (World Wildlife Fund). He has also served in various management positions in these organizations. Mr. Yazıcı has been serving as member of the Boards of Directors in various companies of the Anadolu Group since 1975.

** Mr. Süleyman Vehbi Yazıcı appointed as a member of the Board of Directors of Anadolu Efes to assume duties of resigned member Mr. Mehmet Nuri Yazıcı on October 27, 2010. Mr. Süleyman Vehbi Yazıcı's appointment will be submitted to the approval of the earliest General Assembly to be held.*

**Tülay Aksoy - Member** (4)

Born in 1951, Tülay Aksoy graduated from Erenköy Kız Lisesi in 1968. Since 1995, she has served as member of the Board of Directors of Özilhan Sinai Yatırım and various Anadolu Group companies such as Anadolu Endüstri Holding, Anadolu Efes, Anadolu Isuzu, Çelik Motor, Adel Kalemcilik, Anadolu Motor and Anadolu Sağlık Vakfı (Anadolu Health Foundation). Tülay Aksoy currently serves as the Vice President of Oden Turizm A.Ş. and is also a member of the Doğal Hayatı Koruma Vakfı (World Wildlife Fund), Çağdaş Yaşamı Destekleme Derneği (The Association in Support of Contemporary Living), Polis Şehit Aileleri Vakfı (Police Veterans Families Foundation), Engellileri Koruma Vakfı (Handicapped Protection Foundation), Sokak Çocuklarını Koruma ve Eğitme Vakfı (Street Children Protection and Education Foundation), and Starky İşitme Engelliler Derneği (Starky Hearing-impaired Foundation).

**Gülten Yazıcı - Member** (5)

Born in 1952, Gülten Yazıcı graduated from Şişli Economic and Commercial Sciences Academy in 1975. She currently serves as a member of the Board of Directors of Anadolu Endüstri Holding and Anadolu Efes.

**Hülya Elmalıoğlu - Member** (6)

Born in 1962, Hülya Elmalıoğlu graduated from Özel Kadıköy Kız Koleji in 1979. Receiving language training


in the USA from 1979 to 1980, Hülya Elmalıoğlu currently serves as a member of the Board of Directors of Anadolu Endüstri Holding and Anadolu Group companies, including Anadolu Efes, Anadolu Isuzu and Çelik Motor.

**Ahmet Oğuz Özkardeş - Member** (7)

Born in 1961, Ahmet Oğuz Özkardeş graduated from Galatasaray High School, after which he received a BS degree in Business Administration from Boston University. Holding a graduate degree in Information Systems Management from Boston University, Mr. Özkardeş serves as Deputy Chairman of Viltur A.Ş., member of the Board of Directors of Oden A.Ş., Tetusa A.Ş., member of TÜSİAD and is a founder of EGİAD (Aegean Businessmen Association).

**Metin Ecevit - Member** (8)

Born in 1946, Mr. Metin Ecevit graduated from Siyasal Bilgiler Fakültesi in 1967. He also received a master's degree from Syracuse University in Economics in 1976. From 1967 to 1980, he worked as a Government Auditor and served as Deputy General Manager of General Directorate of Revenues at the Ministry of Finance. Mr. Ecevit joined Anadolu Group in 1980 and worked in various roles, serving as General Manager in automotive companies of the Group, Board Member, and Chairman of the Board of Directors. He retired in 2006, while he was serving as the Automotive Group President. He also served as Board Member and Chairman of the Association of Imported Car Distributors in Turkey from 1992 to 2004. He is a member of the Board of Directors of the majority of Anadolu Group companies and serves as the Chairman of the Board of Directors at Yazıcılar Holding A.Ş.

**Engin Akçakoca - Member** (9)

Mr. Engin Akçakoca, born in 1951, is a graduate of Middle East Technical University and holds a BA degree in Business Administration. In a banking career which began in 1974, Mr. Akçakoca worked in various positions at T. İş Bankası, Citibank N.A., American Express Bank Ltd. and Türkiye İthalat İhracat Bankası A.Ş., before he assumed the responsibility of Assistant General Manager of Koç-Amerikan Bank A.Ş. from 1986 to 1991. From 1991 through 2000, Mr. Akçakoca served as CEO of Koçbank A.Ş. In 2001, he was appointed by the Council of Ministers as the Chairman of the Banking Regulation and Supervision Agency (BRSA) responsible for the implementation of a far-reaching restructuring program of the banking industry and President of the Savings Deposit Insurance Fund (SDIF). Providing consultancy services since 2004, Mr. Akçakoca joined the Board of Directors of Anadolu Efes as a member in 2006.

**Dr. Yılmaz Argüden - Member** (10)

Dr. Yılmaz Argüden graduated from Boğaziçi University with The Top Graduating Engineering Award. He received his PhD in policy analysis from The RAND Graduate School with General Distinction. He began his professional career at the R&D Center of Koç Holding. Later he worked as a Strategic Analysis Specialist at the RAND Corporation. Dr. Argüden worked with 20 countries during his employment as the Section Chief at the World Bank. Upon the invitation of the Turkish government, he returned back to Turkey in 1988 and he led the Privatization Program until 1990 and served as the Chief Economic Advisor to the Prime Minister (1991). He is the Chairman of a leading management consulting firm, ARGE Consulting, which has been recognized by the European Parliament as one of the top three companies "Shaping the Future" with its commitment to corporate social responsibility. Dr. Argüden has sat on the boards of Anadolu Group, Borusan, Koç Holding and Vestel group companies, Petkim, Sümerbank and Inmet Mining, which has operations spread over four continents. He served as the Chairman of the largest Turkish steel company, Erdemir from 1997 to 1999. He also serves as the Chairman of Rothschild Turkey, one of world's leading investment banks, since 2005. Having


authored more than 20 books and hundreds of articles, Dr. Argüden has lectured on strategy at a number of universities. He represents Turkey in the United Nations Global Compact and is a member of the Private Sector Advisory Group under the Global Corporate Governance Forum established by the OECD and the World Bank. Dr. Argüden was selected by the World Economic Forum among "100 Global Leaders for Tomorrow" for his commitment to improving the quality of life.

**Dr. Cem Kozlu - Member** (11)

Born in 1946, Cem Kozlu completed middle and high school at Robert College after which he received his bachelor's degree from Denison University, an MBA from Stanford University and a PhD from Boğaziçi University. Cem Kozlu lectured International Marketing and Export Administration at Boğaziçi University from 1978 to 1981 and was a visiting Professor in the Department of Economics at Denison University in 1985. After holding executive positions in various domestic and international companies, Dr. Kozlu was appointed General Manager and Chairman of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chairman of the Association of European Airlines (AEA) in 1990. Cem Kozlu served as a Member of the Turkish Grand National Assembly from 1991 to 1995 and Chairman of the THY Board of Directors from 1997 to 2003. Dr. Kozlu has held different positions in The Coca-Cola Company since 1996. He assumed the posts of Turkey, Caucasia and Central Asian Republics Executive Director and the Vienna-based Central Europe, Eurasia and Middle East Group President successively, retiring in April 2006. Currently, he works as a consultant to The Coca-Cola Company for Eurasia & Africa and he is also the President of the Geneva-based International Airlines Training Fund (IATF) and a member of the Board of Directors of the CCBCS (Coca-Cola Bottling Company of Saudi Arabia). Dr. Kozlu also serves as member of the Boards of Directors of Istanbul-based TAV Havalimanları Holding A.Ş., Coca-Cola İçecek A.Ş., Evyap Sabun, Yağ ve Gliserin Sanayii ve Ticaret A.Ş., Anadolu Endüstri Holding, Anadolu Efes Biracılık ve Malt Sanayii A.Ş., Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., The Marmara Hotels & Residences and the Foreign Economic Relations Board and as member of the Boards of Trustees of Anadolu-Johns Hopkins Sağlık Merkezi (Anadolu-Johns Hopkins Health Center) and Istanbul Modern Sanatlar Vakfı (Istanbul Modern Arts Foundation).

**Ege Cansen - Advisor** (12)

Ege Cansen received his BS degree in Business Administration from the Middle East Technical University and his MBA from the Wharton School of the University of Pennsylvania. He served as Assistant General Manager of Arçelik, Industrial Affairs Coordinator of Koç Holding, Manager of Soyer Hafriyat and Managing Director of Anadolu Endüstri Holding. Teaching Business Economics at Marmara University between 1987 and 2000, Mr. Cansen has worked as Economics Columnist at Hürriyet daily newspaper since 1983. Mr. Cansen is also a shareholder of Cansen & Cansen Management Consultancy.

**Ahmet Boyacıoğlu - Advisor** (13)

Mr. Ahmet Boyacıoğlu, born in 1946, is a graduate of the Middle East Technical University and holds a BA degree in Business Administration. Mr. Boyacıoğlu began his professional career with the Efes Beverage Group (Anadolu Efes) in 1973. He held various positions from 1973 to 2005 including President of the Beer Group, Strategy and Business Development Director, International Beer Group President, Eastern Europe Regional Director, Ege Biracılık ve Malt San. A.Ş. General Manager, Güney Biracılık ve Malt San. A.Ş. General Manager, Ege Biracılık ve Malt San. A.Ş. Sales Manager and Regional Sales Manager for the Bursa Region. Mr. Boyacıoğlu was appointed as the President of the Efes Beer Group in May 2005 and retired in February 2007. Currently, he is an Advisor to the Board of Directors of Anadolu Efes and sits on the Board of Directors of some Anadolu Group companies.




# ORGANIZATIONAL STRUCTURE

**Efes Beer Group President**
Alejandro Jimenez

- **Commercial Director** – Berke Kardeş
- **Finance & Investor Relations Director** – Can Çaka
- **Supply Chain Director** – Altuğ Aksoy
- **Market Development Director** – Cem Güner
- **Corporate Affairs, Regulations and Administrative Affairs Group Director** – Saltuk Ertop
- **Internal Audit Director** – Ahmet Öztürk

## EBI

- **Efes Georgia General Manager** – Mehmet Koçak
- **Efes Moldova General Manager** – Kenan Özçelik
- **Efes Kazakhstan General Manager** – Ömer Öğün
- **Efes Russia General Manager** – Yüksel Gökbulut

- **Efes Turkey General Manager** – Tuğrul Ağırbaş


# CCI

**Efes**
**Soft Drink Group President**
**Michael A. O'Neill**

- **Chief Financial Officer** – N. Orhun Köstem
- **Supply Chain Services Director** – Ali Hüroğlu
- **Human Resources Director** – Aliye Alptekin
- **Legal Director** – R. Ertuğrul Onur
- **Corporate Affairs Director** – Atilla D. Yerlikaya
- **Chief Audit Executive** – Özlem Aykaç
- **Strategic Business Development Director** – Meltem Metin
- **President, International Operations** – Hüseyin Murat Akın
- **President, Turkey Region** – Burak Başarır


# SENIOR MANAGEMENT

### Alejandro Jimenez - Efes Beer Group President

Alejandro Jimenez holds a Bachelor of Science degree in Chemical Engineering from the University of Texas. Mr. Jimenez began his professional career in 1973 at TCCC in Costa Rica and served in various marketing and technical positions. Following his appointment as Central America Regional Director for TCCC Costa Rica, he assumed the responsibility of Caribbean Regional Director in 1984. He served as the Vice President and Director of Marketing Operations responsible for Latin America at TCCC Headquarters from 1989 until 1991. In 1991, Mr. Jimenez was appointed as the President of Panamco Mexico which was the largest bottler in Latin America and second largest bottler in the world. Panamco Mexico was the largest subsidiary of Panamco, the largest bottler in Latin America and the second largest bottler in the world. In 1994, he became President and Member of the Board of Directors at Panamco where he assumed these responsibilities until 2001. Mr. Jimenez was working as General Director at Mexico-based Dinesa which was giving financial and management consultancy services to consumer goods companies in their initial and developmental stages until February 2007 when he was appointed as Efes Beer Group President.

### Tuğrul Ağırbaş - Efes Turkey General Manager

Tuğrul Ağırbaş received his bachelor's degree in Business Administration from Istanbul University and joined Anadolu Efes in 1990. From 1990 to 2001, Mr. Ağırbaş worked as Project Development Specialist, Marketing Specialist, Istanbul Region Sales Supervisor, New Product Development Supervisor, Group Product Manager, Sales Manager of Marmara Region and Marketing Manager of Miller. Mr. Ağırbaş was appointed as the Marketing Director of Efes Russia in 2001 and General Manager of Efes Russia in June 2005. He assumed the post of Efes Turkey General Manager on January 1, 2010.

### Yüksel Gökbulut - Efes Russia General Manager

Yüksel Gökbulut received his bachelor's degree in Journalism & Public Relations from Marmara University and worked as Sales Development and Audit Inspector at Hürriyet Holding prior to joining Efes Beverage Group. Mr. Gökbulut joined Efes Beer Group as a Marketing Specialist in 1990 and worked as a Market Research Supervisor from 1994 to 1996; Domestic Sales Assistant Manager in Ege Biracılık from 1996 to 1997; Marketing Manager in the Eastern Europe Region from 1997 to 1999 and Marketing Director of Turkey Beer operations from 1999 to 2006. Appointed as Sales Director of Efes Beer Group on September 1, 2006, Yüksel Gökbulut was later appointed as Marketing and Sales Director of Efes Beer Group on June 15, 2007. Mr. Gökbulut was appointed as Efes Russia General Manager in 2010.




**Ömer Öğün - Efes Kazakhstan General Manager**

Ömer Öğün holds a bachelor's degree from the Department of Geophysical Engineering at Yıldız Technical University. Mr. Öğün began his professional career at Anadolu Group as Service Representative at Çelik Motor Ticaret A.Ş. in 1992. Subsequently, he worked as a Sales Supervisor at Çelik Motor. He served as Planning and Logistics Manager at Coca-Cola Rostov Operations from 1998 to 1999 and Operations Manager at Moscow Efes Brewery Rostov Branch from 2000 to 2006. Mr. Öğün was appointed as Operations Director of Efes Russia in 2006 and Director in Efes Beer Group in November 2007. Mr. Öğün serves as Efes Kazakhstan General Manager since May 2008.

**Kenan Özçelik - Efes Moldova General Manager**

Kenan Özçelik received his bachelor's degree in Mechanical Engineering from the Vienna University of Technology and obtained his MBA from the same University as well. Completing the Brewing Science program at Munich Technical University, Mr. Özçelik began his career as a Systems Programmer at Siemens in 1986 and worked freelance from 1987 to 1994 before joining to Anadolu Efes. Mr. Özçelik began his career at Anadolu Efes as a Filling Engineer at Erciyas Biracılık in 1994. He worked as Assistant Technical Manager at the Moscow Plant from 1999 to 2000 and Technical Manager in Efes Russia from 2000 to 2006. Appointed as the Technical Director of Efes Russia in 2006, Mr. Özçelik also served as Technical Director of Turkey Beer Group from 2006 to 2009. Mr. Özçelik was appointed as Efes Moldova General Manager in 2009.

**Mehmet Koçak - Efes Georgia General Manager**

Mehmet Koçak holds a bachelor's degree in Business Administration from Middle East Technical University and began his professional career at the Anadolu Group as Internal Audit Specialist at Anadolu Endüstri Holding in 1993. After he worked as Finance Manager at Coca-Cola Russia Operations and as Finance Manager at Efes Moscow Brewery from 1996 to 1997, Mr. Koçak was appointed as the Trade Manager of Efes Moscow Brewery. Mr. Koçak served as the Kazan Plant Director of Efes Russia from 2006 to 2007 and serving as Efes Georgia General Manager since 2008.


### Can Çaka - Finance & Investor Relations Director

Can Çaka received his BS degree from the Department of Electrical and Electronics Engineering at Middle East Technical University and a graduate degree from the Faculty of Economics and Administrative Sciences at the same University. Mr. Çaka began his career as Business Analyst and Systems Engineer at Texas Instruments Software Ltd. In 1997, he joined Anadolu Efes as a Finance Specialist. From 1997 to 2007, Mr. Çaka held various positions at Anadolu Efes including Strategy and Business Development Director of Efes Beer Group, Strategy and Business Development Manager of Efes Beer Group from May 2005 to November 2007 and Director of Financial and Administrative Affairs of Efes Ukraine Brewery. Mr. Çaka was appointed as the Director of Strategy, Business and Market Development of Efes Beer Group in November 2007 and served in this position until March 2008. He is serving as the Director of Finance & Investor Relations at Anadolu Efes since April 2008.

### Cem Güner - Market Development Director

Cem Güner holds a bachelor's degree in Business Administration from Middle East Technical University. He began his professional career at Anadolu Efes as Marketing Specialist in 1991. From 1994 to 2003 he served as Sales Manager at Efes Invest, Product Marketing Supervisor at EFPA, Marketing Manager at Efes Moscow and Product Development Manager at Efes Beverage Group. He was appointed as the Marketing Director of Efes Beverage Group in February 2003. Mr. Güner had served as the Efes Moldova General Manager from October 2007 until August 2009 when he was appointed as the Market Development Director.

### Altuğ Aksoy - Supply Chain Director

Altuğ Aksoy received his bachelor's degree from Oglethorpe University in USA. He began his career as Finance Assistant Specialist at Anadolu Group in 1995 and was appointed Finance Specialist in 1996. Mr. Aksoy worked as a Human Resources and Treasury Specialist from 1998 to 2000. He served as Director of Sales and Marketing at Efes Invest from 2000 to 2003 and was appointed as the Director of Trade and Export at Efes Beer Group in January 2003. Continuing with his career at the Group as the Director of Purchasing and Logistics in 2006, Mr. Aksoy serves as Director of Supply Chain of Efes Beer Group since June 2008.



### Berke Kardeş - Commercial Director

Berke Kardeş received his bachelor's degree from the Department of International Relations of the Faculty of Political Sciences at Ankara University and he received his MBA in Marketing Management from Yeditepe University. Mr. Kardeş began his career as Project Development Specialist at Efes Beer Group in 1997 and worked as Financial Controller from 1999 to 2000 and Sales Chief from 2000 to 2002. Appointed as the Director of Channel Marketing at Efes Russia in 2002, Mr. Kardeş was appointed as the Marketing Director at Efes Russia in 2005. He serves as the Commercial Director Efes Beer Group since January 1, 2010.

### Saltuk Ertop - Corporate Affairs, Regulations and Administrative Affairs Group Director

A graduate of the Istanbul University Faculty of Law, Saltuk Ertop received his graduate degree in Tax Law from the same university and Executive MBA in Finance from the University of Wales. He began his professional career at Çaylıgil & Gündoğdu Law Firm as an attorney in 1990. Mr. Ertop worked at Alcatel as Legal Counsel, International Legal Counsel (Belgium), General Counsel, Human Resources Director, Career Development Director at Alcatel Headquarters (France), Vice President of Human Resources at South Asia and Vice President of South Asia Operations (India) at Alcatel-Lucent from 1993 to 2008. Joining Efes Beer Group as Human Resources Director in March 2008, Mr. Ertop is serving as Group Director of Corporate Affairs, Regulations and Administrative Affairs since April 1, 2010.

### Ahmet Öztürk - Internal Audit Director

Ahmet Öztürk graduated from the Department of Economics of the Faculty of Economics, Administrative and Social Sciences at Bilkent University. He began his professional career as Assistant Specialist at Anadolu Group Audit Department in 1995 and served in various positions at international companies operating under Anadolu Group. He worked as Financial Control Manager at Coca-Cola Rostov Bottlers in 1998 and as Director of Financial Affairs at Coca-Cola Turkmenistan, Coca-Cola Azerbaijan, Efes Ukraine and Efes Serbia operations from 1999 to 2007. Mr. Öztürk was appointed as internal audit director in June 2007.


### Michael A. O'Neill - Efes Soft Drink Group President

Mr. O'Neill was appointed as CCİ's Managing Director (CEO) in February, 2006. Mr. O'Neill graduated from Rathmines College, Dublin as an Industrial Engineer in 1969, and during his career has served in various positions including the Foreign Trade Services of Ireland, as a Commercial Attache at Ireland's Embassy to Moscow and Director of Operations in Germany, Austria and Switzerland. Additionally, Mr. O'Neill was the Director of Ireland's Food and Drink Export Initiative from 1980 to 1983. Mr. O'Neill joined TCCC in 1989, and worked as Eurasia Regional Director until 1996. Between 1996 and 2000, he was the President of the Nordic and Northern Eurasia Division of TCCC, responsible for 11 countries.

### Hüseyin M. Akın - President, International Operations

Effective January 1, 2010, Hüseyin Akın was appointed as International Operations President. He joined The Coca-Cola System in 1989, working at different managerial positions such as Marketing Manager of Caucasus & Central Asian Republics and Commercial Director of CCI. Mr. Akın also served as Turkey Region President from 2006 to 2010. Prior to joining The Coca-Cola System, Mr. Akın worked for Procter & Gamble as a Brand Manager and for Madra-Akın Edible Oil and Soap Company as Regional Sales Manager and Finance Director. Mr. Akın is the Chairman of DEIK/ Turkish-Pakistan Business Council and he has 30 years of work experience. Mr. Akın holds a BSc degree in electrical engineering and computer science from Princeton University, and an MBA in Marketing, Finance and International Business from the University of Chicago.

### Burak Başarır - President, Turkey Region

Burak Başarır served as CCI's CFO from 2005 to 2010. Effective January 1, 2010, Burak Başarır was appointed as Turkey region President. Since joining CCI in 1998, Mr. Başarır has worked as Budget and Planning Supervisor, Middle Anatolia Sales Center Finance Manager, Mersin Sales Center Manager and Ankara Sales Center Manager. Prior to joining CCI, Mr. Başarır worked for Arthur Andersen as a Senior Auditor. He has 16 years of work experience. Mr. Başarır holds a BA degree in business administration and a minor in computer sciences from American River College. He studied management at California State University of Sacramento between 1990 and 1992 and received a BSc degree in business administration from Middle East Technical University in 1995.



**N. Orhun Köstem - Chief Financial Officer**

Effective January 1, 2010, Orhun Köstem was appointed as CCI's Chief Financial Officer. Mr. Köstem was Corporate Finance Coordinator at Anadolu Endüstri Holding A.Ş. between 2008 and 2010. During his 18 years of work experience, Mr. Köstem has worked at different managerial positions within the Anadolu Group, such as Business Development Manager, Investor Relations Manager, Corporate Finance and Investor Relations Manager, Corporate Finance and Investor Relations Director in Efes Beverage Group and Finance Director of Efes Breweries International. N.V. Orhun Köstem holds a BSc degree in Mechanical Engineering and an MBA from Middle East Technical University, as well as an MA degree in Economics Law from Bilgi University.

**Ali Hüroğlu - Supply Chain Services Director**

Ali Hüroğlu has served as Supply Chain Services Director for Turkey and International Operations since 2001. He joined the Coca-Cola System as Plant Manager of former Trabzon production facility under the responsibility of Black Sea Sales Center in 1990. Following this, Mr. Hüroğlu worked on the construction of the Mersin bottling plant and was responsible for the South and Southeast Sales Center. In 1995, he transferred to the operations department, assuming the position of Operations Manager of the Mersin plant in 1996 and, later, Ankara plant and East Region Group Operation Manager. Prior to joining The Coca-Cola system, he worked for HEMA Gear manufacturing as a Process Engineer from 1983 to 1985, and for General Dynamics Forth Worth-Texas as a trainee from 1985 to 1986. He then returned to Turkey in 1986 and worked on an F-16 aircraft design and manufacturing project at Turkish Aerospace Industries in Ankara from 1986 to 1990. Mr. Hüroğlu holds both Bachelor of Science and Master of Science degrees in Mechanical Engineering from Black Sea Technical University and is President of the Association of Beverage Producers (MEDER). Mr. Hüroğlu has 31 years of professional experience.

**Aliye Alptekin - Human Resources Director**

Aliye Alptekin joined CCI as Human Resources Director in 2004. Prior to joining the Coca-Cola System, Aliye Alptekin worked for Turkish Airlines from 1989 to 2004, where she held various management positions such as International Relations and Agreements Manager, Senior Vice President for Marketing and Executive Vice President in charge of Human Resources. She has 22 years of work experience. Aliye Alptekin holds a BSc degree in business administration from Hacettepe University.


**R. Ertuğrul Onur – Legal Director**

R. Ertuğrul Onur was appointed as the Legal Director of CCI in 2007. Prior to joining The Coca-Cola System, he set up the legal department within Pfizer and served as Assistant General Manager and Legal Director. Mr. Onur implemented various compliance programs at Pfizer Turkey. He has 23 years of work experience. Mr. Onur served as Legal Counsel for Mobil Oil Türk A.Ş. and BP Petrolleri A.Ş. between 1995 and 2000. He also worked as BP Turkey Employee Representative, BP Europe Employee Council Member and BP Europe Employee Council Communication Committee. He graduated from Istanbul University's Law Faculty in 1988. Following the completion of his apprenticeship at the Konya Bar, he worked as a research assistant at the same Law Faculty, becoming a member of the Istanbul Bar.

**Atilla D. Yerlikaya - Corporate Affairs Director**

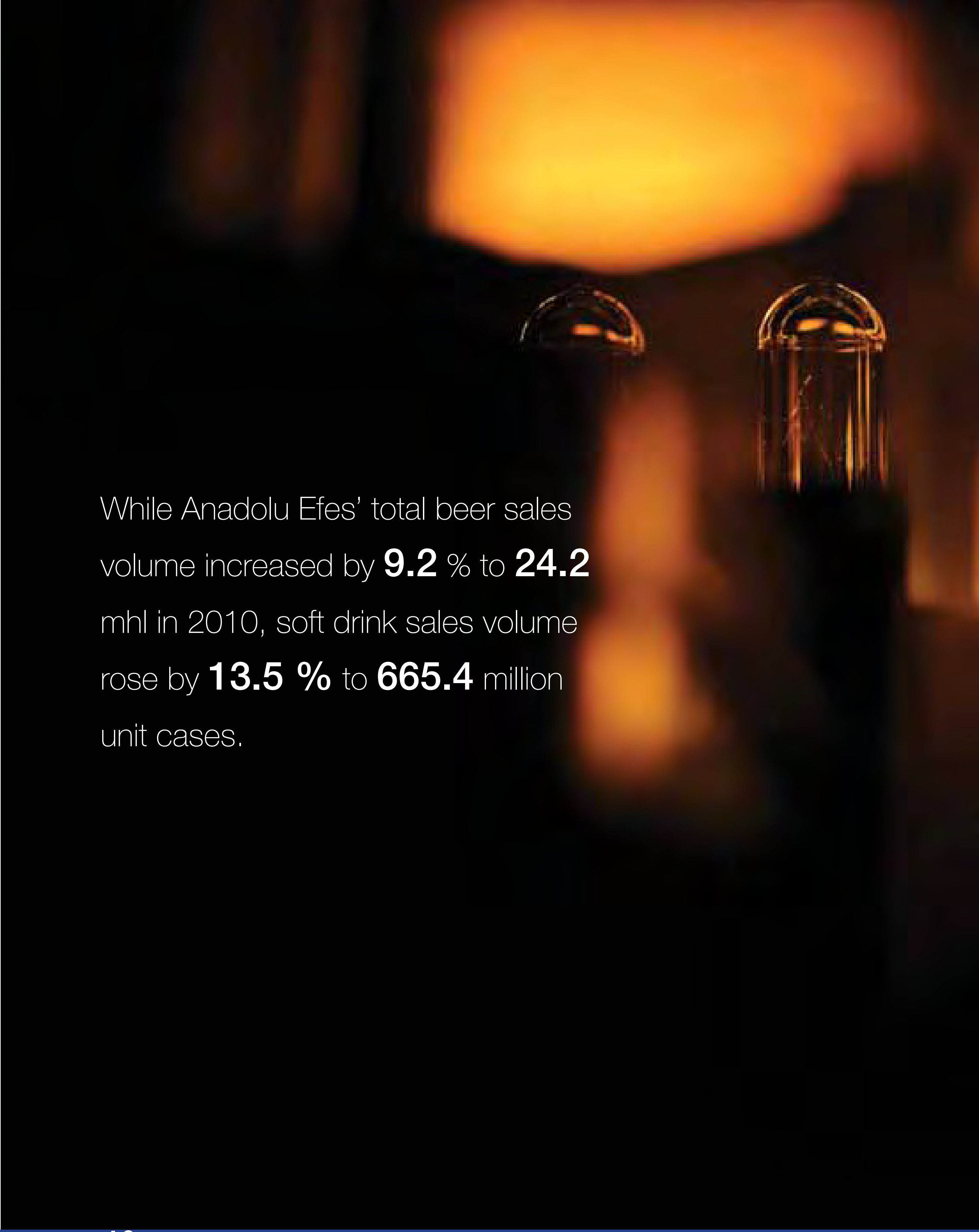
Prior to his appointment as Corporate Affairs Director of CCI in 2007, Mr. Yerlikaya held managerial positions at Philip Morris SA and Shell & Turcas. Mr. Yerlikaya has 17 years of professional experience. Mr. Yerlikaya worked as a journalist and publisher for more than ten years, including the General Manager of National Geographic Turkey. Mr. Yerlikaya is the Chairman of DEIK/Turkish-Kyrgyz Business Council and Vice Chairman of the American Chamber of Commerce in Turkey and was graduated from Boğaziçi University.


### Özlem Aykaç İğdelipınar - Chief Audit Executive

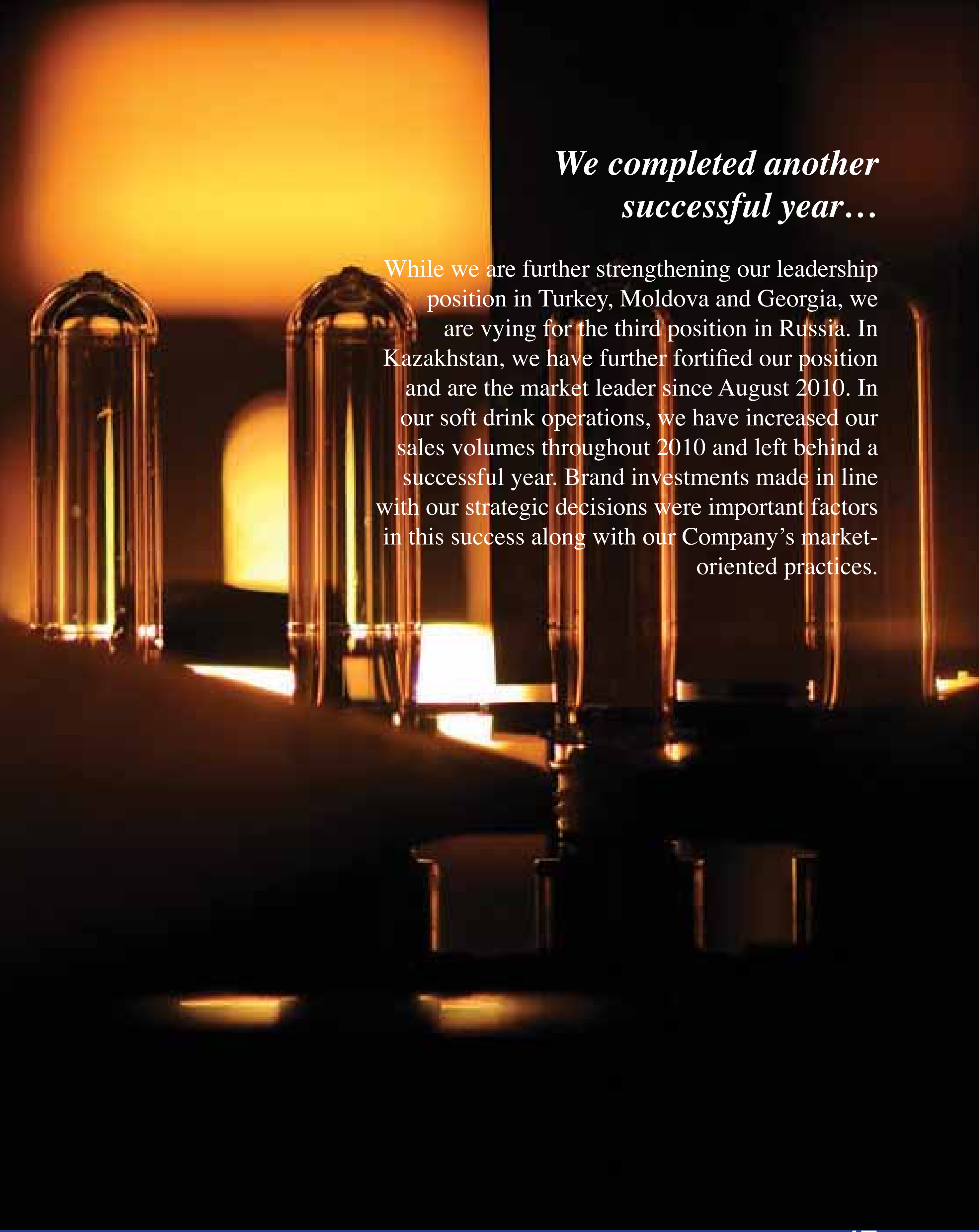
Özlem Aykaç joined The Coca-Cola System in 1999 as an Internal Audit manager. She has 23 years of experience in Internal Audit and Finance in the banking and textile sectors. Özlem Aykaç is the President of the Institute of Internal Auditing-Turkey (TİDE). In addition, she serves as a Member of the Board and Audit Committee for the Global Institute of Internal Auditors (IIA). She holds both Certified Internal Auditor (CIA) and Certification in Control Self-Assessment (CCSA). Özlem Aykaç studied Business Administration in Middle East Technical University.

### Meltem Metin - Strategic Business Development Director

Meltem Metin, a graduate of Istanbul University in Business Administration (English), started her career at Pamukbank as management trainee. She transferred to Anadolu Group to work as a specialist in the Financial Control Directorate in 1995. She became Financial Controller at Anadolu Endüstri Holding before being transferred to Efes Sinai Yatırım Holding in 1998, working first as a Financial Controller, then as Regional Finance Manager. In May 2000, she was appointed as Finance Manager to Kazakhstan operations of Efes Sinai (Coca-Cola Almaty Bottlers-CCAB) when she was the Finance Manager for the Kyrgyzstan operations (Coca-Cola Bishkek Bottlers-CCBB) as well. After she was appointed as General Manager of CCAB in February 2002, she additionally assumed the same position for CCBB in June 2005. She has been the Strategic Business Development Director at CCI since May 2009 and has 17 years of work experience.



While Anadolu Efes’ total beer sales volume increased by **9.2** % to **24.2** mhl in 2010, soft drink sales volume rose by **13.5 %** to **665.4** million unit cases.



## *We completed another successful year…*

While we are further strengthening our leadership position in Turkey, Moldova and Georgia, we are vying for the third position in Russia. In Kazakhstan, we have further fortified our position and are the market leader since August 2010. In our soft drink operations, we have increased our sales volumes throughout 2010 and left behind a successful year. Brand investments made in line with our strategic decisions were important factors in this success along with our Company's market-oriented practices.


# 2010 REVIEW

The strength of its brands plays a vital role in success of Anadolu Efes , a company with a strong balance sheet, high profitability and strong in every aspect as well as sustainable. While responding to changing consumer demand is among the priorities of Anadolu Efes, it has more than 30 brands in its product portfolio besides "Efes Pilsen".

Anadolu Efes is a strong international company which carries out production activities spread across a wide geography. As the leader of the Turkish beer market, Anadolu Efes is aiming for the top positions in both beer and soft drink operations in all of its operating regions.

Conducting its international beer operations through EBI, the Company is the market leader in Moldova and Georgia as well as Turkey, while it ranks 4th in Russia. In Kazakhstan, the Company became the market leader as of August 2010.

Carrying out its soft drinks operations through CCİ, Anadolu Efes is the market leader in Kazakhstan, Azerbaijan, Kyrgyzstan and Turkmenistan as well as Turkey and ranks second in Syria, Jordan and Pakistan.

Anadolu Efes is a company with a strong balance sheet, highly profitable and strong in every aspect as well as sustainable. The strength of the Anadolu Efes' brands with its 41 years of experience plays a vital role in its success. Topping the list of the beer brands is "Efes Pilsen" which has been the indispensable choice of Turkish consumers from the first day of its launch.


Introduced into the market in 1969, "Efes Pilsen" brand has become an international brand by reaching beyond Turkey's borders. Also produced in Russia, Kazakhstan, Moldova, Georgia and Serbia as well as Turkey, Efes Pilsen is exported to almost 80 countries and is positioned in the premium segment in all of these markets.


While responding to changing consumer demand is among the priorities of Anadolu Efes, it has more than 30 brands in its product portfolio besides "Efes Pilsen". Having a wide range of local brands in its portfolio, the Company has achieved a significant competitive edge in all segments by succeeding also with the international brands produced under license.

This strategy has allowed the Company to grow very quickly, and it has become the 13$^{th}$ and 5$^{th}$ largest brewing company in the world and Europe, respectively. In addition, its soft drinks operations run by CCI is the 5$^{th}$ largest bottler in the Coca-Cola system.

One of the primary objectives of the Company is to sustain this growth into the future. To achieve its sustainable growth objective, Anadolu Efes continues its investments to expand the Turkish beer market and meet rising demand in all of its operating markets by establishing new production facilities and lines and increasing its overall capacity.

The Company which commenced production in Turkey in 1969 with two breweries today operates five breweries and has increased its annual capacity from 0.3 mhl to 10 mhl. Equipped with the state-of-the-art technology, Anadolu Efes breweries can respond to shifting needs instantly thanks to their high-quality production facilities.

Owning two malteries and a hop production facility in Turkey, the Company has the annual capacity to produce 115,000 tons of malt and 300 tons of pellets of hops, respectively. Making key investments in the fields of malt and hops which are vital for brewing industry, Anadolu Efes focuses on agricultural projects which allow for the domestic procurement of malting barley seeds and hops.

The ongoing efforts of the Company's R&D Department for the last 30 years bore fruit in the production of a wide range of malting barley seeds of very high quality. In order to contribute to the development of local economies, Anadolu Efes supports the cultivation of barley and hops which are the raw materials for brewing. The Company also offers trainings on irrigation techniques, manure and pesticide application to help farmers to increase productivity.

As the leader of the Turkish beer market, Anadolu Efes is aiming for the top position in both beer and soft drink operations in all of its operating regions


Thousands of farmers today plant malting barley seeds and hops provided by Anadolu Efes. The cultivated products are then purchased by the Company and converted into malt in its own facilities.

Given the fluctuations in raw material prices and crop yields, the strategic importance of Anadolu Efes' investments in Turkish agriculture and state-of-the-art production facilities are demonstrated again and again each day.

Anadolu Efes has transferred its know-how and experience gained from its beer operations in Turkey to overseas markets and accelerated the Company's growth further.

Conducting its international beer operations through its subsidiary, the Netherlands-based EBI, Anadolu Efes is not only expanding the range of its operations on an ongoing basis but also sustains its profitable growth through the breweries it establishes in its operating markets and the strong local brands it acquires.

The countries where the Company has based its operations include the world's most attractive beer markets that have fast-growth potential. The beer consumption growth seen in Anadolu Efes' operating markets, which was far above growth rates in Europe and the world average, clearly speaks to the felicity of these strategic investments.

Commencing its operations in Russia in 1999 with a single brewery and a total production capacity of 1.5 mhl, EBI ranks fourth in the Russian market today. EBI operates in Russia with a total of five breweries and five malteries located in Moscow, Ufa, Rostov, Kazan and Novosibirsk. Efes Russia operations have a total annual production capacity of 20.2 mhl of beer and 152,000 tons of malt.

EBI is the market leader in Kazakhstan where it operates two breweries and has an annual production capacity of 22.4 mhl. EBI is also the market leader in Moldova with an annual production capacity of 1.4 mhl. Similarly, EBI is the market leader in Georgia with an annual production capacity of 1.2 mhl.

Last year, Einbecker Brauhaus AG commenced production of the "Efes Pilsener" brand on a contract basis to be sold by Efes Deutschland GmbH, a wholly owned subsidiary of Anadolu Efes established in Germany.


Anadolu Efes has a 28 percent stake in the beer operations carried out by Heineken in Serbia. Besides exporting to many countries around the world, the Company also owns directly or controls sales and distribution companies in Belarus and Azerbaijan. These companies carry out or coordinate the sales and distribution of the Group's products in these countries.

Anadolu Efes' soft drink activities in Turkey and international markets are run through its subsidiary CCİ. Efes Sınai Yatırım Holding A.Ş. ("Efes Invest"), a subsidiary of Anadolu Efes, was established in 1993 to carry out Coca-Cola bottling investments in CIS countries. Anadolu Efes had acquired 33 percent of the Coca-Cola bottling and marketing companies in Turkey in 1996 and the soft drinks operations of Efes Invest in Kazakhstan, Kyrgyzstan and Azerbaijan later merged with Turkey soft drink operations and restructured under the name of CCİ in 2005. As the 5th largest bottler in the Coca-Cola system, CCİ contributes significantly to the success of Anadolu Efes. CCİ has operations in 10 countries, serving a geographic area that is home to more than 350 million people. The Company operates 20 bottling plants which have a total production capacity of 978 million unit cases as of the end of 2010.

The soft drinks brand portfolio of Anadolu Efes is divided into two main categories. The sparkling beverages, with a 72 percent share, is the main operating area. CCİ is the leader in the sparkling beverages category in Turkey, Kazakhstan, Azerbaijan and Kyrgyzstan.

Having strong brands in the sparkling beverages category such as "Coca-Cola," "Coca-Cola Light" ("Diet Coke" in Pakistan), "Fanta" and "Sprite," CCİ also offers "Coca-Cola Zero" in Turkey, Jordan, Syria and Northern Iraq; "Schweppes" in Turkey, Kazakhstan and Kyrgyzstan; "Sprite 3G" in Pakistan; "Canada Dry" in Iraq; "Sprite Light" in Jordan and Syria; and "Minute Maid" and "Sprite Zero" in Pakistan to its customers.

Even though with a 28 percent share still beverages category currently represents a relatively smaller share in CCİ's total sales volume, it offers significant growth potential. Expanding its brand portfolio in categories such as fruit juices, bottled water, sports drinks and iced tea, CCİ continues to introduce new products to customers in its operating markets.

CCİ has operations in 10 countries, serving a geographic area that is home to more than 350 million people. The Company operates 20 bottling plants which have a total production capacity of 978 million unit cases.



# OPERATING AREAS AND REGIONS & 2010 ACTIVITIES

In spite of the challenges we faced during 2010, our Turkey beer operations maintained sales volume at the same levels as the previous year. Sales volume of our international beer operations grew by more than 15 percent in 2010.

## BEER - Turkey

### Sales volumes maintained despite challenges

In Turkey, per capita beer consumption stands at 12 liters. Although it remains limited compared to the 60 liters average per-capita beer consumption level in Europe, considering relatively large population of Turkey, the total consumption has increased above some countries that have higher per-capita consumption figures but smaller populations than our domestic market. In addition, in a period when beer consumption has contracted in some European markets, the growth trend in beer consumption in developing countries, including Turkey, maintained.

This rise in consumption is helped by factors such as high population growth in Turkey, young population, dynamic consumption trends and significant tourism potential; Efes' efforts to popularize beer culture throughout the country and expand the beer market has also fueled growth. As the leader of the Turkish beer market with 89 percent market share, Efes Pilsen creates new segments and undertakes pioneering activities and projects such as "Developing Pub Culture" and "Streets of Chat" in order to spread beer culture and expand the market.

Anadolu Efes' comprehensive product portfolio includes brands such as "Efes Pilsen" which accounts for the larger proportion of the total sales volume; "Efes Light," "Efes Dark" and "Efes Extra" and Turkey's first wheat

**Turkey Beer Operations Sales Volume** (mhl)




beer “Gusta”; the aromatized beer “Mariachi”; and some of the world’s most famous brands produced under license, such as “Miller Genuine Draft,” “Beck’s” and “Foster’s.”

The product range was further expanded in 2010. Lending its name to the district where it opened its doors, Bomonti, the first beer of this land, laid the foundation of beer culture in Turkey and blazed a trail with the country’s first “beer gardens,” has once again found its place on the shelves with its pure malt taste. With its agave-lemon aroma, dry taste and alcohol level of 6 percent by volume, “Mariachi Dry,” which is fast on its way to becoming the drink of choice for night life, which was launched in June 2010.

Previously offered in 50cl cans, “Marmara Kırmızı” was re-launched to the market in 75cl cans; “Becks” and “Mariachi Black” were offered to customers in new packaging.

Anadolu Efes’ wholly owned subsidiary EFPA continued to conduct sales, distribution and marketing throughout 10 sales regions in Turkey in 2010. With 192 retailers and 28 distributors, EFPA has a powerful logistics network that distributes its products throughout Turkey.

Anadolu Efes conducts sales in Turkey’s five largest cities through its in-house sales force. In other regions, Anadolu Efes uses exclusive dealers and third party distributors for warehousing and delivery operations. This organizational structure has enabled Anadolu Efes to efficiently focus on its sales activities. Any issues that may arise within this structure are minimized as a result of the strong and healthy working relationship that Anadolu Efes has established with its dealers.

Widely dispersed plants throughout Turkey allow for the deployment of the most efficient production and distribution network in terms of cost control. The fact that a significant proportion of beer sales in Turkey takes place via returnable bottles signifies the importance of two-way distribution channels. At the beginning of 2010, domestic sales volume of the Company’s Turkey beer operations was forecast to fall by a low single digit percentage. This estimate was based on a 14 percent price increase to reflect the excise tax hike of 35 percent, lower increases in prices of other alcoholic beverages compared to that of beer and continuing difficult economic conditions.

Although 12 liters of per capita beer consumption in Turkey is low compared to European average, considering the relatively large population of Turkey, the volume of total consumption has increased above some countries that have higher per-capita consumption figures but smaller populations



In addition to the excise tax increase levied at the beginning of the year, another hike was affected on October 28, 2010. In order to pass through this 26 percent excise tax rise, we increased our prices on the same date of the tax increase went into effect by an average rate of 17 percent which was higher than the required amount. Although the latest excise tax hikes put pressure on sales volumes in the last two months of 2010, the sales volume of Turkey beer operations increased by 8.4 percent in the last quarter of 2010 over the same period of the previous year, thanks to favorable weather conditions in October and November. Thus, the negative effect of the 17 percent price increase were more than offset, allowing for the total sales volume of our Turkey beer operations in to 2010 to remain almost the same compared to previous year.

## BEER - International

### Guidance revised upwards several times

Similar to Turkish operations, international beer operations performed above the expectations which were made at the beginning of the year. The year 2010 was generally in line with revised expectations which were later revised upward as a result of a strong performance.

At the beginning of 2010, the sales volume of international beer operations was forecast to fall by a low single digit percentage over the previous year. This estimate was based on the fact that a 200 percent hike in excise tax was adopted in Russia as of January 1, 2010. As a result of the price increases to pass the hike in excise tax, the Russian market was expected to contract between 5 percent and 10 percent. Under these difficult conditions just like previous years, we had planned to keep the contraction in our sales volume limited compared to the market by outperforming market.

Our brilliant performance from the first quarter onwards allowed us to revise our estimates upward several times throughout the year and our international beer operations saw 15.2 percent sales volume growth in 2010.

One of the most important developments for our international beer operations was Anadolu Efes' increase of its stake to 100 percent in the Net-

**International Beer Operations Sales Volume** (mhl)


herlands-based EBI, which conducts its international operations. Having upped its shareholding in EBI to 73.5 percent in the previous year, Anadolu Efes acquired approximately 25.98 percent of the issued share capital of EBI as of March 30, 2010. This allowed Anadolu Efes to control 100 percent of EBI following the transfer of the remaining shares.

**12.6 % growth in Russia**

Russia, the largest market of the Company's international beer operations in terms of sales volume, is also one of the world's leading beer markets with annual consumption of 99.6 mhl according to 2010 retail sales data from Rosstat. The Russian beer market, which had grown by an average rate of 10 percent per annum until 2010 in the last five years, has the potential for continued rapid growth although it has been negatively affected by the global economic crisis and excise tax increases in recent years. Russian beer market is forecasted to keep its growth trend in the coming years and per-capita beer consumption expected to rise from 73 liters to 87 liters over the next five years.

EBI is one of the largest players in this important market. Five large international producers including EBI account for 83 percent of the total sales volume in the Russian beer market in 2010.

The Russian beer market continued to decline in 2010. Adversely affected by the hike in excise tax enacted at the beginning of 2010, Russian beer market contracted by 7 percent in 2010 compared to 2009 (The Nielsen Company). In spite of this contraction, EBI realized a sales volume of 12.0 mhl in the country in 2010, a 12.6 percent increase over the previous year. EBI's strong performance was assisted by its focused, innovative, memorable and cost effective marketing initiatives. As a result, EBI strengthened its fourth position in the market, and came very close to placing the third.

EBI's product portfolio consists of many brands which are highly successful in their respective segments.

EBI's flagship brand in the Russian market is "Stary Melnik," one of the highest volume generators. "Stary Melnik" is exported to more than 15 countries and is the fourth best-selling brand in the upper mainstream segment in Russia.

Our brilliant performance from the first quarter onwards allowed us to revise our estimates upwards several times throughout the year and our international beer operations recorded 15.2 percent sales volume growth in 2010 period.



"Gold Mine Beer," which accounts for the largest portion of EBI's sales volume in Russia, is the sixth highest selling beer brand in the Russian beer market in terms of sales volume. (The Nielsen Company, January-December 2010) Added to the EBI brand portfolio in 2003, "Beliy Medved" is the fourth highest selling beer brand in the Russian beer market in terms of sales volume. (The Nielsen Company, January-December 2010) "Green Beer," added to the EBI brand portfolio in 2006, ranks 13th among the highest selling brands in its segment. (The Nielsen Company, December 2010)

EBI has staked out a niche among the rapidly growing premium and super premium segments in Russia by including international brands in its portfolio. In addition to "Efes", "Warsteiner" and "Bavaria Premium" are produced under license with significant success.

Consumers have been introduced to many new brands in 2010 besides those mentioned above. "Sokol Cola" was launched in Russia after the introduction of "Sokol Mohito" in 2009. Dark and light products under the "Limited Edition" line in the "Gold Mine Beer" portfolio were launched in 0.5 lt. bottles and 1.25 lt. pet packaging. The first product of Efes Russia in the super premium segment created especially for women, "Dolce Iris" flavored with "Chardonnay" wine was added to the brand portfolio of the Company. A new package option was added to the lower mainstream brand "Stary Melnik" with the launch of "Stary Melnik Svetloe" in 1.5 lt. pet packaging; "Barhatnoe (Dark)" was added to the product line of the same brand in the upper mainstream segment "Stary Melnik Iz Bochonka." "V Rozliv," the successful sub-brand of the lower mainstream segment "Beliy Medved" was launched in 0.5 lt. bottles and "Beliy Medved Zhivoy" was introduced in 0.5 lt. bottles.

EBI strives to increase its availability and introduce innovations in order to further strengthen its presence and profitability in the Russian market. With malt production capacity increases in 2010, EBI's Russia operations can now produce more than 90 percent of the malt it needs for brewing in-house.

**41 percent market share in Kazakhstan**

With a young population and a dynamic economy, Kazakhstan is home




to a beer market that has quadrupled in size over the last 10 years. Kazakhstan's beer market is forecast to grow at an average annual rate of 7 percent over the next five years. The Kazakh beer market contracted due to the global economic crisis in 2008 and 2009. In 2010, however, it grew by 15 percent as a result of higher growth in the economy and the lower mainstream segments. Per-capita beer consumption in Kazakhstan reached the pre-crisis level of 28 liters following the two-year period of contraction. Widely outperforming its rivals in this dynamic market, EBI increased its market share from 35 percent to 41 percent becoming the market leader.

In achieving this success, "Karagandinskoe" and "Karagandinskoe Kruzhka Svezhego" brands which account for the most sizable proportion of EBI's sales in Kazakhstan proved to be the key contributors. "Beliy Medved" and "Tyan-Shan", which are produced under license and contribute increasingly larger shares of the total sales volume, allowed EBI to get the highest benefit from growth in the lower mainstream segment.

In Kazakhstan, EBI markets "Heineken" in the super premium segment, "Efes," "Amsterdam Navigator" and "Bavaria" in the premium segment and "Sokol" and "Gold Mine Beer" in the upper mainstream segment.

Kazakh consumers were once again introduced to many new products in 2010. Kazakhstan's first mojito beer cocktail "Sokol Mohito" was launched in its 0.5 lt. bottle packaging and our first unfiltered beer "Beliy Medved Osoboe Nefiltrovannoe" was introduced in 30 lt. kegs and 0.5 lt. glass bottles. "Lager", "Strong" and "Dark" versions of our "Karagandinskoe" brand were re-launched in newly-designed 0.5 lt. bottle and can packages.

**Market leader in Moldova in all segments**

The Moldova beer market is estimated to have grown by 3.7 percent in 2010 over the previous year (Source: EVMB estimate). Notwithstanding the contractions experienced in the recent past, the Moldovan beer market is expected to grow at an average annual rate of 6 percent in the next five years.

EBI is the leader in this promising market and its portfolio consists of brands which rank either first or second in all segments.

EBI strives to increase its availability and introduce innovations in order to further strengthen its presence and profitability in the Russian market.


“Chisinau,” the top beer brand in the mainstream segment, is also the best selling beer in the Moldovan market. “Beliy Medved,” introduced in 2008, achieved the top position in the economy segment shortly after its launch. Anadolu Efes’ international brand “Efes” has reached the top position in the super-premium segment as of June 2010.

Ranking among the top five brands with “Stary Melnik,” “Sokol” and “Vitanta” in the premium segment, Efes Moldova has strengthened its leadership position through new product launches and investments in quality improvement. Commencing its operations to distribute the Heineken brand in Moldova in 2010, EBI launched its brand “Beliy Medved” to the market in 1.5 lt. pet bottles.

The Moldova Chisinau brewery was awarded ISO 9001:2008 Quality Management System Certification and ISO 22000:2005 Food Safety Management System Certification in 2010

**30 % sales volume increase in Georgia**

With its strategic location between Europe and Asia and low per-capita beer consumption, Georgia has a strategic importance for EBI.

EBI entered the Georgian beer market through the acquisition of the leading brewer in the market, JSC Lomisi, in February 2008. Currently, Georgia has the smallest portion of EBI’s operations. The country’s beer market is forecast to grow by over 30 percent in the next five years and Efes Georgia, as the market leader, is expected to benefit most from this growth by capturing the largest share. EBI’s sales volume in Georgia increased by nearly 30 percent in 2010 and the contribution of the Georgian operations to EBI’s consolidated sales volume has reached 6 percent.

EBI’s flagship brand in Georgia is “Natakhtari” which is positioned in the mainstream segment. Georgia’s first high-alcohol beer “Natakhtari Extra” was added to the Nataktari portfolio which also included “Nataktari Karva” and “Nataktari Kasris” in 2010. In addition, “Natakhtari Kasris” was launched in its 1.5 lt. pet packaging in 2010.


Expanding its market share and strengthening its presence through innovative marketing practices, Efes Georgia made important advances in the field of quality and was awarded ISO 9001:2008 Quality Management System Certification and HACCP Food Safety Certification in 2010.

### Production commences in Germany

Another important development in 2010 was the start of production of the "Efes Pilsener" brand in Germany, one of Europe's most important beer markets. "Efes Pilsener," produced by Einbecker Brauhaus AG on a contract basis, started to be sold by Efes Deutschland GmbH, 100 percent subsidiary of Anadolu Efes in Germany. Local production of the "Efes Pilsener" brand in 0.33 lt. and 0.5 lt. glass bottles commenced in March 2010.

Another important development in 2010 was the start of production of the "Efes Pilsener" brand in Germany, one of Europe's most important beer markets.



## SOFT DRINKS - Turkey

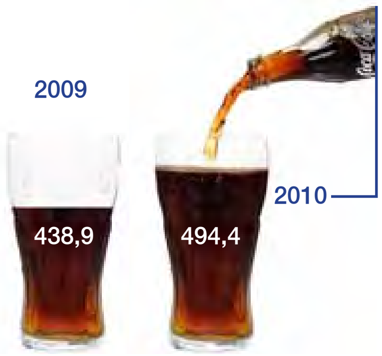
With its attractive demographic structure and favorable macroeconomic environment, Turkey offers high potential for and is of great importance to Anadolu Efes' soft drinks operations. As one of the most important countries in the Coca-Cola system in terms of sales volume and contribution to total growth, Turkey has below-average per-capita sparkling beverage consumption of 40 (Canadean 2009) liters and as a result is a high growth potential market.

The double-digit growth in Turkey soft drinks operations in 2010 is a clear indicator of the market's potential. In 2010, the sales volume of domestic soft drinks operations increased by 12.6 percent, reaching 494.4 million unit cases. The sparkling beverages category grew by double digits in 2010 while the still beverages category rose by nearly 16 percent. The tea category also continued to grow strongly through new packaging and flavor launches.

The "Nestea" Mango-Pineapple flavor aims to expand the "Nestea" portfolio in the growing iced tea category. As an extension of health and wellness trends worldwide, "Doğadan" fruit and herbal tea was launched as a new category within the Turkish beverage market at the end of second quarter. The launch served to leverage the strong image of the "Doğadan" brand and its expertise in the herbal tea segment. The introduction of "Damla Minera" and "Cappy Mixx" with apple and apricot flavors generated additional sales volume. The tea category sustained its strong growth with the launch of new packaging and flavors.

Sales promotions as well as global and local marketing initiatives including World Cup promotions, Lamborghini promotions for Coca-Cola Zero and the Fanta Youth Festival contributed to the positive growth trend. The introductions of new specialty packs and products for Ramadan increased consumer spending and helped us to achieve higher volume growth in the summer period.

**Turkey Soft Drink Operations Sales Volume** (million unit cases)






## SOFT DRINKS - International

All operating markets of CCİ offer a high growth potential. Per-capita soft drinks consumption is currently low in these markets but they are on an upward growth trajectory. The 15.9 percent growth rate in the sales volume of CCİ's international operations in 2010 is a clear indicator of this potential. Thanks especially to the strong performance in the Eurasian operations during the year, the total sales volume of CCİ's international operations increased to 171 million unit cases.

Expansion in CCİ's product portfolio through offerings of new still beverage categories such as fruit juices, energy drinks, iced tea, and bottled water to consumers in some markets is the primary growth driver in these markets.

For example, new products launched in countries in Central Asia, recovering economic conditions and successful marketing strategies all contributed to the 25 percent growth in this region which exceeds the CCİ average. Local flavors such as Buratino and Dushes offered in Kazakhstan and Azerbaijan under the "Fanta" brand and new products under the "Piko Tempo" brand all contributed to sales volume growth. The iced tea category continued its strong growth with new flavor and package launches, especially in Kazakhstan.

As one of the operating markets of CCİ in 2010, Iraq sustained its strong performance, registering over 30 percent growth on a year-on-year basis. Pakistan market continued to grow at a high single digit rate despite the devastation left behind by the massive floods.

**International Soft Drink Operations**
**Sales Volume** (million unit cases)


The sparkling beverages category grew by double digits in 2010 while the still beverages category rose by nearly 16 percent. The tea category also continued to grow strongly through new packaging and flavor launches.


$CO_2$ emission per unit product in Turkey beer operations have been reduced in the breweries by **26.7 %** and malteries by **26.8 %** in the last five years.

## *We add value to life…*

Anadolu Efes aims to add value for its stakeholders in line with its strategic objectives and intends to improve the quality of life in all the communities it serves.


# SUSTAINABLE GROWTH AND SOCIAL RESPONSIBILITY

Anadolu Efes aims to add value for its stakeholders in line with its strategic objectives and intends to improve the quality of life in all the communities it serves. Having expanded its operations across a wide geographic area today, Anadolu Efes reflects its commitment to social responsibility and sustainable development to all communities its serves in a progressive and dynamic manner.

## We add value to life

We have entered into a new world order where corporate and social interests are in harmony and where companies pay attention to economic and profitability focused perspective as well as to social and environmental issues.

In that respect, “sustainability” is to understand the risks and opportunities brought by this new order and restructuring operations, products and services accordingly. Today, everyone has to contribute to the economic, cultural and environmental development of the societies it is a member of. The sustainability of the companies that do not follow these developments seems to be in doubt.

Anadolu Efes aims to add value for its stakeholders in line with its strategic objectives and intends to improve the quality of life in all the communities it serves. Having expanded its operations across a wide geographic area today, Anadolu Efes reflects its commitment to social responsibility and sustainable development to all communities it serves in a progressive and dynamic manner.

Transparency is one of the most important hallmarks of sustainability. Creating a sustainable business model without transparency is impossible. Sharing information about social, environmental, economic and ethical responsibilities with the society in an open manner is a priority for


contemporary enterprises that identify themselves as good corporate citizens.

Anadolu Efes regards all individuals, institutions and organizations, who has direct or indirect effect on its operations or affected by its operations as its stakeholders. The Company shares not only the results of the performance of its business operations but also the processes which underlies this performance. It takes special care to establish two-way communications and strives to improve its performance daily by actively listening to its stakeholders and considering their input.

**1. Quality Policy**

Anadolu Efes considers quality, food safety, environment, occupational health and safety as its utmost priorities as it carries out its operations. Keenly aware of its corporate social responsibilities, Anadolu Efes makes investments to meet the highest standards in these areas and to maintain and improve the level of quality.

In keeping with its quality, food safety, environmental and occupational health and safety policies, the Company implements the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 22000 Food Safety Management System in all its facilities within its Turkey beer operations. The Company also ensures that these policies are applied and sustained. Similar policies are implemented across the Company's international operations and are widened in scope on an ongoing basis.

In 2010, our Moldova Chisinau brewery was awarded with ISO 9001:2008 Quality Management System Certification and ISO 22000:2005 Food Safety Management System Certification. In addition, our Georgia Natakhtari brewery was awarded with ISO 9001:2008 Quality Management System Certification and HACCP Food Safety Certification.

Our customers provide the greatest support in sustaining our high level of quality. Listening to its customers' demands and concerns through the "Communications Line" established in 2003, Anadolu Efes immediately fixes

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any imperfections in its operations, reviews all its processes regularly and searches for ways to provide higher quality products and services.

Ensuring quality and safety of all of our products, complying with legal requirements, responding to customer expectations and implementing the examples of best practices in the world will continue to be our corporate priorities in the future.

### 2. Environmental Policy

Anadolu Efes takes all necessary precautions to ensure that its products and services do not harm the ecological balance, natural resources are used sustainably and waste generation is kept at minimum levels, so that the environment is fully protected and the adverse effects of the company's operations on environment and human health are prevented. The Company has adopted environmental and social responsibility principles, which includes:

- Complying with all legal obligations related to the environment
- Focusing on prevention of pollution in all activities
- Minimizing consumption of natural resources, raw materials and energy
- Keeping all waste under control and to minimize the impact on the environment
- Continuously improving environmental systems
- Promoting environmental awareness by working in close cooperation with everyone, from suppliers to customers
- Sharing these environmental protection principles with the public

Not only fully complying with environmental, legal and regulatory requirements, Anadolu Efes also complies with EU standards in its operations. As a result of capital investments and studies undertaken, water and energy consumption decreased considerably and waste generation minimized by prevention at the source. The "Environmental Management Unit", established last year, ensures control of these activities and implements projects that monitor the effects of operations on the environment and minimize their negative impact.

The Corporate Social Responsibility Principles are carefully abided by at CCİ, in which Anadolu Efes has a 50.3 percent stake. CCİ ensures that all of its operations in all operating countries comply with social, environmental, and prevailing



economic and ethical priorities and contributes to a sustainable environment and society. As the first company in Turkey to publish its sustainability activities in a report in 2008, CCİ again blazed a new trail by publishing its second sustainability report last year. CCİ is the first company in Turkey that reports at GRI-B level. Moreover, the scope of the report was widened to cover Kazakhstan and Jordan operations as well.

The focal point of the environmental policies adopted by CCİ in parallel with the Coca-Cola system is the prevention of harmful effects caused by climate change through the conservation of water resources, use of sustainable packaging and effective energy management. The Company develops and implements projects in reusing, recycling, and disposing of waste without harming the environment and efficient use of natural resources taking into consideration the needs of future generations.

**Some of the projects developed by Anadolu Efes within its Environmental Management System include:**

**2A. Reduction of Carbon Emissions**

Climate change is in the top position in the world's agenda. Anadolu Efes closely monitors the issue of climate change which has the potential for global catastrophe. The Company actively works to fulfill its responsibilities in this area. Anadolu Efes invested in steam boilers and natural gas/LNG transformation projects between the years 2005-2010 and switched to use of environmental-friendly natural gas/LNG in all its facilities.

The Company has made significant progress in the reduction of $CO^2$ emissions as a result of improvements in production technologies and implementation of efficient fuel and electricity consumption policies. $CO^2$ emission per unit product in Turkey beer operations have been reduced in the breweries by 26.7 percent and malteries by 26.8 percent in the last five years, a clear indictor of our success.

Aware of problems that may result from climate change, CCİ goes to great lengths to fulfill its own responsibilities. As the first company in Turkey which regularly reports the impact of its operations on the environment, CCİ is among the leading companies in the world that have signed the "Cancun

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Declaration." This declaration, which was submitted for review by government representatives before the start of the United Nations Climate Change Summit held in Cancun in 2010, calls for increased international cooperation to combat climate change.

### 2B. Responsible Water Management

Water is a natural resource that is becoming increasingly scarce and it gains strategic importance as it becomes more scarce. Today, millions of people throughout the world do not have access to clean water. Turkey is among the countries that have begun to experience this scarcity acutely. In this respect, water is among the key factors for sustainable growth.

Aware of the importance of water and taking action accordingly, Anadolu Efes adopted a comprehensive and responsive approach to water management. The Company has implemented policies for the responsible management of water and water resources in its beer operations, including:

- Monitoring of water use in all processes such as production, filling etc.
- Reporting of water used per unit of product on a regular basis
- Developing and implementing projects to reduce water consumption.

As a result of the successful adoption of these policies, water use per unit product in the breweries decreased by 19 percent between 2005 and 2010. In addition, per unit water use has decreased by 6 percent and 1.3 percent in the breweries and malteries respectively during the last year.

Having adopted the same responsible approach in water use and selected as the "Most Successful Business Unit" in 2008 in terms of water and energy usage rates within the entire Coca-Cola system, Turkey operations of CCİ continues to improve its environmental performance. In this context, CCİ's Turkish operations' water usage rate was 1,42lt/lt in 2010. Likewise, aiming to minimize water use per case, CCİ Jordan decreased its water and energy consumption by 59 percent and 69 percent, respectively, within the last five years.

Successfully transferring its experience gained in Turkey to its international business, CCİ's Jordan operations ranked as second at the Arabia CSR Awards on behalf of its operations in Jordan. The award, organized by




the Arabia CSR Network, was given to raise awareness of sustainable development throughout the Middle East and the UAE. CCİ's Jordan operations received the prize for its water and energy conservation projects as well as its contributions to local communities. The awards, given since 2004 to institutions that distinguish themselves through sustainability initiatives, are among the most respected in this area.

### 2C. Supporting Sound Agricultural Practices

The main mission of Anadolu Efes is to contribute to the improvement of living standards within society. With its significant contributions to the agricultural sector, the Company not only provides farmers with employment opportunities but also fosters income growth through its research in efficiency and quality. Additionally, Anadolu Efes encourages the sound use of natural resources with the trainings it provides. Constituting an important proportion of Turkey's economy, the agricultural sector also contributes significantly to the country's total employment. Almost half of Turkey's population is employed in the agricultural sector. In that respect, contributions of all kinds to agriculture play a key role in economic development as well.

Anadolu Efes supports the Turkish agricultural sector and farmers in accordance with this understanding. Today, 3,000 farmers, 2,050 of whom work on a contract basis, earn their living by growing barley and hops, the main ingredients used in Anadolu Efes' brewing operations. The agricultural production and processing of Anadolu Efes' agricultural product purchases provide employment for nearly 10,000 more people.

Among the most important drivers of agricultural development are quality and efficiency improvements. Conducting intensive research in these areas for the last 30 years, the Company has developed and registered 13 barley and 7 hop varieties through its R&D unit, the Agricultural Product Development Department which was established in 1982. These new products not only contributed to improvements in quality but also led to increases of up to 30 percent in productivity. Farmers who have increased their income through these developments have also received support from the state.

Just like previous years, training of farmers on irrigation techniques, fertilizer and pesticide use and farm operations continued throughout 2010. As

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a result of these efforts, improvements on the efficiency of production processes were made in production and consumption of natural resources decreased. Forestation activities of Anadolu Efes employees and their families undertaken every year is another example of initiatives aimed at raising environmental awareness.

**2D. Energy Management**

Regularly applying the concept of “Energy Management” in its daily operations, Anadolu Efes has reduced per unit equivalent energy use considerably also contributed by its investments.

Conducting ongoing efficiency improvement studies for the reduction of resource consumption, the Company has reduced per unit equivalent energy use in its breweries and malteries by 28.3 percent and 4.5 percent, respectively, from 2005 to 2010.

Anadolu Efes’ energy efficiency and energy conservation initiatives in its Turkish beer operations continued in 2010. As a result, the Company reduced its energy consumption by 7.4 percent within the last year.

Energy management, which is also crucial for initiatives within both ISO 14001 and ISO 9001, was also diligently carried out at CCİ.

CCİ’s energy management policy is built on three fundamental strategies: decreasing, recycling and replacing. This policy has contributed to the improvement of production processes at its facilities as a result of projects implemented. In addition, while energy consumption declined, production volume increased. Aiming to establish innovative and environmental friendly business model and to encourage employees in this way, CCİ successfully continued Inventor Contest this year as well which was started in 2009. The “Inventor Contest” was done in order to expand the innovative culture within employees as well as to achieve more efficiency by using less resources. As a result of this contest, in 2010, the energy savings achieved was equal to the annual electricity need of almost 320 houses.

**2E. Waste Management**

Rapid urbanization and population growth in parallel with technological


developments and industrialization are increasing the pressure of human activities on the environment in Turkey, as elsewhere in the world. While growth in production and marketing activities requires additional use of natural resources inevitably, waste generated due to increased consumption is reaching threatening levels due to both their quantity and hazardous content. In parallel with rising environmental awareness worldwide, environmental protection has become one of the major priority items on policy agendas of countries and waste management occupies a key position among environmental protection policies. Since so many years, Anadolu Efes implements waste management, which has recently become a legally mandated requirement, based on sensitivity towards social issues and environmental awareness. In that respect, all staff and sub-contractors attend regular training sessions on waste management.


Besides trying to reduce waste at its source, the Company also emphasizes reuse, recycling and recovery issues. Anadolu Efes has specified disposal methods for all wastes, complying with environmental and legal requirements. Relevant disposal methods are defined in the "Waste Management Procedures". Waste reduction and recovery/recycling and disposal are conducted in compliance with the "Waste Management System" which is applied in all Company plants. The primary aim of the system is to allow for the reuse of wastes. Studies are carried out for the reuse of by-products and wastes generated during the beer and malt production process in the form of raw materials to other industries. Also, material use and wastage are monitored regularly to minimize waste generation.

Waste management is one of the most important environmental issues for CCİ operations as well. In CCİ's Turkey operations, the recycling rate of solid wastes generated during production is currently 93.48 percent. This performance makes Turkey one of the most successful countries within the Coca-Cola system. CCİ uses inventory lists of all materials used and waste generated in its production facilities in Turkey for waste-classification purposes. Wastes are sorted as paper, glass, metal, plastic and wood to minimize solid wastes and are later sent to recycling facilities. While the production levels have increased steadily, the amount of solid waste generated per liter decreased by 19 percent between the years 2005 and 2008.

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### 2E 1. Reduction and Recovery of Pollution

In accordance with the Company's principle of preventing pollution at its source and reducing pollution in waste water, yeast recovery improvement initiatives in Turkey beer operations continued in 2010 and new investments were also made in beer-recovery. These projects allow for the reduction and reuse of waste at its source and are among the clearest indicators of how sensitive Anadolu Efes is in environmental issues.

**Beer-recovery projects** : Investments made at Izmir and Ankara breweries for the recovery of beer which is in waste yeast and minimization of environmental impact through the reduction of beer wastage were implemented in 2010. Allowing for the reduction of beer wastage by 0.7 percent, this project also reduced the pollution created treatment facilities by nearly 8.4 percent.

**Yeast-recovery projects:** These projects, implemented at the Ankara and Izmir breweries, were also commissioned at the Adana brewery in 2010. An initiative for the installation of a waste yeast drying facility at Lüleburgaz brewery was also started. As a valuable input used in the animal feed and pharmaceutical industries thanks to its ingredients rich in proteins and vitamins, waste yeast recovery also contributes to the country's economy. As a result of this project, the pollution load of treatment facilities fell by nearly 20 percent.

### 2E 2. Waste Water Management

Anadolu Efes' breweries and malteries in Turkey are all equipped with state-of-the-art treatment facilities. Anaerobic reactor technology used in these facilities, allows for the treatment of waste water through the use of less energy and fewer operating equipment. Equipped with efficient and environment-friendly technology, the facilities are enhanced with ongoing improvement initiatives.

With its water treatment systems, CCİ seamlessly meets both the standards of Coca-Cola System and the local legal requirements. Relevant government authorities check the water quality in these facilities by using independent laboratories as well as the plant facilities to determine whether it meets TCCC standards.

### 2F. Packaging and Packaging Waste Control

Recovery of packaging materials is important both for the protection of the


environment and its contributions to the country's economy. Aware of the importance of the issue, Anadolu Efes strives to use reusable or recyclable packaging materials such as kegs, glass bottles and metal cases in its products. Mostly glass bottles are used in the Company's Turkey beer operations; reusable, returnable glass bottles constitute the majority of these glass bottles. As an environment-friendly packaging material, the usage level of returnable glass bottles was 84 percent in 2010.

One-way packages are collected and recycled by the ÇEVKO Foundation, which focuses on developing a sustainable recovery system for reusable wastes in Turkey. Anadolu Efes is a founding member of ÇEVKO. Training and awareness activities and initiatives are carried out through ÇEVKO while local governments are also supported. Another key goal is using less material in packaging, which results in more efficient resource use and minimal waste generation. Undertaking studies in this area without compromising quality, Anadolu Efes strives to gradually reduce the weight of its glass bottles.

The recyclable packaging materials used by CCİ consists of aluminum cans, glass bottles, pet bottles, demijohns, aseptic cans, premix (special packages produced for use in restaurants) and BIB (cardboard boxes containing syrup for product preparation). As the industry leader in the innovative reuse of recyclable plastic, CCİ has made capital investments to develop recycling technologies for environmental and economic reasons since its launch of the first product package made from recycled pet bottle in 1991. Most of the metal used in the production of aluminum cans is recycled materials.

CCİ contributes significantly to the protection of the environment by reducing the weight of its packaging materials. CCİ changed the design of its best-known glass contour bottle in recent years, reduced its weight and increased its resistance. The new bottle was designed to be 20 percent lighter, 40 percent stronger and 10 percent cheaper than the conventional contour bottle. These changes resulted in savings of 52,000 metric tons of glass and enabled a 26 thousand ton reduction in carbon dioxide emissions. The impact of this innovation equals that of planting trees on a 32,000 square meters area.

### 3. Occupational Safety Policy

Protecting the health of employees and improving existing levels of

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protection are fundamental responsibilities of all companies. Occupational health and safety carry a great importance as it is related to human life. This approach is an integral part of how Anadolu Efes conducts its business. The Company implements the necessary plans and makes capital investments to reduce or manage risks and environmental impacts of each of its operational processes may pose. Employees and business partners are informed through ongoing trainings and impact is minimized through the deployment of emergency and warning systems.

The possible impacts of the new technology on worker safety and the environment are analyzed carefully before the actual purchase. The Company procures only those chemicals that do not pose any threat or danger to occupational safety and the environment.

Anadolu Efes has drafted an Occupational Health and Safety Procedure to provide a safe working environment for its employees. Many significant new practices are implemented through this procedure is based on OHSAS 18001 standards, which include:

• Areas for improvement are specified in accordance with extensive risk evaluations on equipment, operating activities and chemicals. Activities in need of simple modifications were undertaken and operations that required investment were included in the Action Plans.
• Equipment that could potentially injure employees who work under hazardous conditions is checked regularly according to the "Technical Safety" principles. Equipment deemed substandard or faulty is either repaired or replaced.
• Protection systems for emergency prevention and similar alarm-based systems were installed.
• A "Safe Working Manual" was drafted, defining occupational safety guidelines; relevant items related to occupational safety were inserted in the guidelines. Improvements were effected to comply with noise, thermal comfort and emissions (internal air quality) standards. Protective materials in compliance with international standards were used in these improvements and employees received training in the relevant areas.
Training is one of the most significant components of the Company's occupational safety initiatives. All employees, trainees and subcontractors receive comprehensive training on general occupational safety rules, are


informed about the risks associated with their respective areas of activity and advised about precautions to take to minimize these risks.

An Emergency Management System prepares employees for possible emergencies. Emergency lights and escape signs, emergency assembly areas, visual aids and an emergency center have been implemented through this system which was based on the ISO 14001 Environmental Management System Standards and OHSAS 18001 Occupational Health and Safety Management System standards. Preventive systems such as fire detection and gas-leakage warning systems and flood control reservoirs have also been installed. Employees are trained on occupational safety through emergency drills, conducted every six months.

As a highly responsible organization aware that long-term success depends on ensuring the safety of employees and society, CCİ deploys practices in the area of occupational safety which serve as an example to others. The main pillar of the Code of Business Ethics of CCİ is the Occupational Health and Safety Management System which was prepared in accordance with both The Coca-Cola Occupational Safety and Health System ("TCCOSH") applied by the Coca-Cola system all around the world and the international BSI OHSAS 18001 standard. The system allows for the continuous monitoring of the employee health and safety performance of the Company by senior management. This system, called the SAP Management Cockpit, displays the basic environmental and employee health and safety indicators side by side with the actual readings.

A component of The Coca-Cola Management System ("TCCMS"), The Coca-Cola Safety Management System incorporates quality, environment, occupational health and safety, and prevention of losses into a single framework and CCİ carries out drills at is facilities in accordance with this system. Employees are trained through these drills to be prepared for natural catastrophes such as earthquakes or fires as well as physical crisis situations.

Occupational health and safety contact meetings are held with the participation of production managers, chiefs, engineers, union representatives and employees.

**4. Social Responsibility Policies**

A good company provides excellent products and services. An excellent

Actively working to make the world a better place, since its establishment, Anadolu Efes has supported the performing arts, cinema, music, archaeology, sports and tourism and strives to enrich and improve the lives of Turkish people.



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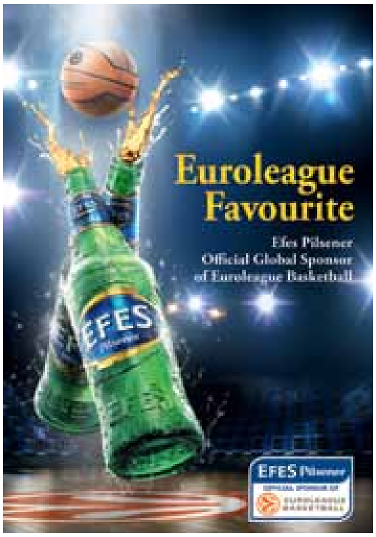


Faithful to its adopted mission, the Company has supported:

- Sports for 38 years
- Music and cinema for 23 years
- Performing arts for 19 years
- Archaeology for 15 years.

To date, dozens of local movies, and hundreds of plays have met audiences with the support of Anadolu Efes. The unique cultural heritage of Anatolia has been unearthed again with the support of Anadolu Efes. In music, besides the support it provides to ongoing projects and events, Anadolu Efes sponsors music festivals such as “Efes Pilsen Blues Festival,” “Efes Pilsen One Love Festival” and “Miller Freshtival.” The Company also holds music contests such as “Rock’n Dark” and “Miller Music Factory” which help young musicians to emerge.

Anadolu Efes never loses sight of its social responsibilities and increases the support it provides to education, arts and sports every year. This contribution to society is one of main drivers behind the Company’s sustainable growth. It must not be forgotten that companies can grow only in a developing economic climate created by healthy, sophisticated and strong societies. It is impossible for those societies which are devoid of culture, arts, sports, health and education to sustain their existence.

### 4A. Sports

The initiatives of Anadolu Efes to develop Turkish sports and help it to achieve a global success stand apart among the Company’s other social responsibility activities. Established in 1976 to contribute to the development of sports in Turkey, Efes Pilsen Sports Club has been the source of great pride for Turkish people with its achievements that have elevated basketball to a new level in the country.

With 13 titles under its belt, Efes Pilsen has won the highest number of trophies in the Turkish Premier Basketball League. Efes Pilsen Sports Club is also the

first and only Turkish team to win a European championship and to qualify for the Final Four in Euroleague and Superleague. The Club has won both the President's Cup and the Turkish Cup nine times. One of the most important contributions of Anadolu Efes to Turkish basketball is the "First Step with Efes Basketball Schools" project which began in 2004. The project aims to popularize basketball and produce future stars by reaching children and teenagers through its tuition-free basketball schools. Around 3,000 athletes are reached each year through trainings provided in 34 cities and 36 centers, including Cyprus and Sarajevo, in cooperation with the General Directorate of Youth and Sports.

The Company has also introduced Turkish sports fan many global stars through the "Efes Pilsen World Cup," one of the world's most prestigious international basketball tournaments. The 9th "Efes Pilsen World Cup" was co-organized with the Turkish Basketball Federation in Ankara in 2010. The tournament serves as a rehearsal for Turkey's National Basketball Team before the World Basketball Championships. Last year was special for Anadolu Efes and the entire nation when our National Basketball Team was a runner-up in the championships. The Company's contributions to basketball have reached beyond the borders of Turkey. As the official sponsors for the Euroleague in the 2008-2009 season, Anadolu Efes acquired a new corporate identity: a company that supports European basketball as well as Turkish basketball. Bringing together 24 top teams from 16 professional basketball leagues in Europe, Euroleague is an important sports competition that is broadcasted in 157 countries around the world.

Anadolu Efes also supports other sports besides basketball and provides important services to Turkish football. Supporting the Turkish football for the last 38 years, the Company is the official sponsor of Galatasaray, Fenerbahçe and Beşiktaş sports clubs and numerous other Anatolian clubs.

After becoming the main sponsor of the Turkish National Football Team in 2002, Anadolu Efes has renewed and extended its sponsorship of the Turkish Football Federation for an additional four years as of 2009. According to the new agreement, the Company will also support indoor football, or "Futsal." The Futsal League organized by the Turkish Football Federation was launched last year with the participation of 128 teams from 16 regions. Anadolu Efes has also supported the Turkish National Olympics Committee and the Turkish


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Olympics Team since 2005. The Company makes significant contributions to many amateur sports athletes who represent Turkey internationally.

### 4B. Culture & Arts

Anadolu Efes plays a pioneering and leading role in culture and arts, as a way of contributing to social development. With its significant contributions to cinema, performing arts, music, archaeology and tourism spanning to many years, the Company increases its support each year. Anadolu Efes has fostered the development of music culture in Turkey through its sponsorship of the 21st Efes Pilsen Blues Festival, the longest-running music festival in Turkey; the Efes Pilsen One Love Festival, the ninth of which was held this year; and the Miller Freshtival, staged for the second time this year. Music contests such as Miller Music Factory and Rock'n Dark introduce young talents to audiences. The Company has supported the Istanbul Film Festival, one of the world's most prestigious film festivals, for the last 23 years among its other contributions to the development of cinema and performing arts in Turkey. Anadolu Efes has helped to introduce audiences dozens of local movies and hundreds of plays with its support.

Anadolu Efes supports archaeological excavations which are vitally important for the unearthing of Anatolian cultural heritage and their transfer to future generations. As the sponsor of the excavation and restoration of the Temple of Apollo Smintheus located near Gülpınar, Çanakkale since 1998, the Company has also played a significant role in the restoration of the Ancient Amphitheatre located near Assos (Behramkale) with its ongoing contributions provided since 1995.

Abiding by the philosophy of "giving back to the land what it has given you," Anadolu Efes actively supports tourism which plays a key role in the development of the Turkish economy and culture, as well as the local economies of the Anatolian region. The Company launched the Eastern Anatolian Tourism Development Project in cooperation with the United Nations Development Program (UNDP) and the Ministry of Culture and Tourism in 2007. This project holds tourism training workshops, explores ideas about new products that might provide additional income for local communities, conducts promotional, organizational and social events and helps develop eco-tourism and the adoption of sustainable tourism in the region.


Anadolu Efes launched initiatives in the Çoruh Valley, which has a great potential as an alternative tourism center. Thanks to its natural surroundings and rich biodiversity, the area provides many unique opportunities for wildlife observation and outdoor sports. This project will be expanded to include other regions in Turkey, where there is a similar high development potential for tourism.

**4C. Anadolu Education and Social Aid Foundation and Employee Volunteerism**

The improvement of education and healthcare standards are two of the essential requirements which are on top of the development agenda of our country. Working in these areas through Anadolu Education and Social Aid Foundation, founded in 1979 and supported by all Anadolu Group subsidiaries, Anadolu Efes undertakes many initiatives to help citizens to reach quality education and healthcare services.

Anadolu Efes has founded more than 40 permanent institutions including primary schools, dormitories and hospitals through the Anadolu Education and Social Aid Foundation. Providing scholarships to nearly 750 students each year, the Anadolu Education and Social Aid Foundation has contributed to the future of more than 10,000 students to date.

CCİ also helps to provide the needs of society through its support of volunteer activities of its employees in addition to its participation in those works through Anadolu Education and Social Aid Foundation. In that respect, the Employee Donations Contribution Program Fund was launched in 2008. CCİ allocates USD100,000 annually and encourages donations by making a yearly contribution amounting to the total made by all employees. The Company donates a portion of its pre-tax profits to Anadolu Education and Social Aid Foundation in accordance with the provisions of its Articles of Association.

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The Company also launched the "CCİ Employee Social Contribution Awards" last year. Through this program, CCİ rewards its employees who make contributions to society and the environment, implement and support initiatives, motivate others and provide all types of assistance.

**4D. Healthcare**

Healthcare is on the top of Anadolu Education and Social Aid Foundation's



priorities. Committed to providing modern healthcare services to Turkish citizens, the Foundation established the Anadolu Health Center in the Anadolu Health Village as a general-purpose hospital in 2005.

In cooperation with Johns Hopkins Medical Center, ranked as the number one overall hospital in the United States for the $18^{th}$ consecutive year, the Anadolu Health Center provides healthcare services to our citizens in nearly all branches of medicine including cardiology, oncology, pediatrics, dermatology and gynecology, among others.

Investing all of its revenues in project development, training and research, the Anadolu Health Center conducts free healthcare screenings, patient education programs, and first-aid workshops. It also holds seminars and programs on preventive medicine.

### 4E. Responsible Consumption

Anadolu Efes' social responsibility support to the communities where its operations are located is not limited to art, education and sports related initiatives. Responsible consumption is an issue taken very seriously by Anadolu Efes, and the Company is in full compliance with prevailing rules and regulations. Keenly aware of the importance of its responsibilities in this area, the Company is engaged in a variety of activities to help to inform consumers about drinking responsibly and warn against drunk driving.

Using the "Drink Responsibly" warning and sign on its posters and ads, Anadolu Efes also informs consumers of the dangers of drunk driving through instructional web sites. In addition, the Company offers shuttle services for audiances of events where alcohol is served. Anadolu Efes is in full compliance with the rules and regulations of the Tobacco and Alcohol Market Regulatory Authority (TAPDK) in terms of its marketing communications, regulatory compliance and competition policy.

In its marketing communications strategy, Anadolu Efes:

- does not target young people or children nor does it feature young people or children, or those appearing to be young, in its advertising,
- does not advertise in media which targets children,
- does not feature content linking its products with driving,


• does not feature content claiming that its products have therapeutic, stimulant, soothing or strengthening effects or can otherwise provide some advantage to the user,
• does not use themes implying that its products can help with personal issues or have medical protective effects,
• does not imply that not drinking alcohol is a weakness,
• does not mislead the consumer about alcohol content and imply that there is a relationship between the quality of its products and the effects they will provide due to their alcohol content,
• does not convey the message that drinking alcohol is a symbol of status,
• does not run advertisements which imply that not drinking alcohol is a sign of mental or social weakness,
• does not suggest that consumption of its products increases sports performance,
• does not include statements or images which are sexually explicit or obscene,
• does use direct, clear and accessible language and avoids the use of ambiguous expressions or double entendres.

### 5. Personal & Professional Development

Anadolu Efes also supports development of the tourism industry, which it views as a way to foster economic development in general. The Company's "Efes Pilsen Tourism Trainings" help train qualified personnel for the industry. Trainings provided by academics from Boğaziçi University Lifelong Learning Center (BUYEM) help to raise awareness in local communities. The idea is to take ownership of local values, present them in the most appropriate manner to tourists and strengthen the underdeveloped tourism potential in other regions of Turkey.

Trainings have been held in 21 cities and 22 centers since 2007. During 2010, trainings were organized in Konya, Elazığ, Kahramanmaraş, the Midyat district of Mardin and the Şavşat district of Artvin.

Having helped more than 2,500 individuals to receive Boğaziçi University certificates to date, the trainings have been supplemented by the "Tourism Ambassadors at Work Project" since 2009. Providing assistance to the participants who have successfully completed the "Tourism Ambassadors Certificate Program," the "Tourism Ambassadors at Work Project" have assisted these graduates to organize locally.

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# ETHICAL VALUES AND CODE OF CONDUCT

The fundamental principles we have adopted in serving humanity are transparency, trust, loyalty, effective communications and environmental awareness. These principles have been adopted by Anadolu Efes for years, who give utmost importance to ethical values.

At Anadolu Group, our goal is to provide the best possible products and services not only to the people of the countries in which we operate but also to all people worldwide and we strive to achieve this goal with dignity. The fundamental principles we have adopted in serving humanity are transparency, trust, loyalty, effective communications and environmental awareness. These principles have been adopted by Anadolu Efes for years, who give utmost importance to ethical values.

Today, companies frequently adopt their own human rights policies in the context of social responsibility endeavors and declare that they will act in accordance with human rights in their operations. Anadolu Efes has once again distinguished itself through its foresight and comprehensive vision.

Anadolu Efes achieved a great success in 2008 when it was listed among the “Companies with Human Rights Policies” published by the “Business & Human Rights Resource Center”.

As an independent and non-profit organization working in cooperation with Amnesty International and other institutions, Business & Human Rights Resource Center lists on its web site the names of those companies that have taken steps to develop their official corporate policies in accordance with human rights. Anadolu Efes is listed among these highly respected business entities.


The Company does not employ child labor in compliance with Article 32 of the Convention on the Rights of the Children, adopted by the United Nations General Assembly on November 20, 1989. The Company does not engage in any discriminatory practices based on sex, race and religion, in compliance with Article 2 of the United Nations Declaration of Human Rights. All of the Company's employees are treated equally.

Anadolu Efes respects the rights of individuals to join trade unions as mentioned in Paragraph 4, Article 23 of the United Nations Declaration of Human Rights and Articles 2, 3 and 4 of the Freedom of Association and Protection of the Right to Organize Convention adopted by the United Nations on July 9, 1948, to the extent that it does not conflict with the applicable local laws and regulations in the operating countries.

The Code of Conduct, which constitutes the ethical values of Anadolu Group and Efes Beverage Group, is shared with the public through the Group's web site.

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Consolidated net sales revenue of Anadolu Efes reached TRL 4.168.8 million in FY2010, up 9.4 % compared to the previous year. Likewise, Anadolu Efes' consolidated operating profit increased by 7.0 % to TRL 693.6 million in FY2010.


## *Continued rise in profitability in 2010*

Anadolu Efes' consolidated EBITDA reached TRL 1,019.0 million in FY2010 versus FY2009, with a 39 bps rise in margin to 24.4 %. As a results, consolidated net profit attributable to shareholders increased by 19.2 % to TRL 503.6 million in FY2010.


# MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

We are pleased to report 9 percent growth in our beer volumes in a very challenging year with significant excise tax increases in all operating markets.

## Consolidation Principles

The 2010 audited and consolidated financial statements of Anadolu Efes, prepared in accordance with International Financial Reporting Standards (IFRS) as per Turkish Capital Markets Board ("CMB") Legislation, consist of the financial statements of Anadolu Efes, its subsidiaries and joint ventures as of the same date.

The consolidated financial statements comprise the financial statements of the parent company, Anadolu Efes and its subsidiaries and joint ventures drawn up to the reporting date. The purchase method of accounting is used for acquired businesses. Subsidiaries, joint ventures or investment in associates, 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.

Subsidiaries are companies in which Anadolu Efes has the power to exercise more than 50 percent of the voting rights relating to the shares in the companies as a result of shares owned directly and/or indirectly by itself or although not having the power to exercise more than 50 percent of the voting rights, exercises control in order to make profit from the operations of companies through the exercise of actual dominant influence over the financial and operating policies. Among the subsidiaries are EFPA (marketing,




sales and distribution of beer products in Turkey), Tarbes (hops production in Turkey) and EBI (International Beer Operations).

Joint ventures are companies in which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. CCİ (domestic and international Coca-Cola operations) is among the joint ventures.

The equity and net income attributable to minority shareholders' interests of subsidiaries are shown separately in the consolidated balance sheet and consolidated income statement, respectively.

Shares of Alternatifbank A.Ş. ("Alternatifbank"), whose majority share is held by Anadolu Group and in which the Company holds a 7.46 percent share, has been classified as "available for sale securities".


## Beer Operations

### 2010 Review and 2011 Outlook by Mr. Alejandro Jimenez, Efes Beer Group President

"We are pleased to report 9 percent growth in our beer volumes in a very challenging year with significant excise tax increases in all operating markets. While EBITDA generated from beer operations grew by 9.6 percent to TRL 839.3 million in 2010, EBITDA margin improved by almost one percentage point to 30.4 percent on a combined basis.

In our Turkey beer operations, the last quarter of 2010 was an extraordinary quarter due to exceptionally hot weather in October and November with significant volume growth of 8.4 percent despite a 17 percent price increase more than covering the excise tax increase of 26 percent launched in October 28, 2010. Favorable weather conditions caused volumes to go beyond expectations, leading to a higher profitability in the quarter contributed by higher prices. Hence, we completed the year 2010 with flat volumes and higher than expected improvements in margins despite significant excise tax increases for two times during the year cumulating to 70 percent. Despite price increases adding up to more than 30 percent to reflect these excise tax increases, we successfully coped with challenges in our home market and achieved higher free cash flows compared to previous year as well.

In international beer operations, we continuously outperformed expectations and made several upward revisions in our guidance during 2010. Hence, while our sales volumes increased by 15 percent, our EBITDA increased significantly by 26 percent to USD 214 million in 2010. This is an eye-catching achievement considering the fact that beer consumption in our largest market Russia fell by 6 percent mainly due to significantly higher beer prices to reflect excise tax increase in 2010, leading EBI to gain almost one percentage point market share. We maintained the growth trend in our market shares in other operating countries in 2010 as well.

In **Turkey beer operations**, in order to reflect the effect of the 26 percent rise in excise taxes as of October 28, 2010, we had increased our prices simultaneously by 17 percent on average, which also includes a


5 percent extra price increase to cover 2011 inflation partially. We expect this further increase in beer prices will create pressure on demand, leading us to expect a low-single digit decline in domestic sales volume in 2011. We expect gross profit margin to remain flat with a slight contraction in our EBITDA margin in 2011.

In **international beer operations**, 2011 will be another challenging year as we expect demand to continue to be under pressure especially in our largest market Russia due to; (i) already high level of prices reached after price increases implemented throughout 2010 by industry players to cover the excise tax increase of 200 percent. It was only after the season that the price increases were fully implemented and it is expected to effect the demand negatively especially in the first quarter of 2011.
(ii) Further price increases, as started to be implemented by November to cover excise tax increase of 11 percent on January 1, 2011, increasing commodity prices (especially barley and oil) and finally usual inflationary increases. Therefore, we expect Russian beer market to be flat in 2011.

In Russia, abovementioned cost increases will cause pressure on margins especially given the fact that pricing activities like promotions are heavily utilized in the market, making price increases more difficult, despite we had an increase in November 2010 and another one to be in April 2011.

All factored in, 2011 would not only be challenging but also difficult to forecast and provide a specific guidance before seeing the second quarter. However we are confident to overperform the market and keep the impact on margins limited."

### Turkey Beer Operations:

In Turkey beer operations, total sales volume increased by 8.4 percent in the fourth quarter of 2010 over the same quarter of 2009, with a 7.2 percent rise in the domestic market. In the fourth quarter of 2010, favorable weather conditions in October and November as well as the low base of last year more than eliminated the negative impact of the simultaneously introduced average price increase of 17 percent with the most recent excise tax increase of 26 percent effective as of October 28, 2010. As a result, Turkey beer operations' total sales volume in FY2010 remained flat

2011 will be an another challenging year. However we are confident to overperform the market and keep the impact on margins limited.


at 8.5 mhl compared to FY2009, also contributed by strong export growth partly compensating for the weakness in domestic demand.

Due to higher volumes and a higher price increase than excise tax increase in late October, sales revenues significantly increased by 23.2 percent to TRL 310.7 million in 4Q2010 over the same quarter of 2009. As a result, net sales revenues of Turkey beer operations reached TRL 1,293.4 million in FY2010, up by 2.3 percent versus FY2009.

While the required price increase to reflect the most recent excise tax hike was ca. 12 percent, an extra 5 percent increase launched in November 2010 contributed to Turkey beer operations' performance in 4Q2010, further reinforcing the positive effect of higher volumes. As a result, gross margin of Turkey beer operations rose by 415 bps to 68.4 percent in 4Q2010 vs. 4Q2009, also contributed by lower input prices during 2010. Consequently, Turkey beer operations' gross profit increased by 31.1 percent in absolute terms to TRL 212.6 million in 4Q2010, leading to a gross profit of TRL 889.6 million in FY2010, up by 5.9 percent compared to previous year. The gross margin improvement for the whole year was 231 bps to 68.8 percent in FY2010 versus FY2009.

In the last quarter of 2010, the improvement in operating margin significantly outpaced the rise in gross margin due to lower operating expenses to net sales ratio, again contributed mainly by higher sales revenues. Turkey beer operations operating margin increased by 760 bps to 29.1 percent and operating profit significantly increased to TRL 90.3 million in 4Q2010 from TRL 54.1 million in 4Q2009. Hence, Turkey beer operations' operating profit reached TRL 432.2 million in FY2010, up by 1.2 percent, with an almost flat margin of 33.4 percent compared to the previous year.

Turkey beer operations' EBITDA increased to TRL 114.8 million in 4Q2010, up by 54.3 percent, and EBITDA margin improved by 747 bps to 37.0 percent in the period versus the same quarter of last year. The significantly higher EBITDA generated in the last quarter of the year have let Anadolu Efes to record a 3.2 percent higher EBITDA of TRL 519.1 million in its Turkey beer operations in FY2010, with a slight margin improvement to 40.1 percent from 39.8 percent in FY2009.

**Turkey Beer Operations**
**Sales Volume** (mhl)


**Turkey Beer Operations**
**Net Sales Revenue** (TRL million)


**Turkey Beer Operations**
**EBITDA** (TRL million)

In such a challenging year, Turkey beer operations net income rose by 1.5 percent to TRL 368.5 million in FY2010 compared to FY2009. Higher interest income and F/X gains, although partly non-cash, eliminated the impact of higher interest expense and F/X losses due to higher debt level reached after EBI acquisition.

Turkey beer operations net cash position improved significantly to TRL 178.2 million at 2010-end compared to its level of TRL 43.8 million as of September 30, 2010.

## International Beer Operations:

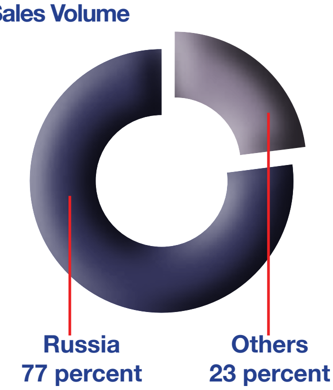
Our international beer operations are conducted by Efes Breweries International N.V. ("EBI"), 100 percent subsidiary of Anadolu Efes based in Holland. As of December 31, 2010, EBI operates in 4 countries with 9 breweries and 5 malteries. EBI has a 28 percent share in Central European Beverages ("CEB"), which has beer operations in Serbia and it also owns a sales and distribution company in Belarus.

In the last quarter of 2010, EBI's consolidated sales volume rose by 12.4 percent over the same quarter of 2009, despite lower contribution from the base effect in this quarter compared to the previous ones. As a result, EBI's consolidated sales volume reached 15.7 mhl in FY2010, up by 15.2 percent compared to FY2009. Despite higher beer prices in all countries of operations due to increased taxes, successfully implemented price increases, continued focus on strategic brands and moving from quantitative to qualitative availability significantly contributed to our performance in 2010.

EBI's net sales revenue rose by 8.6 percent to USD 200.8 million in the last quarter of 2010 compared to the same quarter of 2009. High base of last year, due to the price increase of ca. 5 percent in November 2009 prior to excise tax increase in Russia in addition to comparatively stronger Ruble in 4Q2009 vs. 4Q2010, have led to a lower rise in USD based sales revenues in 4Q2010 compared to sales volumes in the period despite an additional price increase of ca. 4 percent in November 2010. However, for the whole year, stronger local currencies eliminated most of the the negative impact of the phased reflection of increased excise taxes into sales prices

**International Beer Operations Consolidated Sales Volume** (mhl)


**International Beer Operations Distribution of Consolidated Sales Volume**




in Russia in 2010. Consequently, EBI's net sales revenues grew by 13.9 percent and reached USD 976.8 million in FY2010 compared to FY2009. In line with higher sales revenues, gross profit increased by 7.0 percent in absolute terms to USD 90.2 million in 4Q2010 vs 4Q2009. Resulting from the slightly lower net selling price per liter in USD terms due to the factors stated above, gross margin realized as 44.9 percent in 4Q2010 vs. 45.6 percent in 4Q2009. Nevertheless, both favorable input prices and higher volumes in 2010 contributed to a consolidated gross profit margin improvement of 104 bps to 47.9 percent compared to previous year. Hence, EBI's gross profit rose by 16.5 percent to USD 468.3 million in FY2010 compared to FY2009.

Resulting from lower operating expenses on per liter basis due to economies of scale, operating profit rose significantly from USD 1.8 million in 4Q2009 to USD 12.1 million in 4Q2010, despite a slight decline in gross margin in the period. On a consolidated basis, operating profit reached USD 112.7 million in FY2010, up by 36.6 percent. Consequently, EBI's consolidated operating margin rose by 191 bps to 11.5 percent in FY2010.

In the last quarter of 2010, EBI generated an EBITDA of USD 39.1 million, up by 64.4 percent compared to the same quarter of 2009, indicating a 661 bps improvement in EBITDA margin to 19.5 percent. Hence, in FY2010, consolidated EBITDA increased by 25.6 percent to USD 213.7 million compared to the previous year, with a margin improvement of 203 bps to 21.9 percent.

In 2010, in addition to lower interest expenses due to reduced debt level and favorable F/X rates, net income attributable to shareholders increased significantly from USD 0.4 million to USD 54.2 million.

In November 2010, EBI exercised the early payment option in its Syndication Loan Facility, amounting USD 150.2 million USD plus Euro 107.0 million with a maturity of July 2012 and respective costs of LIBOR+300 bps per annum and EURIBOR+300 bps per annum. The prepayment was done without any penalty nor any additional costs was involved. The amount has been partially provided from EBI's existing cash resources, while remaining part is refinanced through bilateral loans from

**International Beer Operations Consolidated Net Sales Revenue**
(USD million)


**International Beer Operations Consolidated EBITDA**
(USD million)



two Turkish banks; USD 100 million loan with Libor+200 bps cost (all in) and Euro 40 million loan with Euribor+200 bps cost (all in). As a result, as of 2010-end, EBI's gross financial indebtedness (excluding the put option) further declined to USD 468.2 million, from USD 701.6 million as of 2009-end. Approximately 48 percent of the gross debt is due within one year, while remaining debt position extends until 2015.

On the other hand, cash and cash equivalents as of 2010-end was USD 66.0 million leading to a net debt position of USD 402.2 million. Resulting from the reduced indebtedness, EBI's net debt/EBITDA ratio declined to 1.9 times as of December 31, 2010 from 2.8 times a year ago.

## Soft Drink Operations

Anadolu Efes' soft drink operations are run by CCİ. CCİ produces, sells and distributes sparkling and still beverages, primarily brands of The Coca-Cola Company, in Turkey, Kazakhstan, Azerbaijan, Jordan and Kyrgyzstan. CCİ also has a 59.5 percent interest in Turkmenistan Coca-Cola Bottlers Ltd., the Coca-Cola bottler in Turkmenistan. In addition, CCİ is a party to joint venture agreements that have the exclusive distribution rights for brands of The Coca-Cola Company in Pakistan, Iraq and Syria. Anadolu Efes is the largest shareholder of CCİ with 50.3 percent stake.

### 2010 Review by Mr. Michael A. O'Neill, Efes Soft Drink Group President

"I am particularly pleased to announce that CCİ delivered an excellent performance again in 2010. Consolidated sales volume increased by 13.5 percent, reflecting a strong performance across the entire region. We also delivered on our long-term strategic trust, growing EBITDA ahead of revenues both in Turkey and in international operations, this was notable especially after the economic downturn in 2009.

Supported by a stellar performance across all categories and as a result of successful innovations and effective promotions, volume growth in Turkey reached a strong 12.6 percent. We achieved a robust 15.9 percent volume growth in international operations through the implementation of customized route-to-market strategies and local product innovations in


different markets, helped by improving economic conditions. We are quite happy to see the vigorous execution of our proven strategies leading to volume growth in markets like Pakistan despite the unprecedented floods and Kyrgyzstan amidst civil unrest.
Focusing on the fundamentals of the business and remaining diligent on expense management helped us to achieve better operational results. Delivering on the strategic priorities enabled us to improve performance which resulted in a strengthened market position.

Our performance in 2010 once again proved that management's commitment, flexibility and determination to optimize resources through excellence in the marketplace. We continue to invest in our production facilities to update them and ensure sufficient capacity for growing demand.

In 2010, we also defined the roadmap for the next 10 years outlining the growth opportunities that lie ahead. Last year was the first year of this 10-year journey and set the base in the coming years. Our vision is aligned with The Coca-Cola Company's 2020 Vision. Young and growing populations across our geography, expanding economies, relatively low per capita consumption, all add to a bright future for our business and will help us deliver our long-term targets.

We start 2011 with cautious optimism, mindful of the challenges created by regional macro turbulence and rising input cost inflation. I have no doubt that CCİ will successfully meet these challenges and capitalize on the opportunities to continue building a better and more valuable business."

Consolidated sales volume increased by 18.5 percent, reaching 130.2 million unit cases in 4Q2010. Consolidated sales volumes were up by 13.5 percent in FY2010 to 665.4 million unit cases driven by strong growth both in Turkey and international operations. International sales volume accounted for 25.7 percent of total volume versus 25.2 percent in the previous year.

In 4Q2010, unit case volume in Turkey increased by 17.0 percent to 95.5 million unit cases on the back of strong growth of sparkling beverages.

**Soft Drink Operations Consolidated Sales Volume** (mu/c)


**Soft Drink Operations Sales Volume Breakdown** (%)



Turkey Operation's full year volume was up by 12.6 percent to 494.4 million unit cases. The increase of the sparkling beverage category was at low double digits driven by successful promotional activities, new package launches, as well as supportive macro-economic environment and above average weather temperatures. Still beverages grew at mid-teens in FY2010 helped by product launches which drove additional sales volume.

International Operations' sales volume rose by 22.8 percent to 34.6 million unit cases in 4Q2010. International Operations' volume was up by 15.9 percent to 171.0 million unit cases in FY2010. Volume growth was particularly strong in Central Asia at around 25 percent driven by successful execution and improved economic conditions.

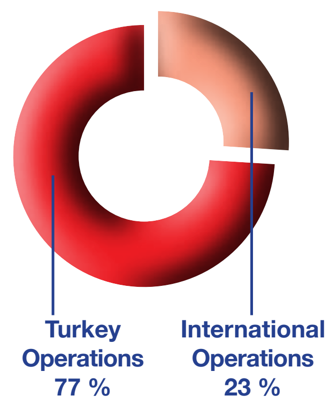
Growth in consolidated net sales revenue in 4Q2010 reached TL 529.2 million while exceeding sales volume, representing an increase of 24.9 percent. Net revenue per case increased by 5.3 percent to TL 4.07 primarily due to positive category mix in Turkey as well as price increases in international operations. In FY2010, consolidated net sales revenue amounted to TRL 2,753.2 million, up by 14.4 percent. Net revenue per case increased by 0.8 percentage point as a result of higher average pricing across all operational divisions particularly in Turkey in the second half of the year. International operations' contribution in consolidated sales revenue increased from 22.5 percent to 23.0 percent.

In Turkey, net sales increased by 22.9 percent in 4Q2010. Furthermore, net sales per unit case increased by 5.0 percent due to the positive category mix effect in 4Q2010, as a result of effective revenue growth management strategies. Net sales grew by 13.6 percent in FY2010 higher than sales volume growth on the back of price increases and favorable mix in the second half despite higher discounts and unfavorable product mix especially in the first half of the year. Accordingly, net sales per unit case slightly increased by 0.8 percent to TRL 4.29.

In international operations, net sales grew by 32.3 percent to USD 89.9 million in 4Q2010, whereas net sales per unit case increased by 7.7 percent to USD 2.60. Consolidated international net sales revenue increased by 20.8 percent to USD 422.8 million in FY2010, which is ahead of sales

**Soft Drink Operations Consolidated Net Sales Revenue** (TRL million)


**Soft Drink Operations Net Sales Revenue Breakdown** (%)




volume growth. Net sales per unit case increased by 4.3 percent to USD 2.47 in FY2010 due to price increases in some markets.

Consolidated gross profit margin grew by 1.4 percentage points to 37.5 percent in FY2010 due to price increases and favorable cost base in Turkey partially offset by higher raw material cost in international operations. As a result, gross profit per unit case came in at TRL 1.55 in FY2010 vs. TRL 1.48 in FY2009. On the other hand, on a like for like basis, adjusting for the accounting estimation change reflected in international operations in 4Q2010, the gross profit margin was up by 1.8 percentage points versus FY2009. In Turkey, cost of sales rose by 9.3 percent, which is lower than sales volume growth owing to lower sugar and can prices despite the increase in resin prices in 2010. Gross margin was expanded by 2.3 percentage points to 39.8 percent in FY2010, while gross profit per unit case increased from TRL 1.59 in FY2009 to TRL 1.71 in FY2010. In international operations, cost of sales were up by 23.7 percent due to higher sugar and resin costs, while lower can cost partially offset the input cost increases in 2010. Hence, gross profit margin decreased by 1.6 percentage points to 29.5 percent in FY2010 versus a year ago. However, excluding the net impact of accounting estimation change, gross profit margin improved by 0.3 percentage points to 31.4 percent in FY2010.

Consolidated EBIT grew by 15.0 percent and reached TRL 271.8 million at the end of 2010, while EBIT margin slightly increased by 0.1 percentage points to 9.9 percent. Excluding the impact of net other operating items and the accounting estimation change in 2010, consolidated EBIT increased by 40.7 percent to TRL 292.2 million on the back of strong performances both in Turkey and international operations. Consolidated EBIT margin reached 10.6 percent in FY2010. In Turkey, EBIT increased by 17.4 percent to TRL 240.3 million and EBIT margin improved from 11.0 percent to 11.3 percent in FY2010. In international operations, EBIT was up by 40.8 percent to USD 28.6 million, while EBIT margin widened from 5.8 percent to 6.8 percent in FY2010.

In 4Q2010, consolidated EBITDA increased by 42.7 percent to TRL 35.2 million as a result of improved operational performance both in Turkey and international operations. In FY2010, EBITDA was up by 18.0 percent to

**Soft Drink Operations Consolidated EBITDA**
**(**TRL million)

TRL 435.0 million and EBITDA margin expanded by 0.5 percentage points to 15.8 percent.

In FY2010, reported net income attributable to shareholders increased by 16.6 percent to TRL 197.7 million, mainly attributable to better operational performance in Turkey as well as better treasury execution, resulting in lower net financial expenses, despite non-cash foreign exchange loss of TRL 5.1 million. As of December 31, 2010 consolidated total financial debt decreased to TRL 1,245.5 million from TRL 1,288.7 million as of December 31, 2009. 50 percent of total debt is due in 2011 while the remaining debt is due between 2011 and 2015.

Consolidated net debt as of December 31, 2010 was TRL 646.8 million versus TRL 704.1 million as of December 31, 2009.

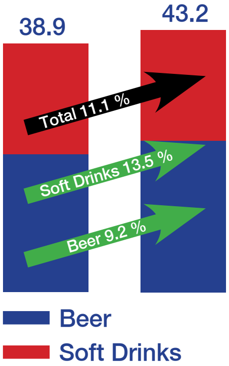
## Consolidated Results

Anadolu Efes' total sales volume increased notably by 14.0 percent to 8.8 mhl in 4Q2010 y-o-y, highest quarterly growth achieved during 2010, contributed by superior performances in Turkey beer and soft drink operations both heavily supported with exceptionally good weather in Turkey. As a result, consolidated volumes recorded as 43.2 mhl in FY2010 compared to FY2009, up 11.1 percent. Beer and soft drink volumes achieved growth rates of 9.2 percent and 13.5 percent respectively in FY2010 over the previous year.

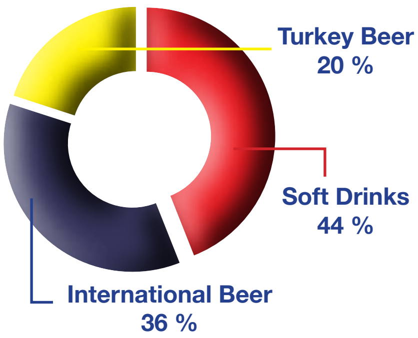
Consolidated net sales revenue of Anadolu Efes increased by 18.5 percent to TRL 874.6 million in 4Q2010 y-o-y, outpacing the volume growth, contributed by higher per unit sales prices in both Turkey beer and soft drink operations. Hence, consolidated net sales revenues reached TRL 4.168.8 million in FY2010, up 9.4 percent compared to the previous year.

Consolidated gross profit of Anadolu Efes rose by 23.1 percent reaching TRL 436.9 million, with a margin improvement of 190 bps to 50.0 percent in 4Q2010 y-o-y, due to higher gross margins in both beer and soft drink operations. Consequently, consolidated gross profit of Anadolu Efes increased by 11.3 percent to TRL 2,117.4 million in FY2010 compared to FY2009, with an 86 bps margin improvement to 50.8 percent.

**Consolidated Sales Volume** (mhl)




**Anadolu Efes**
**Sales Volume Breakdown** (mhl)






Mainly due to significantly higher operating profitability in Turkey beer operations, Anadolu Efes' consolidated operating profit more than doubled to TRL 80.1 million in 4Q2010 compared to the same quarter of the previous year, with a 407 bps rise in operating margin to 9.2 percent. Accordingly, Anadolu Efes' consolidated operating profit reached TRL 693.6 million in FY2010, with a 36 bps decline in margin to 16.6 percent.

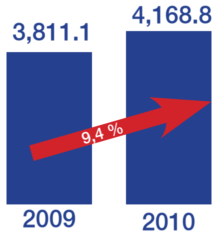
All business lines achieved higher EBITDA margins, contributing to a more than 500 bps rise in consolidated EBITDA margin to 19.9 percent in 4Q2010 compared to 4Q2009. As a result, Anadolu Efes' consolidated EBITDA reached TRL 1,019.0 million in FY2010 versus FY2009, with a 39 bps rise in margin to 24.4 percent.

Consolidated net profit attributable to shareholders increased by 19.2 percent to TRL 503.6 million in FY2010, contributed by higher operating profit as well as lower net financial expenses.

Anadolu Efes' consolidated net financial debt decreased to TRL 770.1 million as of 2010-end compared to TRL 782.9 million as of 2009-end, leading to a decline in consolidated net debt/EBITDA ratio from 0.9 times to 0.8 times in the period.

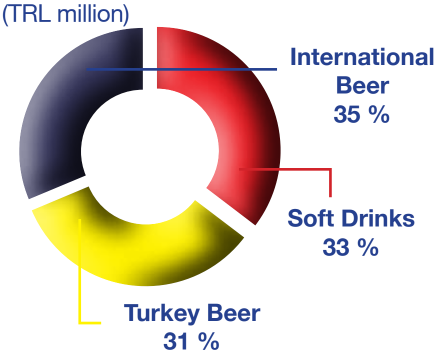
**Consolidated Net Sales Revenue**

(TRL million)



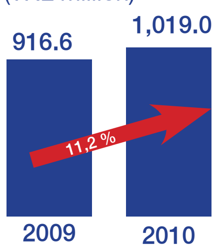

**Sales Revenue Breakdown**

(TRL million)

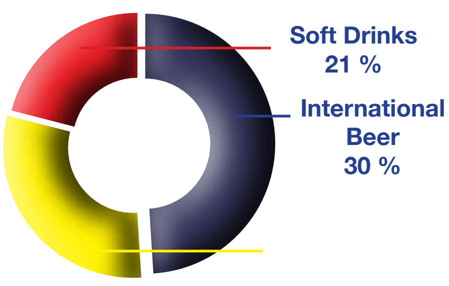



**Consolidated EBITDA**

(TRL million)




**EBITDA Breakdown**




## Summary Tables

## Anadolu Efes

Consolidated Income Statements For the Year Ended 31.12.2010 and 31.12.2009 Prepared In Accordance with IFRS as per CMB Regulations (million TRL)

| | 2009/12 | 2010/12 |
|---|---|---|
| **Sales Volume (million hectoliters)** | **38.9** | **43.2** |
| **Sales** | **3,811.1** | **4,168.8** |
| Cost of Sales (-) | (1,907.9) | (2,051.3) |
| **Gross Profit from Operations** | **1,903.1** | **2,117.4** |
| Marketing, Selling and Distribution Expenses (-) | (928.1) | (1,060.5) |
| General and Administrative Expenses (-) | (322.1) | (354.0) |
| Other Operating Income | 41.5 | 25.0 |
| Other Operating Expense (-) | (46.5) | (34.4) |
| **Profit from Operations** | **648.0** | **693.6** |
| Loss from Associates | (10.9) | (17.9) |
| Financial Income | 375.1 | 244.3 |
| Financial Expense (-) | (468.4) | (261.5) |
| **Profit before Tax From Continuing Operations** | **543.8** | **658.6** |
| Continuing Operations Tax Expense (-) | (121.5) | (140.1) |
| **Profit for the Year** | **422.3** | **518.4** |
| Attributable to: | | |
| Minority Interest | (0.3) | 14.8 |
| Net Income Attributable to Equity Holders of the Parent | 422.6 | 503.6 |
| **EBITDA** | **916.6** | **1,019.0** |

Note 1: CCI's consolidated results are proportionately consolidated in Anadolu Efes' financial results as per its 50.3 percent shareholding.
Note 2: EBITDA comprises of Profit from Operations, depreciation and other relevant non-cash items up to Profit from Operations.


# Anadolu Efes

Consolidated Balance Sheets as of 31.12.2010 and 31.12.2009 Prepared In Accordance with IFRS as per CMB Regulations

| | 2009/12 | 2010/12 |
|---|---|---|
| Cash & Cash Equivalents | 1,053.3 | 939.3 |
| Financial Investments | 21.2 | 55.1 |
| Trade Receivables | 421.5 | 518.3 |
| Due from Related Parties | 0.8 | 0.3 |
| Other Receivables | 5.8 | 7.9 |
| Inventories | 412.4 | 467.9 |
| Other Current Assets | 141.6 | 152.0 |
| **Total Current Assets** | **2,056.7** | **2,140.8** |
| Other Receivables | 0.9 | 1.3 |
| Investments in Securities | 40.1 | 37.5 |
| Investments in Associates | 45.4 | 21.4 |
| Biological Assets | 0.0 | 1.5 |
| Property, Plant and Equipment | 1,981.6 | 2,043.8 |
| Intangible Assets | 357.0 | 361.9 |
| Goodwill | 855.6 | 871.1 |
| Deferred Tax Assets | 46.9 | 40.0 |
| Other Non-Current Assets | 45.9 | 69.5 |
| **Total Non-Current Assets** | **3,373.4** | **3,448.0** |
| **Total Assets** | **5,430.0** | **5,588.8** |

| | 2009/12 | 2010/12 |
|---|---|---|
| Short-term Borrowings | 949.3 | 996.1 |
| Trade Payables | 234.9 | 253.3 |
| Due to Related Parties | 15.0 | 8.6 |
| Other Payables | 202.3 | 290.8 |
| Provision for Corporate Tax | 16.5 | 15.3 |
| Provisions | 20.3 | 23.7 |
| Other Liabilities | 50.3 | 169.3 |
| **Total Current Liabilities** | **1,488.6** | **1,757.2** |
| Long-term Borrowings | 908.1 | 768.4 |
| Other Payables | 126.6 | 144.4 |
| Provision for Employee Benefits | 40.1 | 51.3 |
| Deferred Tax Liability | 33.8 | 42.8 |
| Other Liabilities | 98.6 | 9.7 |
| **Total Non-Current Liabilities** | **1,207.2** | **1,016.6** |
| **Total Equity** | **2,734.2** | **2,815.0** |
| **Total Liabilities and Shareholders' Equity** | **5,430.0** | **5,588,8** |

Note 1: CCİ's consolidated financial results are consolidated in Anadolu Efes' financial results by proportionate consolidation method as per Anadolu Efes' 50.3 percent shareholding in CCİ.
Note 2: 7.5 percent of Alternatifbank shares held by Anadolu Efes is accounted at fair value and classified as ''Investment in Securities" in Non-Current Assets part of the balance sheet.
Note 3: "Investment in Securities" in Current Assets includes the time deposits with a maturity more than three months.



# Turkey Beer Operations

Highlighted Income Statement Items For the Year Ended 31.12.2010 and 31.12.2009 Prepared In Accordance with IFRS as per CMB Regulations (million TRL)

| | 2009/12 | 2010/12 |
|---|---|---|
| **Sales Volume (Million hectoliters)** | **8.5** | **8.5** |
| **Sales** | **1,264.2** | **1,293.4** |
| **Gross Profit From Operations** | **840.2** | **889.6** |
| **Profit from Operations** | **426.9** | **432.2** |
| Financial Income / Expense | 18.8 | 16.7 |
| **Continuing Operations Profit before Tax** | **445.7** | **448.8** |
| Provision for Taxes | (82.6) | (80.3) |
| **Profit for the Year** | **363.1** | **368.5** |
| **EBITDA** | **503.0** | **519.1** |

Note: EBITDA comprises of Profit from Operations (excluding other operating income/expense arising from Anadolu Efes' holding nature), depreciation and other relevant non-cash items up to Profit from Operations.

Highlighted Balance Sheet Items as of 31.12.2010 and 31.12.2009 Prepared In Accordance with IFRS as per CMB Regulations (million TRL)

| | 2009/12 | 2010/12 |
|---|---|---|
| Cash, Cash equivalents and Investment in Securities | 440.6 | 580.6 |
| Trade Receivables | 214.1 | 277.1 |
| Inventories | 105.5 | 96.0 |
| Other Assets | 21.5 | 22.9 |
| **Total Current Assets** | **790.6** | **992.4** |
| Investments | 1,281.5 | 1,587.7 |
| Property, Plant and Equipment | 360.4 | 375.3 |
| Other Assets | 21.5 | 35.9 |
| **Total Non-Current Assets** | **1,673.3** | **2,010.2** |
| **Total Assets** | **2,463.9** | **3,002.6** |
| Trade Payables | 47.4 | 53.0 |
| Other Liabilities | 139.7 | 206.5 |
| Short-term Borrowings | 147.6 | 325.1 |
| **Total Current Liabilities** | **342.4** | **587.8** |
| Long-term Borrowings | 0.0 | 77.3 |
| Other Liabilities | 160.0 | 186.6 |
| **Total Non-Current Liabilities** | **160.0** | **263.9** |
| **Shareholders' Equity** | **1,961.5** | **2,150.9** |
| **Total Liabilities and Shareholders' Equity** | **2,463.9** | **3,002.6** |

Note: Anadolu Efes subsidiaries, excluding brewing and malt production subsidiaries in Turkey, are stated on cost basis in order to provide more comprehensive presentation.


# International Beer Operations (EBI)

Highlighted Consolidated Income Statement Items For the Year Ended 31.12.2010 and 31.12.2009 Prepared In Accordance with IFRS (million USD)

| | 2009/12 | 2010/12 |
|---|---|---|
| **Volume (million hectoliters)** | **13.6** | **15.7** |
| **Net Sales** | **857.3** | **976.8** |
| **Gross Profit** | **402.1** | **468.3** |
| **Profit from Operations** | **82.5** | **112.7** |
| Financial Income / (Expense) | (64.9) | (17,3) |
| **(Loss)/Profit before Tax** | **10.5** | **83.4** |
| Income Tax | (10.7) | (20.6) |
| **(Loss)/Profit after Tax** | **(0.2)** | **62.8** |
| Attributable to Minority Interest | (0.6) | 8.7 |
| Equity Holders of the Parent Company | 0.4 | 54.2 |
| **EBITDA** | **170.1** | **213.7** |

Note 1: EBITDA here means earnings before interest (financial income/(expense) — net), tax, share of net loss of associates, depreciation and amortization, minus minority interest, and as applicable, minus gain on holding activities, plus loss/(gain) on sale of PPE disposals, provisions, reserves and impairment.
Note 2: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS.

Highlighted Consolidated Balance Sheet Items as of 31.12.2010 and 31.12.2009 Prepared In Accordance with IFRS (million USD)

| | 2009/12 | 2010/12 |
|---|---|---|
| Cash and Cash Equivalents | 219.1 | 66.0 |
| Trade Receivables | 56.9 | 55.8 |
| Inventories | 126,6 | 164.7 |
| Other Current Assets | 29.3 | 27.6 |
| **Total Current Assets** | **432.5** | **314.3** |
| Property, Plant and Equipment | 676.4 | 680.1 |
| Intangible Assets (Including goodwill) | 456.1 | 454.1 |
| Investments in Associates | 30.1 | 13.9 |
| Other Non-Current Assets | 28.8 | 22.1 |
| **Total Non-Current Assets** | **1,194.5** | **1,170.1** |
| **Total Assets** | **1,626.9** | **1,484.5** |
| Trade Payables, Due to Related Parties and Other Payables | 154.2 | 246.0 |
| Short-term Borrowings (Including current portion of long-term debt and lease obligations) | 228.0 | 225.8 |
| **Total Current Liabilities** | **382.2** | **471.7** |
| Long-term Borrowings (Including lease obligations) | 473.7 | 242.4 |
| Other Non-Current Liabilities | 67.9 | 12.9 |
| **Total Non-Current Liabilities** | **541.6** | **255.3** |
| **Total Equity** | **703.2** | **757.4** |
| **Total Liabilities and Shareholders' Equity** | **1,626.9** | **1,484.5** |

Note 1: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS.


## Soft Drink Operations (CCİ)

Highlighted Consolidated Income Statement Items For the Year Ended 31.12.2010 and 31.12.2009 Prepared In Accordance with IFRS as per CMB Regulations (million TRL)

| | 2009/12 | 2010/12 |
|---|---|---|
| **Sales Volume (Million Unit Case)** | **586.5** | **665.4** |
| Sales (Net) | 2,407.5 | 2,753.2 |
| Cost of Sales | (1,538.9) | (1,721.6) |
| **Gross Profit** | **868.7** | **1031.5** |
| Operating Expenses | (661.0) | (750.1) |
| Other Operating Income / (Expense) (Net) | 28.8 | (9.6) |
| **EBIT** | **236.5** | **271.8** |
| Gain / (Loss) from Associates | 0.0 | 0.0 |
| Financial Income / (Expense) (Net) | (21.1) | (16.6) |
| **INCOME BEFORE MINORITY INTEREST & TAX** | **215.4** | **255.3** |
| Income Taxes | (46.2) | (56.9) |
| **INCOME BEFORE MINORITY INTEREST** | **169.2** | **198.4** |
| Attributable to, | | |
| Minority Interest | (0.4) | 0.7 |
| Net Income attributable to Shareholders | 169.6 | 197.7 |
| **EBITDA** | **368.7** | **435.0** |

Note 1: EBITDA comprises of profit from operations, depreciation and other relevant non-cash items up to EBIT.
Note 2: Figures for CCİ are obtained from consolidated financial results prepared in accordance with IFRS as per CMB regulations.

Highlighted Consolidated Balance Sheet Items as of 31.12.2010 and 31.12.2009 Prepared In Accordance with IFRS as per CMB Regulations (million TRL)

| | 2009/12 | 2010/12 |
|---|---|---|
| Cash and Cash Equivalents | 544.2 | 491.7 |
| Investments in Securities | 40.3 | 107.1 |
| Trade Receivables and Due from Related Parties (Net) | 245.6 | 300.0 |
| Inventory (Net) | 211.1 | 223.7 |
| Other Receivables | 2.9 | 4.8 |
| Other Current Assets | 141.8 | 166.6 |
| **Total Current Assets** | **1,185.9** | **1,293.8** |
| Investment in Associate | 0.0 | 0.0 |
| Property, Plant and Equipment | 1,190.4 | 1,203.0 |
| Intangible Assets (Including goodwill) | 450.3 | 459.4 |
| Deferred Tax Assets | 1.1 | 2.5 |
| Other Non- Current Assets | 35.4 | 54.5 |
| **Total Non-current Assets** | **1,677.7** | **1,720.2** |
| **Total Assets** | **2,863.6** | **3,014.0** |
| Short-term Borrowings | 903.6 | 627.7 |
| Trade Payables and Due to Related Parties | 123.5 | 144.3 |
| Other Payables | 81.5 | 80.9 |
| Provision for Corporate Tax | 5.0 | 1.0 |
| Provisions for Employee Benefits | 11.7 | 14.4 |
| Other Current Liabilities | 12.2 | 12.4 |
| **Total Current Liabilities** | **1,137.6** | **880.6** |
| Long-term Borrowings | 385.0 | 617.9 |
| Provisions for Employee Benefits | 28.7 | 35.7 |
| Deferred Tax Liabilities | 38.8 | 41.1 |
| **Total Non-Current Liabilities** | **456.1** | **698.4** |
| **Total Equity** | **1,269.9** | **1,435.0** |
| **Total Liabilities and Shareholders' Equity** | **2,863.6** | **3,014.0** |

Note 1: Figures for CCİ are obtained from consolidated financial results prepared in accordance with IFRS as per CMB regulations.


# INVESTOR AND SHAREHOLDER RELATIONS

Anadolu Efes runs an active investor relations program to inform its shareholders and investors about the Company's activities in a complete, accurate, open, transparent and timely manner.

Placing great importance on communications with its shareholders and investors, Anadolu Efes runs an active investor relations program to inform its shareholders and investors about the Company's activities in a complete, accurate, open, transparent and timely manner.

The Investor Relations Department, under the Finance and Investor Relations Directorate, manages relations with shareholders and investors.

The Company's Disclosure Policy dictates equal treatment of all shareholders and investors and ensures that accurate disclosure with identical content reaches every recipient at the same time. Information requests received from shareholders or investors are assessed within this framework and any information sharing is performed in accordance with the Company's Disclosure Policy.

Information requests from shareholders or investors regarding the matters that are not yet within the public domain are also managed within this scope and the Company ensures that, instead of selective disclosure, information is provided publicly to all audiences by means of announcements to the Istanbul Stock Exchange and by press releases.

Announcements are also emailed to stakeholders who provided us with their contact information through our web site or other channels.



The official website of the Company serves as an up-to-date communications channel available both in Turkish and English which can be used by shareholders, investors, research analysts and other stakeholders in compliance with the Corporate Governance Principles published by the Capital Markets Board (CMB).

During 2010, 262 face-to-face meetings were held with domestic and foreign, individual and institutional investors, shareholders and analysts, regarding the operational results and performance of the Company, as well as other developments within the period.

Anadolu Efes attended seven investor conferences in Turkey and abroad and organized two roadshows to inform shareholders and investors about the Company.

The Company's Annual Report prepared and published both in Turkish and English and all issues defined as per the Capital Markets Law were shared with the public through announcements and press releases.

During 2010, 262 face-to-face meetings were held with domestic and foreign, individual and institutional investors, shareholders and analysts, regarding the operational results and performance of the Company, as well as other developments within the period.


# CREDIT RATING OF ANADOLU EFES

Standard & Poor's revised the Outlook on Anadolu Efes to "Positive" from "Stable" and affirmed the "BB" long-term corporate credit rating.

Standard & Poor's ("S&P"), the international rating agency, revised the Outlook on Anadolu Efes to "Positive" from "Stable" and affirmed the "BB" long-term corporate credit rating.

In its rating report dated June 22, 2010 S&P stated that the positive outlook reflects S&P's view that Anadolu Efes demonstrated increased cash flow conversion capability in the context of Company's sound capital structure and improving operating environment in Turkey.

In its report S&P also mentioned that the Company's international beer operations became a significant contributor to its consolidated cash flows in 2009. S&P expects an upgrade within the next year if Anadolu Efes' increased discretionary cash flow generation proves sustainable amid continuingly modest debt leverage.

In addition, S&P expects Anadolu Efes to continue to preserve its sound capital structure, with adjusted debt to EBITDA not exceeding 2x.


Coca-Cola


EFES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Anadolu Efes' Corporate Governance Rating was revised upward once again to **8.4** in 2010.


## *We believe in Corporate Governance…*

Anadolu Efes has adopted the corporate governance understanding in all of its operating markets and units


# Corporate Governance

**1. Corporate Governance**

Anadolu Efes has adopted the corporate governance understanding as an indispensable component in its activities. Closely following up on relevant international practices and adapting them to its own organization, the Company conducts its activities in compliance with CMB's Corporate Governance Principles.

The turbulence in financial markets in recent years further reinforced the importance of equal treatment, transparency and accountability underlying the corporate governance principles. Anadolu Efes has rigorously adapted the corporate governance approach to all its divisions in all its regions of operation.

Anadolu Efes has received a Corporate Governance Rating of 80.96 (8.10) from SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA- Corporate Governance and Credit Rating Services Inc.) and qualified for listing in the ISE Corporate Governance Index.

The Corporate Governance Rating of Anadolu Efes has been revised up to 82.71 (8.27) as of 05.06.2009 as indicated in the Corporate Governance Rating Revision Report prepared by SAHA and released on June, 2009. According to the most recent Corporate Governance Rating Revision Report dated 02.06.2010 prepared again by SAHA, the Corporate Governance Rating of Anadolu Efes has been revised upward once again to 84.00 (8.40).

SAHA stated in its report that considering Anadolu Efes' determination to apply corporate governance principles, its willingness to manage this process dynamically and continuously, and finally the improvements affected during the twelve months lapsed since the publication of the previous revision report, the corporate governance rating of the company is revised as above.

The final rating was determined within the framework of relevant CMB's resolution by attaching specific weights to the final rating under four sub-categories below.

| Main sections | Weight | Note |
|---|---|---|
| Shareholders | 0.25 | 87.98 |
| Public Disclosure & Transparency | 0.35 | 89.64 |
| Stakeholders | 0.15 | 92.14 |
| Board of Directors | 0.25 | 67.22 |
| **Total** | **1.00** | **84.00** |

A copy of the Corporate Governance Rating Report which has been published by SAHA is available on the Company's internet site, www.anadoluefes.com.

**i. CORPORATE GOVERNANCE COMPLIANCE REPORT**

**1. Corporate Governance Principles Compliance Disclosure**

Our Company works within the framework of all existing regulations and the "Corporate Governance Principles" announced and accepted by Capital Market Board (CMB) on 04.07.2003 with resolution no:35/835 and subsequently revised by a resolution dated 10.12.2004 and with no: 48/1588. Our Company aims to develop structures and principles that are appropriate for the conduct of our business and which will serve best for the benefit of our shareholders and other stakeholders.




Our Company complies with and has implemented the Corporate Governance Principles issued by CMB except for the below-mentioned provisions in the period of 01.01.2010-31.12.2010.

According to the Articles of Association of our Company any sale of the immovable assets of the Company needs the approval of the General Assembly. On the other hand, without any prejudice to the provisions no 443/2 of the Turkish Commercial Code, there are no provisions therein with respect to passing of other major resolutions by the General Assembly regarding any splitting, purchasing, selling, renting and leasing significant amount of property. The Board of Directors of our Company discussed the matter of adoption of such resolutions in the General Assembly and decided by a majority that such delegation would diminish the acting capability of the management against dynamic and changing business opportunities to the detriment of all shareholders and hinder the operations of the Company. Therefore, the Board of Directors found it appropriate to inform all shareholders in the very first General Assembly following such transaction(s), if any.

There is currently no provision in the Articles of Association of our Company allowing the exercise of cumulative voting system.

In line with the articles 3.3.4 and 3.3.5 of Section IV of the CMB's Corporate Governance Principles, the independent member of our Board of Directors does not qualify as independent, however Mr. Engin Akçakoca, who is nominated by Anadolu Endüstri Holding, does not have any current ties to such nominating shareholder. Therefore Mr. Engin Akçakoca qualifies to be independent as per internationally accepted standards. Anadolu Efes believes that the objectivity and independent approach by this Board member highly contributes to the development and strengthening of the Company's management. In addition there are independent and professional individuals in capacity of consultants in our Company's Board of Directors.

Currently the chairman of the Audit Committee qualifies to be independent as per internationally accepted standards, whereas the chairman of the Corporate Governance Committee is not an independent board member.

**Dr. Mehmet Cem Kozlu**
**Corporate Governance**
**Committee Chairman**

**Salih Metin Ecevit**
**Corporate Governance**
**Committee Members**

## SECTION I

## SHAREHOLDERS

**2. Shareholder Relations Unit**

In 2010, the Investor Relations Department established within our Company's Finance and Investor Relations Directorate conducted the relations with our shareholders. The individuals in charge of shareholder relations are as follows:

**Can Çaka-Anadolu Finance & Investor Relations Director**
Tel: 0 216 586 80 47
Fax: 0 216 389 58 63
E-mail: can.caka@efespilsen.com.tr


**Ayşe Dirik-Investor Relations Manager**
Tel: 0 216 586 80 02
Fax: 0 216 389 58 63
E-mail: ayse.dirik@efespilsen.com.tr

**R. Aslı Kılıç-Investor Relations Supervisor**
Tel: 0 216 586 80 72
Fax: 0 216 389 58 63
E-mail: asli.kilic@efespilsen.com.tr

Details regarding the activities performed by this unit in 2010 can be found in our Company's 2010 Annual Report.

**3. Exercise of the Information Rights by Shareholders**

Our Disclosure Policy dictates equal treatment of all our shareholders and investors, and provides that accurate disclosure with similar content reaches to every recipient at the same time. Response to information requests from shareholders are managed according to this policy and include information which is already made available publicly. Information requests from shareholders regarding the matters that are not yet within the public domain are also managed within this scope and we make sure that instead of selective disclosure, information is provided publicly to all audiences by means of press releases and announcements to the Istanbul Stock Exchange.

All information as per article no 1.11.5 of Section II of the Corporate Governance Principles is available in our Company's website for the shareholders.

Individual requests by each shareholder from the General Assembly to appoint a special auditor to exclusively survey and clarify a particular material case is not set as a right in our Company's Articles of Association. Amendment of the Articles of Association of our Company accordingly has been examined by the Board; however it is concluded that the desired benefit to shareholders would not be realized on the fact that appointment of a special auditor would complicate the management of the Company and deteriorate its acting capability. On the other hand, believing that satisfying such requests is crucial, our Board of Directors has principally adopted that any disputable matter(s) on which the conduct of a survey is requested by the minority shareholders be conveyed to the Audit Committee for detailed examination in order to reserve the information rights of the minority shareholders and further resolved to effect necessary changes accordingly in the working procedures of the Audit Committee.

**4. Particulars of the General Assembly**

The annual ordinary General Assembly of our Company was held on 29.04.2010 with a quorum of 72.2 percent constituted by the total present 328,268,565.86 shares out of the total 450,000,000.00 shares representing the paid-in capital of our Company in amount of TL 450,000,000. Our domestic and foreign shareholders attended the General Assembly in person or by proxy. Our Company has no bearer shares and the day, hour, venue and agenda of the meeting was announced on the Turkish Commercial Registry Journal no 7535 dated 02/04/2010, on page eleventh of Dünya newspaper dated 02/04/2010 circulated country-wide as well as on our website at www.anadoluefes.com. The attorney forms for attendance by proxy is also available on our website to ease the process of attendance.




Our Company's Annual Report and Annual General Meeting Information Document have also been made available to shareholders in our registered office and our website at the date of announcement of the General Assembly and all information regarding our operations are kept updated in our website. Holders of the shares traded at the Istanbul Stock Exchange can also cast their votes by way of submitting a document showing the blockage of share certificates by Takasbank A.Ş. The minutes of the ordinary Annual General Assembly are published in our website thereby allowing for the analysis of shareholder questions in the meeting and the corresponding answers, advices and other assessments. Meeting minutes are forwarded to Istanbul Stock Exchange in the same day and also announced to the public via the Stock Exchange Bulletin.

In the General Assembly, shareholders attending the meeting have not exercised their rights of asking questions on meeting agenda. Out of agenda questions which have been raised with respect to Company operations have been replied by the Company's management.

While our Company's Articles of Association contain a provision with respect to rendering of resolutions by the General Assembly regarding the sale of immovable assets of the Company, there are no provisions therein with respect to passing of other major resolutions by the General Assembly regarding any splitting, purchasing, selling, renting and leasing significant amount of property, without prejudice to the provisions no 443/2 of the Turkish Commercial Code. The matter of adoption of such resolutions in General Assembly was discussed by the Board of Directors which resolved that delegating such decisions to the General Assembly would remarkably impede the operations of the Company, diminish the acting capability of the management against dynamic and changing business opportunities to the detriment of all shareholders. So as to pursue this purpose, it was found proper to advise all shareholders of the said transaction(s), if any, in the first General Assembly following such transaction(s).

**5. Voting Rights and Minority Rights**

There are no privileged shares among the shares representing the paid-in capital of our Company. There is no cross shareholding relationship with the majority shareholders of our Company. There is currently no provision in the Articles of Association of our Company allowing the exercise of cumulative voting system.

**6. Dividend Policy and Dividend Payment Time**

There is no privilege granted to shareholders regarding the distribution of dividends.

Within the framework of conformity with Corporate Governance Principles, our Dividend Policy has been resolved to be handled as a written policy starting from 2005.

As per the unanimous resolution of our Board of Directors, dated 07.04.2009, Anadolu Efes adopts as a general rule, except for investment periods requiring high cash outflows, distributing a dividend from the distributable profit each year with a ratio higher than the minimum amount that implied by CMB, without prejudice to CMB's prevailing regulations or any other relevant law and regulation.


Maintenance of this policy is among the primary objectives of our Company except for special conditions caused by extraordinary developments in economic conditions as well as investment and other funding requirements necessary for the long-term growth of the Company.

Profit distribution in 2010 has been fulfilled within prescribed legal periods.

Detailed explanations and tables regarding the distribution of profit for the year 2010 are provided in our Company's 2010 Annual Report.

**7. Transfer of Shares**

There are no provisions contained in the Company's Articles of Association restricting the transfer of shares.

## SECTION II

## PUBLIC DISCLOSURE AND TRANSPARENCY

**8. Company Disclosure Policy**

**i. Purpose**

Our Company maintains to act, in the course of disclosure to all our shareholders and other stakeholders, within the principles of equality, accuracy, impartiality, consistency and timing. It is essential to provide such announcement and clarifications under this policy in timely, correct, complete, understandable, analyzable and cost effective manner in strict observance of the rights and interests of our Company as well.

**ii. Public Disclosure**

**a. General Principles**

The information is immediately disclosed to the public about any development that may bring in a substantial change in the financial status and/or operations of our Company as well as all other matters laid down by the Capital Markets Board Legislation. However, information revealed to the public cannot contain, except for legal requirements, any sort of information that may potentially impede the competitive power thereby leading to detrimental consequences for our Company, shareholders and stakeholders and cannot be in the nature of trade secret.

Our Company's disclosure policy and any modifications thereto are approved by our Board of Directors, submitted to the information of the General Assembly and announced to the public. The conduct of our Company's disclosure policy is undertaken by the Finance and Investor Relations Directorate under the coordination of the Corporate Governance Committee.

The information and meeting requests from shareholders and other stakeholders are processed as per our Company's disclosure policy and any sharing of information is effected with already publicly available content.

Whenever it is necessary to reveal any information that has not already been made public as a reply to any question transmitted by shareholders and other stakeholders regarding all the matters prescribed as per the Capital Markets Board Legislation, a working group comprised of the related Group President, Group Finance and Investor Relations Director and



Investor Relations Manager under the coordination of our Company's Corporate Governance Committee, handles and processes the matter within the framework of our Company's disclosure policy. Questions transmitted to our Company in that manner and the related disclosure can only be made public upon approval of this working group.

The written questions related to the information that is public and directed to Investor Relations Department are answered in a written format within two work days, if the data is available. If the requested data should be derived from the existing information, then the question is answered within five work days. All correspondences with analysts and investors are kept in records.

Legal or commercial relationships with other enterprises or individuals with whom there is a direct/indirect managerial, administrative, supervisory or ownership related relationship is disclosed in the financial tables and footnotes.

**b. Public Disclosure Tools**

In addition to all the information and documentation assembled as per the legislation with respect to the matters to be discussed in ordinary General Assemblies, a presentation relating to the results of annual operations and performance of our Company and other developments within the period is prepared and presented to the General Assembly. A copy of such presentation is published in our website.

Our Company releases its financial results on a quarterly basis. Our company also publishes an earnings release report simultaneously with financial results each quarter, which evaluates the results, to inform the investors and analysts.

At least two regular meetings per year are held, in order to give information to research analysts on the results of operations, performance and other developments within the period. Additionally, domestic and international conferences and other meetings held for the purpose of giving information to shareholders and investors are participated.

The official website of our Company currently hosted at www.anadoluefes.com is prepared and utilized, in both Turkish and English, as a communication channel for shareholders, investors, research analysts and other stakeholders in line with the issues laid down in the CMB's Corporate Governance Principles. A copy of all the announcements and presentations utilized in meetings held for the purpose of giving information are kept in our website in an updated fashion.

Our Company publishes the "Dividend Policy" and "Ethical Rules" in its website laid down by the CMB's Corporate Governance Principles.

Our website is open to everybody and there is no restriction. The visitors of the website are kept confidential, except for legal requirements. Our Information Systems Directorate took all the necessary measures to secure the safety of our website. The legal disclaimer and confidentiality policy is available in every page of our website.

In addition to the traditional data transmission channels, various communication facilities provided by information technologies may be employed for public disclosure. Within this framework, special case


announcements made by our Company can be sent directly by e-mail to stakeholders that have delivered their contact information via our website or other communication channels.

**c. Public Disclosure via Press and the Monitoring of News in the Press**

Press releases and/or press conferences may also be utilized for disclosing the results of annual operations including the year-end operational results, performance of our Company and other developments within the period as well as any development that may have a major impact on the financial status and/or operations of our Company.

Disclosure via press is affected under the coordination of our Company's Corporate Governance Committee and in collaboration with the above mentioned working group and Corporate Communications Directorate. In addition, opinions of the specialists, from the company or from outside, may be utilized when needed. A copy of each published press release is kept updated in the website.

On the other hand, all news and rumors about the company in TV, print media, internet and radio as well as the news in the local and international press followed by the nominated media monitoring agencies by the Company are evaluated by the above mentioned working group and Corporate Communications Directorate.

In case of facing with incorrect news, Investor Relations Department evaluates the situation and following the information request by ISE or CMB or in necessary circumstances, without the information request by ISE or CMB, the necessary announcements are made in accordance with Company's disclosure policy.

**iii. Responsible Persons and Spokesperson of the Company**

In our company, the persons with administrative responsibilities include members of the Board of Management, Board of Auditors and the highest level executive in the Company's management and directors directly reporting to him.

In all data communication channels including the press and in the meetings with shareholders, investors, research analysts and other stakeholders, only related Group President, Group Finance and Investor Relations Director and Investor Relations Manager as well as other managers and members of the Board designated by the Corporate Governance Committee will act in the capacity of spokesperson for and on behalf of our Company within the framework of our Company's disclosure policy.

**iv. Protection of the Inside Information**

The persons included in the "list of the persons entitled to access inside information" are reminded through personal letters about their responsibilities according to the law due to their inclusion in this list.

In addition, the spokesmen of the company are obliged to implement the "silence period" two weeks prior to the financial results announcement each quarter.

The starting and ending dates of the silence period are published in the website under investor calendar


section, when the date of the financial results announcement becomes definite. The dates of the financial results announcement and related silence period is announced through investor calendar section at least four weeks prior to the financial results announcement.

During the silence period, excluding the information that has already been made public, the spokesmen are prohibited to make any comment on the financial position of the company on behalf of the company. The questions of the capital markets players like analysts and investors related to the financial position of the company are not answered. However, the silence period does not prohibit the attendance of and speeches by the spokesmen to conferences, panels etc.

**v. Effective Date**

This disclosure policy has been discussed and approved in the meeting of the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. dated 01.03.2011 and put into effect the same day.

**9. Special Case Announcements**

A total of 26 special case announcements have been released within the year pursuant to CMB's regulations. All special case announcements have been made in due time.

The list of special case announcements between January 1st, 2010 and December 31st, 2010 are as follows:

1. FY2009 sales volume (14.01.2010)

2. Announcement regarding credit ratings by Fitch rating (02.02.2010)

3. Announcement regarding the Council of State's decision to suspend the Competition Board's approval of the sale of "Tekel Birası" brand to Anadolu Efes (05.02.2010)

4. Announcement regarding the restructuring of our business model in Germany (15.02.2010)

5. Announcement regarding the capital increase in our subsidiary Anadolu Etap (12.03.2010)

6. Announcement regarding the acquisition of EBI shares by Anadolu Efes (30.03.2010)

7. Invitation to Annual General Meeting (30.03.2010)

8. Dividend Distribution Proposal of the BoD (30.03.2010)

9. FY2009 Financial Results (30.03.2010)

10. Announcement regarding the acquisition of a real-estate (06.04.2010)

11. Announcement regarding the Termination of the Credit Rating Agreement with Fitch Ratings (27.04.2010)

12. Resolutions of the AGM (29.04.2010)

13. Announcement regarding the cash dividend distribution date (29.04.2010)

14. Announcement regarding resolutions of the BoD


meeting dated 11.05.2010 (11.05.2010)

15. 1Q2010 Financial results (11.05.2010)

16. Announcement regarding our Corporate Governance Rating (02.06.2010)

17. Announcement regarding the EBI shares (10.06.2010)

18. Announcement regarding the Credit Ratings by S&P (22.06.2010)

19. 1H2010 Sales Volume (14.07.2010)

20. Announcement regarding the initiation of an investigation by the Competition Authority (16.07.2010)

21. 1H2010 Financial Results (24.08.2010)

22. Announcement regarding the cancellation of the listing of EBI shares on London Stock Exchange (05.10.2010)

23. Announcement regarding the completion of squeeze out procedure of EBI shares (13.10.2010)

24. Announcement regarding the change in the BoD (27.10.2010)

25. 9M2010 Financial Results (05.11.2010)

26. Announcement regarding the news in the media (26.11.2010)

**10. Corporate Web Site and Content**

Our corporate website is at www.anadoluefes.com. In our website, all information required as per Article no 1.11.5 in Section II of CMB's Corporate Governance Principles is available.

**11. Declaration of Ultimate Real Person Shareholder/Shareholders**

The individuals holding directly or indirectly 1percent or above of our issued capital are listed below:

| Name-Surname | Registered/To the Bearer | Share in Issued Capital (TL) | Share in Issued Capital (%) |
|---|---|---|---|
| S. Kamil Yazıcı | To the bearer | 54,811,379 | 12.2 |
| Tülay Aksoy | To the bearer | 33,832,139 | 7.5 |
| Tuncay Özilhan | To the bearer | 33,066,144 | 7.4 |
| İzzet Özilhan | To the bearer | 22,554,762 | 5.0 |
| Suzan Yazıcı | To the bearer | 8,371,159 | 1.9 |
| S. Vehbi Yazıcı | To the bearer | 7,806,776 | 1.7 |
| Vahit Yazıcı | To the bearer | 5,613,110 | 1.3 |
| Hidayet Yazıcı | To the bearer | 4,952,072 | 1.1 |
| İbrahim Yazıcı | To the bearer | 4,560,346 | 1.0 |
| Other | To the bearer | 274,432,113 | 61.0 |
| Total | | 450,000,000 | 100.0 |


### 12. Disclosure of the Persons Entitled to Access Inside Information

The list of the members of the board, members of the top management and other officers entitled to access inside information is as follows:

**Members of the Board of Directors of Anadolu Efes, Anadolu Endüstri Holding and Yazıcılar Holding**

**Tuncay Özilhan** - *Chairman of Anadolu Efes and Anadolu Endüstri Holding*
**İbrahim Yazıcı** - *Vice Chairman of Anadolu Efes, Anadolu Endüstri Holding and Yazıcılar Holding*
**Süleyman Vehbi Yazıcı** - *Member of the Boards of Anadolu Efes, Anadolu Endüstri Holding and Yazıcılar Holding*
**Tülay Aksoy** - *Member of the Boards of Anadolu Efes and Anadolu Endüstri Holding*
**Gülten Yazıcı** - *Member of the Boards of Anadolu Efes and Anadolu Endüstri Holding and Vice Chairman of Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.*
**Hülya Elmalıoğlu** - *Member of the Boards of Anadolu Efes, Anadolu Endüstri Holding and Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.*
**Ahmet Oğuz Özkardeş** - *Member of the Board of Anadolu Efes*
**Ali Şanal** - *Member of the Boards of Anadolu Endüstri Holding and Yazıcılar Holding and Chairman of Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.*
**S. Metin Ecevit** - *Chairman of Yazıcılar Holding and Member of the Board of Anadolu Endüstri Holding, Anadolu Efes and Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.*
**Rasih Engin Akçakoca** - *Member of the Board of Anadolu Efes*
**Mehmet Cem Kozlu** - *Member of the Boards of Anadolu Efes, Anadolu Endüstri Holding, Yazıcılar Holding and Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.*
**Recep Yılmaz Argüden** - *Member of the Boards of Anadolu Efes, Anadolu Endüstri Holding, Yazıcılar Holding and Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.*
**Ahmet Muhtar Kent** - *Member of the Board of Anadolu Endüstri Holding*
**Nilgün Yazıcı** - *Member of the Board of Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.*
**Osman Kurdaş** - *Member of the Board of Kamil Yazıcı Yönetim ve Danışmanlık A.Ş.*

**Consultants to the Board of Directors**

**Ege Cansen**
**Ahmet Boyacıoğlu**

**Members of the Board of Auditors**

**Ali Baki Usta**
**Ahmet Bal**

**Executives of Anadolu Endüstri Holding and Yazıcılar Holding**

**Hurşit Zorlu**
**Murat Timur**
**Menteş Albayrak**
**Sezai Tanrıverdi**
**İrem Çalışkan Dursun**
**Onur Tufanoğlu**
**Bora Öner**
**Elif Emine Deniz**
**Aysel Ayçiçek**
**Zeynep Çankaya**
**Cihan Alakuş**
**Berrin Arslan**
**Sibel Ahioğlu**
**Selin Aydın**
**Can Doğan**
**Ertuğrul Cin**



Aynur Süleymanoğlu
Duygu Aydoğan
Mustafa Yelligedik
Yildiray Efil
İrfan Çetin
Mete Türkyılmaz
Gökhan İzmirli
Burçin Aydın

**Executives of Efes Beverage Group**

Alejandro Jimenez
Michael A. O'Neill
Tuğrul Ağırbaş
Can Çaka
Altuğ Aksoy
Berke Kardeş
Saltuk Ertop
Cem Güner
Thomas Schwind
Haluk Ilıcalı
Mustafa Susam
Tolga Mengi
Mustafa Levent İlgün
Haluk Özdemir
Volkan Harmandar
Dilek Başarır
Ertan Cüceloğlu
Gani Küçükkömürcü
Melih Balcı
Adnan Aktan
N. Orhun Köstem
Ayşe Gündüz
Çiçek Uşaklıgil Özgüneş
Anıl Karaca
Ayfer Yılmaz
Emre Erdoğan
Tuba Caldu
Esin Demirci
Yeliz İsmi
Ayşe Dirik
Burak Tansuk
Esen Durmaz
Aslı Ünal Şimşek
Aslı Kılıç
Filiz Menge
Mine Bekler

**Executives of Credit Rating Agencies**

Anna Overton (Standard & Poor's)
Anton Geyze (Standard & Poor's)

**Employees of Independent External Audit Firm (Başaran Nas Bağımsız Denetim)**

Burak Özpoyraz
Cihan Harman
Eftim Koçaridis
Ozan Özarıkça
Tarık Öztürk
Mert Türkoğlu
Efe Timur
Ezgi Beydilli

**Sworn Fiscal Advisor**

Zekeriya Alşan (Usal Yeminli Mali Müşavirlik Ltd. Şti.)

## SECTION III

## STAKEHOLDERS

### 13. Informing the Stakeholders

Creating timely and applicable solutions to problems regarding the employees and other stakeholders in order to maintain the satisfaction of all the



stakeholders is one of the key policies of the Company. Our employees, suppliers, customers and consumers are informed on related matters in different ways.

The Efes Communication Line that is currently active (444 EFES / 444 33 37) serves 6 days of the week excluding Sundays between 08:00-20:00. A majority of the incoming calls are for information purposes and calls are immediately replied.

Information exchange with customers and suppliers is ensured by periodic dealer meetings as well as site meetings held by individuals in charge in relevant locations. Furthermore, customers and suppliers are capable of transmitting their problems to our Company via the dealer meetings and through oral or verbal applications submitted to the Company's management.

Meetings are held with our suppliers so as to improve the quality of the current materials as well as on other sectoral developments and pilot activities are conducted with respect to the co-produced projects.

Through the wide data information network established with our customers, we can exchange information on a real-time basis.

Through our e-sales system operating on the internet, our customers are immediately informed of modifications put into effect, trainings are provided when necessary and satisfaction questionnaires are conducted.

Our Company also conducts training programs in order to enhance the development of the employees. The "Efes Academy" system that has been designed and tailored within this framework which runs on the internet platform, allows sharing of knowledge acquired in different business lines and marketplaces at Group level as well as improving the operational and administrative knowledge and skills of the employees.

**14. Participation of the Stakeholders in Management**

Through the technological communication infrastructure, effective participation of employees in decisions is ensured.

Employees are capable of transmitting their value added requests and business development suggestions via the computer based "Business Development Suggestions" and "Project Follow-up Application" databases which are part of the "Suggestion Follow-up System". In addition "Human Resources Request & Improvement Line" that facilitates submission of requisitions and improvement requirements regarding the services provided by our Human Resources function is used effectively by our employees. Each year, a study for Measuring Employee Satisfaction and Loyalty is conducted and employees working in our subsidiaries and affiliates in Turkey and in international operations can also transmit their suggestions for improvement at this stage.

Indicators designated under strategic planning process within the framework of our management systems are reviewed with the monthly field meetings for business conclusions and suggestions for improvement are logged and tracked. Company performance is also tracked by our employees through the monthly Business Result Reports.

In order to manage the relationships with our employees working in our subsidiaries and affiliates in Turkey and


in international operations, as well as to manage the corporate information flow, we launched a web-based intranet system in 2009. On the “Suggestions” field of this platform, the employees are allowed to post their requests directly to Human Resources department.

**15. Human Resources Policy**

Our human resources mission is to develop human resources strategies and coordinate the application of human resources systems in our operations in line with our Company’s Vision and Mission in order to support our strategic growth and profitability strategies thorough increasing productivity of our employees, as well as establishing a qualified, motivated, loyal workforce.

In line with our human resources mission our key strategy is to build up a satisfied and well-educated workforce that works as a team and continually develops, operates on knowledge and focuses on Company targets. Our human resources strategy is also disclosed publicly in our website.

In all of the Group companies the Human Resources Strategy is designed in line with our vision and mission in order to support our strategic business plan and implemented under the following headings:

(1) Increasing organizational efficiency
(2) Centralized Strategy, Local Policy Development
(3) Right Person for the Right Position,
(4) Maintaining a Dynamic & Proactive Structure,
(5) An Unreplicated Human Capital that Creates Competitive Advantage.

Our Company places great importance on training at all stages and at all levels in order to prepare our employees to the future. We “INVEST IN PEOPLE” through established systems where we present this importance in a transparent way. In addition, through the “Efes Academy” system, established as an e-Learning platform over the internet, we aim to improve the personal and occupational knowledge and skills of our employees.

“Efes Quality Circle” project, whereby our employees voluntarily solve the problems in their respective work areas, enable a better environment for communication, creativity and innovation while contributing to our employees’ personal development and hence increasing their motivation.

It is essential to implement fastidiously any resolution rendered by our Board of Directors in the pertinent field of activity. Monitoring of such applications is conducted within the framework of the designated Critical Performance Criteria focused not only on the operating performance but also profitability. The annual performance targets we have designated for our employees in line with the relevant criteria allow not only the qualitative measurement but also the indicator-based quantitative assessment of our management policies.

One of our Group’s commitments towards its employees in the course of every relationship, which is part of our working principles and followed strictly without any concession, is not to make any discrimination in terms of race, skin color, age, nationality, gender and religious beliefs. We take pride in different aspects and cultural diversification of our employees and consider such diversification a valuable tool for advancement towards a common objective.

In every Human Resources practice spanning from the initial recruitment to the training, compensation,


career and financial means granted, equal opportunity is provided to all employees. No complaints, in particular on discrimination, have been raised by any of our employees within the period.

We are committed to respect and protect the rights granted to our employees by law and regulations.

In addition, representatives have been designated to conduct the relations with employees. For white-collar workers, a "Health and Security Worker Representative" has been selected to represent the workers only on issues of occupational health and security. The duties and authorities of such representative that is selected by the workers at the workplace, as per Occupational Health and Safety Statute, are as follows:

One or more workers act as the "Health and Security Worker Representative" and participate in studies for health and security in the workplace, monitor the studies, request for measures and precautions, give suggestions and represent workers in similar matters particularly on health and security.

For blue-collar workers, a "Trade Union Representative at the workplace" is present as set forth in the collective bargaining agreements.

The trade union representatives fulfill the following delegated tasks to ensure occupational peace, maintain and safeguard the balance between the worker and the employer:

a) Ensuring the cooperation and occupational peace between the worker and the employer at the workplace,
b) Examining the demands and complaints of workers, persuading the worker in withdrawing its unreasonable demand or complaint, reflecting any demand or complaint that it will find reasonable in his sole discretion to the employer (the representative may not be penalized for his/her discretion in this process.)

c) Striving to settle amicably, conflicts or disputes to arise between the worker and employer,

d) Seeking remedies for problems that may arise in connection with implementing these contractual provisions and if necessary, conveying the matter to the employer after consulting with workers,

e) Striving to prevent, to the extent of his/her authority, any illegalized attempt or behavior, refraining from getting involved in such attempts or behaviors,

f) Regulating the relationship of workers that are trade union members with the trade union,

g) Ensuring the uninterrupted execution of the contract,

h) Transmitting any matter that he/she could not settle at the workplace to his/her affiliated branch/department in writing,

i) Fulfilling all other liabilities imposed by the legislation.

**16. Information about Relations with Customers and Suppliers**

The satisfaction level of our customers is measured at all outlets throughout the country with regularly conducted Customer Satisfaction questionnaire studies. Improvement activities are designed and implemented based on the results derived from such studies.


With the Efes Communication Line, complaints or claims from our customers, suppliers or consumers are replied and remedied within prescribed periods by designated officers in charge at relevant units and all incoming requests are stored in electronic media, allowing the monitoring and reporting of progress in customer satisfaction. In addition, the performance of our suppliers in terms of quality, price and delivery are monitored on our computer systems where they are scored and benchmarked on periodic basis.

New product developments are steered by Customer-Consumer research results and product improvement and development work is conducted in accordance with the demand from the market with product, package and technology investments.

**17. Social Responsibility**

Detailed explanations regarding the activities of our Company within the framework of social responsibility can be found in our Company's 2010 Annual Report.

**SECTION IV**

**BOARD OF DIRECTORS**

**18. Structure, Composition of the Board of Directors and Independent Members**

The Board of Directors of our Company, its structure and consultants are as follows:

Tuncay Özilhan - Chairman
İbrahim Yazıcı - Vice Chairman
Süleyman Vehbi Yazıcı - Member
Tülay Aksoy - Member
Gülten Yazıcı - Member
Hülya Elmalıoğlu - Member
Ahmet Oğuz Özkardeş - Member
Salih Metin Ecevit - Member
Rasih Engin Akçakoca - Member
Mehmet Cem Kozlu - Member
Recep Yılmaz Argüden - Member

Ege Cansen - Consultant
Ahmet Boyacıoğlu - Consultant

Mr. Süleyman Vehbi Yazıcı appointed as a member of the Board of Directors of Anadolu Efes to assume duties of resigned member Mr. Mehmet Nuri Yazıcı on October 27, 2010. Mr. Süleyman Vehbi Yazıcı's appointment will be submitted to the approval of the earliest General Assembly to be held.

All members of our Board of Directors are non-executive board members. The members of the Board of Directors are elected for a maximum of 3 years, as per the Articles of Association of our Company. Upon the expiration of the term, the member can be reelected. In practice, the proposed members of the Board of Directors are subject to approval by voting in the General Assembly every year.

In line with the articles 3.3.4 and 3.3.5 of Section IV of the CMB's Corporate Governance Principles, the independent member of our Board of Directors does not qualify as independent, however Mr. Engin Akçakoca, who is nominated by Anadolu Endüstri Holding, does not have any current ties to such nominating shareholder. Therefore Mr. Engin Akçakoca qualifies to be independent as per internationally accepted standards. Anadolu Efes believes that the objectivity and independent approach by this Board member highly contributes to the development and strengthening




of the Company's management. In addition there are independent and professional individuals in capacity of consultants in our Company's Board of Directors.

In the ordinary General Assembly of our Company, members of the board have been authorized as per articles 334 and 335 of the Turkish Commercial Code to enable them to take positions in other Anadolu Group companies operating within similar or different business scopes and which have managerial or capital affiliation with our Company.

**19. Qualifications of the Members of the Board of Directors**

Minimum qualifications sought in the election of new members of the Board of Directors of the Company conform with the qualities laid down in Section IV articles no 3.1.1, 3.1.2 and 3.1.5 of CMB's Corporate Governance Principles. Principles regarding the matter have not been set forth in the Articles of Association.

Newly elected board members may receive training, if they deem necessary, on the analysis of financial statements, reporting, budgeting and legal regulations in order to have adequate competency in meeting the minimum requirements of the Company.

Activities within the scope of training the Board members are conducted under the coordination of the Corporate Governance Committee.

**20. Mission, Vision and Strategic Objectives of the Company**

The Board of Directors approves annually the vision of the Company and such specified vision is announced to public by including it both in our website and annual report.

The vision of our beer operations is to be the most admired beer company in the markets we operate while tripling our business in next 10 years.

The vision of our soft drink operations is to be the outstanding beverage company leading the market, inspiring people, adding value through excellence.

The mission of Anadolu Efes is; We help people enjoy life better through the responsible enjoyment of our products.

Within the scope of the annual Strategic Business Plans, targets and indicators are established on business unit basis parallel to our Company's vision and mission. Such targets and indicators, which are consolidated Company-wide, are approved by the Board of Directors during the budget meetings held at the beginning of each year. The Board reviews operating results in comparison with previous year performances and targeted values in its ordinary meetings held six times a year. Members of the Board may also convene upon any other extraordinary situation and render resolutions on major agenda issues.

**21. Risk Management and Internal Control Mechanism**

Risk management and internal control mechanisms have been established within the Company and fundamental principles with respect thereto have been announced via our annual report and website. Identification of all the existing and potential risks for the Company, development of practices for


minimization of the identified risks and monitoring of such practices constitute the basic starting point of the risk management system.

Existing or potential risks for our Company are defined below:

Financial risk; assets and liabilities risk, credibility, equity/ debt ratio, exchange rate risk and other factors that can affect the Company's financial status.

Operational risk; the use of the technology at an optimal level and to identify the required investments that can affect our competitive advantage.

Environmental risk; risk factors such as fire, earthquake, etc. that can affect the Company's performance negatively.

SAP system is an important technological tool that provides measurement and processing to assist the decision support function to minimize the existing risks. SAP supplies operational results in real time that eliminates the human error and improves the efficiency of the internal control system. On the other hand, our high technology internal communication system enables us to quickly act and generate immediate solutions to problems as they occur.

Operational effectiveness is ensured through ISO 9000 (Quality Management System Standards), ISO 14001 (Environmental Management System Standards), OHSAS 18001 (Employee Health and Occupational Safety Standards), Technical Security and HACCP (Danger Analysis and Critical Control Points) systems all of which are embedded within our existing management system.

Within the finance function, the actual results are compared to the budgeted figures on a regular basis and any deviations are analyzed.

The "Guarantee - Risk Management System" devoted to tracking customer risks has been put into service. Accordingly, purchasing limits applicable to our customers have been established and our systems are designed to prevent any product shipments in excess of prescribed limits.

The authorities and responsibilities are defined in writing in the internal control mechanism of the Company. Within this framework, the rules governing the fulfillment of tasks by directorates in their respective business areas and the holders of such responsibilities are explicitly defined. The internal control mechanism is equipped with the following features:

- Purposes and principles of activities are explicitly defined.
- The current/potential risks of the Company are defined and constantly being monitored.
- Regular reporting is made to executives.

Issues to be approved as per chart of authorities are provided to executives electronically accompanied with detailed remarks and viewed, scrutinized and approved by several executives within pre-determined limits.

Investments within the annual budgets and business plans allow us to use the state-of-the-art technology in our facilities and the most up to date technology prevailing in the global brewing industry is utilized.

All our facilities are insured in order to minimize the environmental risks, and investments for back up



systems are being made against any data loss due to extraordinary events.

Additionally, environmental factors and extraordinary operations are monitored on an immediate basis and investigations are made to take necessary measures against the causes to minimize financial risk.

In the framework of Capital Markets Board's regulations, it is resolved that related party transactions are fair and reasonable.

In the context of adopted principles of Anadolu Efes, our company is subject to internal and operational audits both by the internal audit teams which are established within the company and its subsidiaries and by audit teams provided by Anadolu Group.

**22. Authorities and Responsibilities of the Members of the Board and Management**

The authorities and responsibilities of the Board members are explicitly laid down in the Articles of Association of our Company. In addition, the actual duties and responsibilities of the Board members are summarized below:

- To set the Company's vision and mission,
- To determine the strategic targets of the Company,
- To approve the budget and business plans of the Company,
- To supervise the achievement of Company targets and to review the results of operations,
- To review the corporate governance principles of the Company, to eliminate deficiencies,
- To establish the committees of the Board of Directors and to make them operational.

**23. Operating Principles of the Board of Directors**

The procedures and frequency of Board meetings, meeting and resolution quorum, process of asserting objections and the validity of Board resolutions are explicitly laid down in our Company's Articles of Association. The agenda of Board meetings comprises of the agenda issues designated in the previous Board meeting for further negotiation in the next meeting along with the issues designated by the related Group President. Dates of the Board meetings are fixed at the beginning of the year and accordingly the Board members are notified of the meeting dates. Furthermore Board members are also notified by means of a formal memorandum and report at least one week prior to any meeting. The Board holds its ordinary meetings six times a year and the Board members also may convene upon any extraordinary situation and negotiate and render resolutions on critical agenda issues. The rate of participation of Board Members in meetings during the year has been 86 percent. A secretariat is constituted for the meetings and all questions rose during the meetings and all issues negotiated are recorded into meeting minutes. On matters laid down as per provision of article 2.17.4 in section IV of the Corporate Governance Principles, actual participation is provided in Board meetings. Meeting proceedings in the nature of trade secrets are not disclosed to the public. However all of the critical matters resolved are announced through a special case announcement and related resolutions of the Board of Directors are published in the Company's website as well. Board Members do not reserve the right to cast weighted vote and/or power of veto.


**24. Restrictions on Transactions with and Competition against the Company**

In the ordinary General Assembly of our Company, members of the Board have been authorized as per articles 334 and 335 of the Turkish Commercial Code to enable them to take positions in other Anadolu Group companies operating within similar or different business scopes and which have managerial or capital affiliation with our Company. Restrictions on transactions with and competition against the Company are duly applied within the operating period.

Our Board members are not individually engaged in any transactions with and competition against the Company.

**25. Ethical Rules**

Ethical rules are highly respected within our Company and these merits have been exercised for years within the corporate culture of Anadolu Group, our parent company. Anadolu Group and Efes Beer Group Working Principles, which form our ethical values are disclosed publicly in our website, whereas the minimum ethical rules with respect to environment, discrimination, child employees and union rights have been announced to public in our annual report and website.

**26. Number, Structure and Independence of the Committees established under the Board**

Our Company adopts the principle of establishing two committees, one in charge of the audit and the other in charge of corporate governance.

Upon resolution of the Board dated 25.05.2004, the Audit Committee is established.

As per the resolution of the Board dated 11.05.2010, Mr. Engin Akçakoca has been elected as the Chairman and Mr. İbrahim Yazıcı as the member of the Audit Committee for a term of one year and they are to continue their duties until the Audit Committee is re-elected following the Ordinary Annual General Assembly.

In order that the financial and operational functions are performed properly, the Audit Committee provides the transparent conduct of the internal and independent external audit, the effective operation of the internal control system, selection and analysis of the independent auditor and also monitors that the financial results which are to be announced publicly are prepared in accordance with the international accounting standards and existing regulations.

Upon resolution of the Board dated 26.05.2005, the Corporate Governance Committee is established. As per the resolution of the Board dated 11.05.2010, Mr. Mehmet Cem Kozlu has been elected as the Chairman and Mr. Salih Metin Ecevit as the member of the Corporate Governance Committee for a term of one year and they are to continue their duties until the Corporate Governance Committee is reelected following the Ordinary Annual General Assembly.

The Corporate Governance Committee verifies whether the Corporate Governance Principles are duly implemented in the Company and further detects any conflicts of interest arising out of the failure to duly abide by said principles and gives advice to the Board regarding the improvement of practices, coordinates the operation of the shareholder relations function,


conducts studies for building up a transparent system devoted to designating, assessing, training and rewarding appropriate candidates to the Board as well as other studies for establishing policies and strategies in this regard, provides suggestions about the number of Board Members.

A Board Member does not take office within several committees.

In line with the articles 3.3.4 and 3.3.5 of Section IV of the CMB's Corporate Governance Principles, the independent member of our Board of Directors does not qualify as independent, however Mr. Engin Akçakoca, who is nominated by Anadolu Endüstri Holding, does not have any current ties to such nominating shareholder. Therefore Mr. Engin Akçakoca qualifies to be independent as per internationally accepted standards.

Currently the chairman of the Audit Committee qualifies to be independent as per internationally accepted standards, whereas the chairman of the Corporate Governance Committee is not an independent board member.

Anadolu Efes believes that the objectivity and independent approach by this Board member highly contributes to the development and strengthening of the Company's management. In addition there are independent and professional individuals in capacity of consultants in our Company's Board of Directors.

**27. Financial Benefits granted to the Board of Directors**

No compensation is paid to the members of the Board of our Company pursuant to the resolution adopted in the ordinary annual General Assembly. On the other hand, if approved by the General Assembly and after setting aside the statutory legal reserves and only on the condition of not reducing the 1st dividend in any way whatsoever:

(i) 10 percent of the issued capital;

(ii) 2 percent for founder dividends out of the profit calculated upon deducting the legal reserves and the amount set forth in sub-clause (i) above;

(iii) After setting aside the legal reserves and further the amounts specified in sub-clauses (i) and (ii) above, 5 percent of the remaining portion is distributed pari passu as dividend.

The total amount of dividends distributed to Board members or to the nominating shareholder companies in 2010 in the fashion specified above sums up to TL 17,738,530.87. There is no other compensation or interest provided to the Board.

The determination of financial rights and benefits to which Board Members are entitled is not based upon the performance of Board members however reserving dividends out of profit is a rewarding scheme reflecting the overall performance of the Company.

Our Company has neither lent any loan or credit to any Board Member, nor served any personal loan to any beneficiary through any third party and has not served any security or guarantee such as indemnity to the interest of any third party.


# OTHER INFORMATION RELATED TO OPERATIONS

**1. Amendments to Articles of Association**

Approved by the Capital Markets Board and Industry and Trade Ministry, the following sentence inserted following its approval in the Annual Ordinary General Meeting of Shareholders held on April 29, 2010 in Article 4 article d "Scope and Objectives" section of Anadolu Efes' Articles of Association: "Regulations laid down by the Capital Markets Board shall be primarily complied with in connection with any suretyship and guarantees to be granted or pledges including mortgages to be instituted by the Company in favor of third persons." in line with the resolution adopted in Capital Markets Board meeting dated 09.09.2009 number 28/780.

**2. Capital Structure**

The Company's registered authorized capital is TL 900,000,000,000 and issued capital is TL 450,000,000.00.

**3. Production and Sales**

The production and sales amounts of beer, soft drinks and malt, as well as the domestic, international and consolidated net sales revenues for 2010 are given in the tables below.

| A. PRODUCTION AMOUNT | 2010 | 2009 | Change (%) |
|---|---|---|---|
| **Domestic Beer** | | | |
| Beer (mhl) | 8.5 | 8.5 | 0 |
| Malt (ton) | 108,454 | 113,839 | (5) |
| **International Beer** | | | |
| Beer (mhl) | 15.5 | 14.1 | 10 |
| Malt (ton) | 161,336 | 102,695 | 57 |
| **Total Soft Drinks** | | | |
| Soft Drinks (mu/c) | 633.7 | 598.2 | 6 |

| B. SALES AMOUNT | 2010 | 2009 | Change (%) |
|---|---|---|---|
| **Domestic Beer** | | | |
| Beer (mhl) | 8.5 | 8.5 | 0 |
| Malt (ton) | 123.5 | - | - |
| **International Beer** | | | |
| Beer (mhl) | 15.7 | 13.6 | 15 |
| Malt (ton) | - | - | - |
| **Total Soft Drinks** | | | |
| Soft Drinks (mu/c) | 665.4 | 586.5 | 13 |


## C. NET REVENUES

| 2010 | Turkey Beer Operations | International Beer Operations | Soft Drink Operations | Other(1) and Eliminations | Total |
|---|---|---|---|---|---|
| Revenues (000 TL) | 1,293,426 | 1,464,174 | 1,383,607 | 51,257 | 4,192,464 |
| Intersegment revenues (000 TL) | (10,821) | (188) | (38) | (12,624) | (23,671) |
| **Sales Revenues (000 TL)** | **1,282,605** | **1,463,986** | **1,383,569** | **38,633** | **4,168,793** |

| 2009 | Turkey Beer Operations | International Beer Operations | Soft Drink Operations | Other(1) and Eliminations | Total |
|---|---|---|---|---|---|
| Revenues (000 TL) | 1,264,171 | 1,325,053 | 1,209,908 | 32,415 | 3,831,547 |
| Intersegment revenues (000 TL) | (9,046) | (349) | (49) | (11,036) | (20,480) |
| **Sales Revenues (000 TL)** | **1,255,125** | **1,324,704** | **1,209,859** | **21,379** | **3,811,067** |

(1) Includes other subsidiaries included in the consolidation of Anadolu Efes and headquarters expenses.

**4. Export**

Turkey-originated beer export volume and CIF amounts in 2010, compared to 2009, are given in the table below.

| EXPORT | Amount (mhl) | | | CIF Amount (USD) | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | Change (%) | 2010 | 2009 | Change (%) |
| Export | 0.59 | 0.53 | 11 | 44.4 | 37.8 | 17 |

**5. Capacity and Capacity Utilization Rates**

Annual beer, malt and soft drinks production capacities and capacity utilization ratios of the Company's domestic and international, direct and indirect subsidiaries are as follows:

| CAPACITY UTILIZATION RATE | Capacity | Utilization Rate 2010 (%) |
|---|---|---|
| Domestic Beer (mhl) | 10.0 | 85* |
| International Beer (mhl) | 25.2 | 62* |
| **Total (mhl)** | **35.2** | **68*** |
| Domestic Malt (ton) | 115,000 | 94* |
| International Malt (ton) | 175,000 | 92* |
| Soft Drinks (mu/c) | 978.0 | 65** |

** Capacity Utilization Rate=Production Amount/Average Capacity*

*** Annual production capacity calculations are based on the formula provided by The Coca-Cola Company to all bottlers of Coca-Cola products. Calculations are made according to high season capacity utilization rates. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted utilization. Because package mix and sales may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years.*


### 6. Capital Expenditures

Total net cash used in investing activities for property, plant, equipment and intangible purchases, acquisition of subsidiaries (net of cash acquired) and capital increase in subsidiaries by minority shareholders are amounting to TRL 604,280,000.

### 7. Incentives

Within the framework of the new incentive legislation, the Company has several investment incentives on a regional basis. In addition, Anadolu Efes benefits from several incentives for exports and operations based in foreign countries as it is a member of the "Turquality" programme initiated by the Undersecretariat of the Prime Ministry for Foreign Trade.

### 8. Information Related to Employees

The average number of employees for the years ended on 31.12.2010 and 31.12.2009 are as follows (numbers represent the employees of the companies that are being consolidated):

| | 2009 | 2010 |
|---|---|---|
| | 15,122 | 15,202 |

The collective bargaining agreement between the Company and Tek Gıda İş Labor Union for the period 01.09.2009- 31.08.2011 was signed on 09.10.2009.

Accordingly;

• For the year of the collective bargaining agreement, hourly wages will increase by 8.95 percent on average,
• In the second year of the agreement, Consumer Price Index announced by the Turkish Statistical Institute will be used to determine the wage increases,
• In the first year of the agreement, an 8.72 percent increase in the social benefits will be made,
• In the second year of the agreement, Consumer Price Index announced by the Turkish Statistical Institute will be used for social benefit increase.

### 9. Donations

The Company's total consolidated donations to tax-exempt foundations amounted to TL 23,201,078.00 in 2010.

### 10. Research & Development

The Company's research and development on barley, which is used in the production of malt (main ingredient of beer), continues since 1982. While 13 kinds of barley developed during this period have been registered, three other kinds, for which the Company made an application in 2008, were passed the registration trials with the Ministry of Agriculture and registration for these kinds are expected.

In line with these research and development activities, regional productivity of barley has been increased by up to 30 percent together with enhancement on quality.

### 11. Organizational Structure

**Anadolu Efes - Turkey Beer Operations**

**Tuğrul Ağırbaş - Efes Turkey General Manager**

The CV of Tuğrul Ağırbaş is on Page 38.

**Dilek Başarır - Marketing Director**

Dilek Başarır holds a bachelor's degree in Business Administration from Boğaziçi University. Dilek Başarır began her career as a Group Product Supervisor in EFPA at Anadolu Efes in 1999. She had served as the Product Manager of various brands from 1999 to 2005 within the EFPA organization. Dilek Başarır serves as the Marketing Director of Turkey Beer Operations since November 2005.

**Ertan Cüceloğlu - Sales Director**

Holding a bachelor's degree in Economics from Middle East Technical University, Ertan Cüceloğlu began his career as a Marketing Specialist in Erciyas Brewery


at Anadolu Efes. Mr. Cüceloğlu appointed as a Sales Inspector in Güney Biracılık in Adana in 1983; as a Sales Chief in Ege Biracılık in Ankara in 1987; as a Direct Distribution Assistant Manager in Ege Biracılık in Ankara in 1996 and he was appointed as Sales Manager of EFPA Ankara in October 1996. In 1998, he was appointed as the Sales Manager of EFPA Istanbul and serving as the Sales Director of Turkey Beer Operations since September 2005.

**Volkan Harmandar - Finance Director**
Holding a bachelor's degree in Economics and Finance from the Faculty of Political Sciences at Ankara University, Volkan Harmandar had worked at the Ministry of Finance for 12 years before joining the Group. Mr. Harmandar began his career at Anadolu Endüstri Holding as an Assistant Finance Coordinator in 1994. He worked as Finance Manager of Erciyas Biracılık from 1996 to 1998 and served as a Finance Coordinator of Anadolu Endüstri Holding from 1999 to 2000. Mr. Harmandar was appointed as the Finance Director of Turkey Beer Operations in March 2000.

**M. Adnan Aktan - Human Resources Director**
M. Adnan Aktan holds a bachelor's degree in Business Administration and Accounting from the Academy of Economic Sciences in Ankara. Mr. Aktan began his career at Anadolu Efes as Accounting Supervisor at the Ankara Sales Office of Ege Biracılık. He served as Accounting Supervisor at Anadolu Biracılık (Konya) and at Ege Biracılık (Afyon); as Human Resources Manager at Ege Biracılık (Ankara); as Finance and Administration Manager at Anadolu Efes Biracılık (Ankara); and as Human Resources Manager at Istanbul from 1982 to 2003. He was appointed Human Resources Director of Turkey Beer Operations in April 2003.

**Gani Küçükkömürcü - Technical Director**
After graduating from the Department of Chemistry at the Middle East Technical University in 1993, Gani Küçükkömürcü completed his master's degree in Brewing and Distilling at Heriot-Watt University in Edinburgh, Scotland. Mr. Küçükkömürcü served at Bossa T.A.Ş. as a Production Engineer from 1993 to 1996 and began his career as Production Engineer at Güney Bira in 1996. He served as Beer Production Chief from 1998 to 2003; as Operations Manager from 2003 to 2005; as Technical Manager from 2005 to 2006 and as Country Technical Manager of Efes Kazakhstan from 2006 to 2009. He was appointed Technical Director of Turkey Beer Operations in August 2009.

**Y. Melih Balcı - Logistics Director**
Holding a Bachelor's Degree in Public Administration from the Faculty of Economics and Administrative Sciences at Marmara University, Melih Balcı began his career at Anadolu Efes as Commercial Accounting Supervisor at Erciyas Biracılık in 1986. Mr. Balcı served as the Finance and Administrative Manager of Efes Invest from 1994 to 2000; as Finance Manager of EFPA from 2000 to 2005 and was appointed as Logistics Director of Turkey Beer Operations in April 2005.

Efes Turkey
General Manager
Tuğrul Ağırbaş

| Marketing Director<br>Dilek Başarır | Sales Director<br>Ertan Cüceloğlu | Finance Director<br>Volkan Harmandar | Human Resources Director<br>M. Adnan Aktan | Technical Director<br>Gani Küçükkömürcü | Logistics Director<br>Y. Melih Balcı |
|---|---|---|---|---|---|


# DIVIDEND DISTRIBUTION PROPOSAL

Dear Shareholders;

As it is clear from the financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS) as per Capital Market Board (CMB) regulations and set forth for your review, and from our explanations, our company has left behind another successful year. Accordingly, we present below the dividend distribution table that proposes gross dividends of 48.0 percent based on the paid-in capital, for your approval:

| DIVIDEND DISTRIBUTION PROPOSAL (31.12.2010- TL) | |
|---|---|
| Consolidated Profit | 643.751.082,00 |
| Provision for Taxes (-) | 140.111.441,00 |
| Net Profit | 503.639.641,00 |
| Provision Years' Losses (-) | 0,00 |
| (*)First Series of Legal Reserves (-) | 16.149.160,03 |
| **NET DISTRIBUTABLE PROFIT** | **487.490.480,97** |
| Donations within the Year (+) | 23.201.078,00 |
| Not Distributable Profit including the Donations to Calculate the First Dividend to Shareholders | **510.691.558,97** |
| First Dividend to Shareholders of Ordinary Shares (20%) | 102.138.311,79 |
| Dividends to do Holders of Preferred Share | 0,00 |
| Dividends to Board of Directors | 21.682.033,57 |
| Dividends to Founders | 8.849.809,62 |
| Second Dividend to Shareholders of Ordinary Share | 113.861.688,21 |
| Second Series of Legal Reserves | 22.403.184,32 |
| **EXTRAORDINARY RESERVES** | **218.555.453,47** |

* Calculated by application of the Turkish Commercial Code Article 466 as per Articles of Association, from the amount after addition of donations.

Our Esteemed Shareholders,

Accordingly, we present above the dividend distribution table that proposes gross dividends of 48.0 percent based on the paid-in capital, I kindly ask for your approval regarding the payment of gross TL 0.48 TL, net TL 0.4080 cash dividends per each share of TL 1 nominal value representing our paid-in capital, totaling TL 216,000,000, and the Balance Sheet for the period ending 31.12.2010 and the Income Statement for the period 01.01.2010-31.12.2010. I would like to extend my kindest regards to all our shareholders, personally and on behalf of the Board of Directors.

TUNCAY ÖZİLHAN
CHAIRMAN


# REPORT OF THE BOARD OF AUDITORS

| | |
|---|---|
| Company Name | : Anadolu Efes Biracılık ve Malt Sanayii A.Ş. |
| Head Office | : Bahçelievler Mah. Şehit İbrahim Koparır Cad. No. 4 Bahçelievler/İstanbul |
| Capital | : Registered: 900,000,000.- TL |
| Paid-in | : 450,000,000.- TL |
| Field of Activity | : Sales and Production of beer and malt products |
| Names and terms of the auditors and indication whether they are shareholders or employees | : ALİ BAKİ USTA, AHMET BAL Our term was one year and we are neither employees nor shareholders of the company |
| The number of the Board of Directors meeting attended | : All the Board of Directors meetings were attended during the term. |
| The content of the inspection conducted on the Ledger and related documents, description and result: | : The ledger and books of the Company were duly inspected once in three months, the books and records which must be maintained were duly kept and the accounts of the Company were found to have been in compliance with the Company's accounting plan and procedures, Articles of Incorporation, relevant laws and regulations. |
| The number and results of the counts made in the cashier of the Company and as per Turkish Commercial Code Articles 353/3 | : The Company's Cashier Office was inspected six times until 31.12.2010 it was found that the Company's available cash corresponded with the cashier Ledger and relevant entries. |
| Reviews and results as per Turkish Commercial Code Articles 353/4 | : After inspection made as per the related provision of Turkish Commercial Code, the existence of bonds and deeds recorded in the Cashier Office were controlled and no inconsistencies were found. |
| Complaints or fraud reported and measures taken to remedy them: | : No complaint or fraud was filed during our term |

BOARD OF AUDITORS

ALİ BAKİ USTA                    AHMET BAL


EFES PILSEN
BLUES

EFES
LOVE

zero


# ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

## Consolidated Financial Statements as of 31 December 2010 Together with Independent Auditor's Report


## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directos of
Anadolu Efes Biracılık ve Malt Sanayii A.Ş.

1. We have audited the accompanying consolidated financial statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş., its subsidiaries and joint ventures (collectively referred to as the "Group"), which comprise the consolidated balance sheet at 31 December 2010 and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the proper preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by the CMB. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's proper preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.** a member of **PricewaterhouseCoopers**
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat 9 Akaretler Beşiktaş 34357 İstanbul-Turkey
www.pwc.com/tr Telephone: +90 (212) 326 6060 Facsimile: +90 (212) 326 6050




**Opinion**

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. as of 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

**Other Matter**

5. The financial statements of the Group as of 31 December 2009 were audited by other auditors whose report, dated 30 March 2010 expressed an unqualified opinion on those statements.

**Additional paragraph for convenience translation into English**

6. The accounting principles described in Note 2 to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Burak Özpoyraz, SMMM
Partner

Istanbul, 29 March 2011


## Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

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**Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi**

## CONSOLIDATED BALANCE SHEET

### As at December 31, 2010

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))

| | | Audited | |
|---|---|---|---|
| | **Notes** | **2010** | 2009 |
| **ASSETS** | | | |
| **Current Assets** | | **2.140.817** | 2.056.660 |
| Cash and Cash Equivalents | 6 | **939.324** | 1.053.256 |
| Financial Investments | 7 | **55.090** | 21.204 |
| Trade Receivables | 10 | **518.251** | 421.539 |
| Due from Related Parties | 37 | **337** | 810 |
| Other Receivables | 11 | **7.919** | 5.827 |
| Inventories | 13 | **467.864** | 412.389 |
| Other Current Assets | 26 | **152.032** | 141.635 |
| | | | |
| **Non-Current Assets** | | **3.448.014** | 3.373.381 |
| Other Receivables | 11 | **1.325** | 944 |
| Financial Investments | 7 | **37.488** | 40.101 |
| Investments In Associates | 16 | **21.441** | 45.356 |
| Biological Assets | 14 | **1.512** | - |
| Property, Plant and Equipment | 18 | **2.043.794** | 1.981.611 |
| Intangible Assets | 19 | **361.889** | 357.016 |
| Goodwill | 20 | **871.079** | 855.570 |
| Deferred Tax Assets | 35 | **40.008** | 46.871 |
| Other Non-Current Assets | 26 | **69.478** | 45.912 |
| | | | |
| **Total Assets** | | **5.588.831** | 5.430.041 |

The accompanying notes form an integral part of these consolidated financial statements


## Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi
### CONSOLIDATED BALANCE SHEET
### As at December 31, 2010 (continued)

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))

| | | **Audited** | |
|---|---|---|---|
| | **Notes** | **2010** | 2009 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | **1.757.195** | 1.488.643 |
| Borrowings | 8 | **996.113** | 949.326 |
| Trade Payables | 10 | **253.332** | 234.879 |
| Due to Related Parties | 37 | **8.646** | 14.996 |
| Other Payables | 11 | **290.846** | 202.308 |
| Provision for Corporate Tax | | **15.292** | 16.507 |
| Provisions | 22 | **23.676** | 20.334 |
| Other Current Liabilities | 26 | **169.290** | 50.293 |
| | | | |
| **Non-Current Liabilities** | | **1.016.631** | 1.207.220 |
| Borrowings | 8 | **768.383** | 908.059 |
| Other Payables | 11 | **144.366** | 126.620 |
| Provision for Employee Benefits | 24 | **51.337** | 40.148 |
| Deferred Tax Liability | 35 | **42.843** | 33.780 |
| Other Non-Current Liabilities | 26 | **9.702** | 98.613 |
| | | | |
| **EQUITY** | | | |
| **Equity Attributable to Equity Holders of the Parent** | | **2.767.087** | 2.426.917 |
| Issued Capital | 27 | **450.000** | 450.000 |
| Inflation Adjustment to Issued Capital | 27 | **63.583** | 63.583 |
| Fair Value Reserve | 27 | **19.569** | 17.339 |
| Currency Translation Differences | 27 | **(4.085)** | (18.016) |
| Restricted Reserves Allocated from Net Income | 27 | **138.442** | 108.217 |
| Other Reserves | 27 | **(5.736)** | 4.916 |
| Accumulated Profits | 27 | **1.601.674** | 1.378.290 |
| Net Income | | **503.640** | 422.588 |
| | | | |
| **Minority Interests** | | **47.918** | 307.261 |
| | | | |
| **Total Liabilities** | | **5.588.831** | 5.430.041 |

The accompanying notes form an integral part of these consolidated financial statements


**Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi**

## CONSOLIDATED INCOME STATEMENT

### For the year ended December 31, 2010

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))

| | | | Audited |
|---|---|---|---|
| | **Notes** | **2010** | 2009 |
| **Continuing Operations** | | | |
| Sales | 5, 28 | **4.168.793** | 3.811.067 |
| Cost of Sales (-) | 28 | **(2.051.348)** | (1.907.934) |
| **Gross Profit From Operations** | | **2.117.445** | 1.903.133 |
| Marketing, Selling and Distribution Expenses (-) | 29 | **(1.060.488)** | (928.050) |
| General and Administration Expenses (-) | 29 | **(353.951)** | (322.094) |
| Other Operating Income | 31 | **25.022** | 41.470 |
| Other Operating Expense (-) | 31 | **(34.404)** | (46.478) |
| **Profit From Operations** | | **693.624** | 647.981 |
| Loss from Associates | 16 | **(17.910)** | (10.925) |
| Financial Income | 32 | **244.302** | 375.081 |
| Financial Expenses (-) | 33 | **(261.464)** | (468.383) |
| **Profit Before Tax From Continuing Operations** | | **658.552** | 543.754 |
| Continuing Operations Tax Income / (Expense) | | | |
| Current Period Tax Expense (-) | 35 | **(127.846)** | (127.260) |
| Deferred Tax Income / (Expense) | 35 | **(12.265)** | 5.778 |
| **Profit For The Year** | | **518.441** | 422.272 |
| **Attributable to:** | | | |
| Minority interests | | **14.801** | (316) |
| Equity holders of the parent | | **503.640** | 422.588 |
| **Earnings per share (Full TRL)** | 36 | **1,1192** | 0,9391 |

The accompanying notes form an integral part of these consolidated financial statements


**Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### For the year ended December 31, 2010

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))

| | | Audited | |
|---|---|---|---|
| | **Notes** | **2010** | 2009 |
| **Profit for the Year** | | **518.441** | 422.272 |
| **Other Comprehensive Income / (Loss):** | | | |
| Currency Translation Differences | | **25.202** | (57.786) |
| Fair Value Difference | 3 | **-** | 4.916 |
| Value Increase / (Decrease) in Available-for-Sale Securities | 7 | **2.347** | 17.398 |
| Tax Income / (Expense) on Other Comprehensive Income / (Loss) | 7 | **(117)** | (870) |
| **Other Comprehensive Income / (Loss), (Net of Taxes)** | | **27.432** | (36.342) |
| **Total Comprehensive Income** | | **545.873** | 385.930 |
| **Attributable to:** | | | |
| Minority Interests | | **26.072** | (20.295) |
| Equity Holders of the Parent | | **519.801** | 406.225 |

The accompanying notes form an integral part of these consolidated financial statements


# Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## For the year ended December 31, 2010

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))

| | Issued Capital | Inflation Adjustment to Issued Capital | Fair Value Reserve | Currency Translation Differences | Restricted Reserves Allocated from Net Income | Other Reserves | Net Income | Accumulated Profits | Equity Attributable to Equity Holders of the Parent | Minority Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2008 | 450.000 | 63.583 | 811 | 19.791 | 83.953 | - | 309.678 | 1.226.330 | 2.154.146 | 361.505 | 2.515.651 |
| Other comprehensive income / (loss) | - | - | 16.528 | (37.807) | - | 4.916 | - | - | (16.363) | (19.979) | (36.342) |
| Profit for the year | - | - | - | - | - | - | 422.588 | - | 422.588 | (316) | 422.272 |
| Total comprehensive income / (loss) | - | - | 16.528 | (37.807) | - | 4.916 | 422.588 | - | 406.225 | (20.295) | 385.930 |
| Transfer of previous year net income to the accumulated profits | - | - | - | - | 24.264 | - | (176.224) | 151.960 | - | - | - |
| Dividends paid (Note 27) | - | - | - | - | - | - | (133.454) | - | (133.454) | - | (133.454) |
| Dividends paid to minority interests | - | - | - | - | - | - | - | - | - | (37) | (37) |
| Change in minority shares (*) (Note 3) | - | - | - | - | - | - | - | - | - | (33.912) | (33.912) |
| **Balance at December 31, 2009** | **450.000** | **63.583** | **17.339** | **(18.016)** | **108.217** | **4.916** | **422.588** | **1.378.290** | **2.426.917** | **307.261** | **2.734.178** |
| **Other comprehensive income / (loss)** | **-** | **-** | **2.230** | **13.931** | **-** | **-** | **-** | **-** | **16.161** | **11.271** | **27.432** |
| **Profit for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **503.640** | **-** | **503.640** | **14.801** | **518.441** |
| **Total comprehensive income / (loss)** | **-** | **-** | **2.230** | **13.931** | **-** | **-** | **503.640** | **-** | **519.801** | **26.072** | **545.873** |
| **Transfer of previous year net income to the accumulated profits** | **-** | **-** | **-** | **-** | **30.225** | **-** | **(253.609)** | **223.384** | **-** | **-** | **-** |
| **Dividends paid (Note 27)** | **-** | **-** | **-** | **-** | **-** | **-** | **(168.979)** | **-** | **(168.979)** | **-** | **(168.979)** |
| **Acquisition of minority shares (*) (Note 3)** | **-** | **-** | **-** | **-** | **-** | **(10.652)** | **-** | **-** | **(10.652)** | **(285.415)** | **(296.067)** |
| **Balance at December 31, 2010** | **450.000** | **63.583** | **19.569** | **(4.085)** | **138.442** | **(5.736)** | **503.640** | **1.601.674** | **2.767.087** | **47.918** | **2.815.005** |

(*) The Company acquired minority shares of 26,53% of Efes Breweries International N.V. (EBI) and as a result of this share purchase, minority shares decreased by TRL285.415. (December 31, 2009 - The Company acquired minority shares of 3,25% of its subsidiary EBI and EBI acquired minority shares of KV Group in 2009 and also Coca Cola İçecek A.Ş. (CCİ), which is the joint venture of the Company, acquired minority shares of Azerbaijan Coca-Cola Bottlers LLC. As a result of these share purchases, minority interests decreased by TRL33.938, TRL2.338 and TRL3.412 respectively. Furthermore, CCİ consolidated Turkmenistan Coca-Cola Bottlers Ltd. for using the full consolidation method. Accordingly, the minority interests increased by TRL5.776).

The accompanying notes form an integral part of these consolidated financial statements


# Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi
## CONSOLIDATED STATEMENT OF CASH FLOWS
## For the year ended December 31, 2010

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))

| | | Audited | |
|---|---|---|---|
| | **Notes** | **2010** | 2009 |
| **Cash flows from operating activities** | | | |
| Continuing operations profit before tax | | **658.552** | 543.754 |
| **Adjustments for:** | | | |
| Depreciation and amortization expenses | 5, 18, 19, 30 | **301.031** | 265.557 |
| (Gain)/loss on sale of property, plant and equipment and intangible assets, net | 31 | **(384)** | 4.627 |
| Provision for retirement pay liability | 5, 24 | **12.487** | 9.023 |
| Provision for vacation pay liability | 5, 22 | **3.124** | 25 |
| Provision / (reversal of provision) for inventory obsolescence, net | 5, 13 | **941** | 3.409 |
| Provision / (reversal of provision) for doubtful receivables, net | 5, 10 | **1.064** | 1.498 |
| Provision for long term incentive plan | | **7.241** | 4.484 |
| (Impairment reversal) / impairment on property, plant and equipment, net | 5, 18, 31 | **2.079** | (561) |
| Foreign exchange (gain) / loss raised from loans, net | | **(5.442)** | 36.571 |
| Interest expense | 33 | **77.534** | 84.007 |
| Interest income | 32 | **(71.669)** | (59.209) |
| (Gain) / loss from derivative financial instruments | 32, 33 | **224** | 587 |
| Syndication loan expense | 33 | **10.073** | 2.966 |
| Negative goodwill | 3, 5, 31 | **-** | (13.503) |
| Loss from associates | 5, 16 | **17.910** | 10.925 |
| Other (income) / expense, net | | **(211)** | (511) |
| | | | |
| **Operating profit before changes in operating assets and liabilities** | | **1.014.554** | 893.649 |
| | | | |
| Change in trade receivables | | **(97.863)** | (361) |
| Change in due from related parties | | **473** | 3.063 |
| Change in inventories | | **(54.818)** | 90.115 |
| Change in other assets, other liabilities and provisions | | **68.681** | 65.218 |
| Change in trade payables | | **18.452** | 24.156 |
| Change in due to related parties | | **695** | (4.258) |
| Vacation pay, retirement pay liability and long term incentive plan paid | | **(9.586)** | (10.556) |
| Taxes paid | | **(131.345)** | (123.297) |
| **Net cash flows from operating activities** | | **809.243** | 937.729 |
| | | | |
| **Cash flows used in investing activities** | | | |
| Purchase of property, plant and equipment and intangible assets | 5, 18, 19 | **(330.714)** | (317.651) |
| Water source business investment | 3 | **-** | (14.835) |
| Proceeds from sale of property, plant and equipment and intangible assets | | **14.210** | 13.543 |
| Purchase of biological assets | | **(1.512)** | - |
| Acquisition of subsidiaries and joint venture, net of cash acquired | 3 | **(22.728)** | (20.121) |
| Cash payment for acquired minority shares | 3 | **(290.456)** | (78.211) |
| **Net cash used in investing activities** | | **(631.200)** | (417.275) |
| | | | |
| **Cash flows from financing activities** | | | |
| Dividends paid | 27 | **(168.979)** | (133.454) |
| Dividends paid to minority shareholders | | **-** | (37) |
| Capital increase in subsidiaries by minority shareholders | | **26.920** | - |
| Proceeds from short-term and long-term debt | | **1.255.225** | 944.482 |
| Repayment of short-term and long-term debt | | **(1.370.278)** | (889.875) |
| Interest paid | | **(78.629)** | (86.849) |
| Interest received | | **72.980** | 55.422 |
| Change in time deposits with maturity more than three months | | **(34.851)** | (19.259) |
| **Net cash used in financing activities** | | **(297.612)** | (129.570) |
| | | | |
| **Currency translation differences on cash and cash transactions** | | **7.273** | (29.488) |
| | | | |
| **Net increase /(decrease) in cash and cash equivalents** | | **(119.569)** | 390.884 |
| | | | |
| **Cash and cash equivalents at the beginning of the year** | 6 | **1.048.534** | 687.138 |
| | | | |
| **Cash and cash equivalents at the end of the year** | 6 | **936.238** | 1.048.534 |

The accompanying notes form an integral part of these consolidated financial statements

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

### General

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (a Turkish corporation, Anadolu Efes, the Company) was established in İstanbul in 1966. Certain shares of Anadolu Efes are listed on the İstanbul Stock Exchange (ISE).

The registered office address of the Company is located at Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4 Bahçelievler - İstanbul.

The Group consists of the Company, its subsidiaries and joint ventures. The average number of permanent personnel employed in the Group is 15.202 (December 31, 2009 – 15.122).

The consolidated financial statements of the Group are approved by the Board of Directors of the Company and signed by Chief Financial Officer and Finance Director for issue on March 29, 2011. General Assembly and specified regulatory bodies have the right to make amendments on statutory financial statements after issue.

### Nature of Activities of the Group

The operations of the Group consist of production, bottling, selling and distribution of beer under a number of trademarks and also production, bottling, selling and distribution of sparkling and still beverages with The Coca- Cola Company (TCCC) trademark. The Group owns and operates fourteen breweries (five in Turkey and nine in other countries), seven malt production facilities (two in Turkey, five in Russia) and also eight facilities in Turkey, twelve facilities in other countries for sparkling and still beverages production. The Group has a joint control over Coca-Cola İçecek A.Ş. (CCİ), which undertakes production, bottling and distribution facilities of the Coca-Cola Products in Turkey, Pakistan, Central Asia and Middle East.

The Group also has joint control over Anadolu Etap Tarım ve Gıda Ürünleri San. ve Tic. A.Ş., which undertakes production and sales of fruit juice concentrates and purees in Turkey. In addition, the Group has minority stakes that have significant influence over an investment company which has breweries in Serbia, namely Central Europe Beverages B.V. (CEB).

### List of Shareholders

As of December 31, 2010 and 2009, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

| | **2010** | | 2009 | |
|---|---|---|---|---|
| | **Amount** | **%** | Amount | % |
| Yazıcılar Holding A.Ş. | **139.251** | **30,94** | 139.251 | 30,94 |
| Özilhan Sınai Yatırım A.Ş. | **78.937** | **17,54** | 78.937 | 17,54 |
| Anadolu Endüstri Holding A.Ş. (AEH) | **35.292** | **7,84** | 35.292 | 7,84 |
| Publicly traded and other | **196.520** | **43,68** | 196.520 | 43,68 |
| | **450.000** | **100,00** | 450.000 | 100,00 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

### List of Subsidiaries

The subsidiaries included in the consolidation and their effective shareholding rates at December 31, 2010 and 2009 are as follows:

| | | | | Effective Shareholding and Voting Rights % | |
|---|---|---|---|---|---|
| **Subsidiary** | **Country** | **Principal Activity** | **Segment** | **2010** | 2009 |
| Efes Breweries International N.V. (EBI) (1) (6) | The Netherlands | Facilitating foreign investments in breweries | International Beer | **100,00** | 73,47 |
| ZAO Moscow-Efes Brewery (Efes Moscow) | Russia | Production and marketing of beer | International Beer | **90,97** | 66,75 |
| OAO Amstar (Amstar) (2) | Russia | Production of beer | International Beer | **-** | 66,75 |
| Rostov Beverages C.J.S.C. (Efes Rostov) (2) | Russia | Lease | International Beer | **-** | 66,75 |
| OOO Stary Melnik (Stary Melnik) (3) | Russia | Service sector | International Beer | **90,96** | 66,75 |
| ZAO Efes Entertainment (Efes Entertainment) (3) | Russia | Service sector | International Beer | **90,97** | 66,75 |
| OAO Krasny Vostok Solodovpivo (KV Group) (3) | Russia | Production of beer | International Beer | **90,96** | 66,73 |
| ZAO Siberian Brewery Company (2) | Russia | Production and marketing of beer | International Beer | **-** | 66,74 |
| OAO Knyaz Rurik (Knyaz Rurik) (9) | Russia | Investment company of EBI | International Beer | **99,95** | - |
| ZAO Mutena Maltery (Mutena Maltery) (10) | Russia | Production of malt | International Beer | **99,95** | - |
| OOO Vostok Solod (4) | Russia | Production of malt | International Beer | **90,96** | 66,73 |
| OOO KV-Invest (4) | Russia | Finance | International Beer | **90,96** | 66,73 |
| OOO T'sentralny Torgovy Dom (4) | Russia | Sales company | International Beer | **90,96** | 66,73 |
| ZAO Moskovskii Torgovyii Dom (4) | Russia | Sales company | International Beer | **90,96** | 66,73 |
| ZAO Samarskii Torgovyii Dom (8) | Russia | Sales company | International Beer | **-** | 66,73 |
| ZAO Saratovskii Torgovyii Dom (8) | Russia | Sales company | International Beer | **-** | 66,73 |
| OOO Volgogradskii Torgovyii Dom (8) | Russia | Sales company | International Beer | **-** | 66,73 |
| OOO Kurskii Torgovyii Dom (8) | Russia | Sales company | International Beer | **-** | 66,73 |
| OOO Nizhegorodskii Torgovyii Dom (8) | Russia | Sales company | International Beer | **-** | 66,73 |
| J.S.C. Efes Karaganda Brewery (Efes Karaganda) | Kazakhstan | Production and marketing of beer | International Beer | **72,00** | 52,90 |
| Dinal LLP (Dinal) | Kazakhstan | Distribution of beer | International Beer | **72,00** | 52,90 |
| Efes Vitanta Moldova Brewery S.A. (Efes Moldova) | Moldova | Production and marketing of beer, and low alcoholic drinks | International Beer | **96,50** | 70,90 |
| Efes Romania Industrie Si Comert S.A. (ERIC) (7) | Romania | Distribution of beer | International Beer | **100,00** | 73,46 |
| Euro-Asian Brauerein Holding GmbH (Euro-Asian) | Germany | Investment company of EBI | International Beer | **100,00** | 73,47 |
| J.S.C. Lomisi (Efes Georgia) | Georgia | Production, marketing and sales of beer and carbonated soft drink | International Beer | **100,00** | 73,47 |
| Central Asian Beverages B.V. (Central Asian) | The Netherlands | Investment company of EBI | International Beer | **60,00** | 44,08 |
| Efes Trade BY FLLC (Efes Belarus) | Belarus | Market development | International Beer | **100,00** | 73,47 |
| Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (5) | Turkey | Marketing and distribution company of the Group in Turkey | Turkey Beer | **100,00** | 100,00 |
| Tarbes Tarım Ürünleri ve Besicilik Sanayi Ticaret A.Ş. (Tarbes) (5) | Turkey | Providing hops (major ingredient of beer) to the breweries of the Group | Turkey Beer | **99,75** | 99,75 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))





## NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

### List of Subsidiaries (continued)

| Subsidiary | Country | Principal Activity | Segment | Effective Shareholding and Voting Rights % 2010 | 2009 |
|---|---|---|---|---|---|
| Anadolu Efes Dış Ticaret A.Ş. (Aefes Dış Ticaret) | Turkey | Foreign trade | Other | **99,62** | 99,62 |
| Cypex Co. Ltd. (Cypex) | Turkish Republic of Northern Cyprus | Marketing and distribution of beer | Other | **99,99** | 99,99 |
| Anadolu Efes Technical and Management Consultancy N.V. (AETMC) | The Netherlands Antilles | Providing technical assistance | Other | **99,75** | 99,75 |
| Efes Holland Technical Management Consultancy B.V. (EHTMC) | The Netherlands | Providing technical assistance | Other | **99,75** | 99,75 |
| Caspian Marketing Ltd. | Azerbaijan | Marketing and distribution of beer | Other | **100,00** | 100,00 |
| Efes Deutschland GmbH (Efes Germany) | Germany | Marketing and distribution of beer | Other | **100,00** | 100,00 |

(1) Shares of EBI were traded on the London Stock Exchange as of December 31, 2009. The cancellation of listing on London Stock Exchange is effective as of October 6, 2010 (Note 3).

(2) The official merger of Amstar and Rostov Beverages with Efes Moscow was completed in March 2010. Following this merger, as a part of the restructuring of Efes Beer Group Companies, the official merger of ZAO Siberian Brewery Company and Stary Melnik was completed in October 2010.

(3) Subsidiaries of Efes Moscow.

(4) Subsidiaries of KV Group.

(5) Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa and Tarbes.

(6) As of October 2010, Company acquired EBI shares, representing approximately 26,53% of the issued share capital of EBI (Note 3).

(7) In December 2000, ERIC adopted a plan of liquidation and as a result, changed its basis of accounting from going concern basis to a liquidation basis.

(8) Dissolved down in 2010 during the restructuring of KV Group companies.

(9) In 2010, Knyaz Rurik has been acquired by EBI and AETMC and included in the scope of full consolidation (Note 3).

(10) After the acquisition of majority interests of Knyaz Rurik by EBI in 2010, Mutena Maltery, which was accounted as non current financial investments, became subsidiary of EBI and is included in consolidation by using full consolidation method (Note 3).

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

### List of Joint Ventures

The joint ventures included in the consolidation proportionally and their effective shareholding rates at December 31, 2010 and 2009 are as follows:

| Joint Venture | Country | Principal Activity | Segment | Effective Shareholding and Voting Rights % 2010 | 2009 |
|---|---|---|---|---|---|
| Coca-Cola İçecek A.Ş. (CCİ) (1) | Turkey | Production, bottling of Coca-Cola products | Soft Drinks | **50,26** | 50,26 |
| Coca-Cola Satış Dağıtım A.Ş. (CCSD) | Turkey | Distribution and selling of Coca-Cola products | Soft Drinks | **50,25** | 50,25 |
| Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) | Turkey | Filling and selling of natural spring water | Soft Drinks | **50,25** | 50,25 |
| Efes Sınai Dış Ticaret A.Ş. (EST) | Turkey | Foreign trade | Soft Drinks | **50,50** | 50,50 |
| J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership (Almaty CC) | Kazakhstan | Production, bottling, distribution and selling of Coca-Cola and distributions of Efes products | Soft Drinks | **50,11** | 50,11 |
| Tonus Joint Stock Company (Tonus) | Kazakhstan | Investment company of CCİ | Soft Drinks | **47,33** | 47,33 |
| Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) | Azerbaijan | Production, bottling, distribution and selling of Coca-Cola products | Soft Drinks | **50,19** | 50,19 |
| Coca-Cola Bishkek Bottlers Closed Joint Stock Company (Bishkek CC) | Kyrgyzstan | Production, bottling, distribution and selling of Coca-Cola products and distributions of Efes products | Soft Drinks | **50,26** | 50,26 |
| CCI International Holland B.V. (CCI Holland) | The Netherlands | Investment company of CCİ | Soft Drinks | **50,26** | 50,26 |
| The Coca-Cola Bottling Company of Iraq FZCO (JV Dubai) | United Arabic Emirates | Investment company of CCİ | Soft Drinks | **25,13** | 25,13 |
| CC Beverage Limited | Iraq | Production, bottling, distribution and selling of Coca-Cola products | Soft Drinks | **15,08** | 15,08 |
| The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC) | Jordan | Production, bottling, distribution and selling of Coca-Cola products | Soft Drinks | **45,23** | 45,23 |
| Syrian Soft Drink Sales and Distribution L.L.C. (Syrian SD) | Syria | Distribution and selling of Coca-Cola products | Soft Drinks | **25,13** | 25,13 |
| Coca-Cola Beverages Pakistan Ltd (CCBPL) | Pakistan | Production, bottling, distribution and selling of Coca-Cola products | Soft Drinks | **24,73** | 24,73 |
| Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) | Türkmenistan | Production, bottling, distribution and selling of Coca-Cola products | Soft Drinks | **29,90** | 29,90 |
| Anadolu Etap Tarım ve Gıda Ürünleri San. ve Tic. A.Ş. (Anadolu Etap) | Turkey | Production and sales of fruit juice concentrate and puree | Other | **33,33** | 33,33 |

(1) Shares of CCİ are currently traded on ISE.

Although the Company has been representing and controlling more than 50% of voting rights of CCİ, since the members of the board of directors of CCİ, representing the Company and other shareholders, take decisions mutually in the board of directors meetings; the financial statements of CCİ is consolidated in accordance with interests in joint venture.






## NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

### Environments and Economic Conditions of Subsidiaries and Joint Ventures in Foreign Countries

Certain countries, in which consolidated subsidiaries and joint ventures are operating, have undergone substantial political and economical changes in 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' and joint ventures' ability to operate commercially.

## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

The Group companies, which operate in Turkey, maintain their books of account and prepare their statutory financial statements in TRL in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB); and Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries and joint ventures maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

The consolidated financial statements have been prepared from the statutory financial statements of Group's subsidiaries and joint ventures and presented in TRL in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities included in business combinations application, financial statements are prepared on historical cost basis.

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Serial XI, No:29 (Communiqué), published in the Official Gazette dated April 9, 2008, effective from January 1, 2008, listed companies are required to prepare their financial statements in conformity with International Accounting/ Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

### 2.2 Functional and Presentation Currency

Functional and reporting currency of the Company and its subsidiaries, joint ventures located in Turkey is Turkish Lira (TRL). As a result of the structure of subsidiaries and joint ventures located in foreign countries and the fact that some foreign subsidiaries and joint ventures transact more of their business in Euro (EURO) or US Dollars (USD) than in any other currency, those foreign subsidiaries or joint ventures have adopted EURO or USD as their functional currencies.




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.2 Functional and Presentation Currency (continued)

#### Functional Currency of Significant Subsidiaries and Joint Ventures Located in Foreign Countries

| | | Functional Currency | |
|---|---|---|---|
| **Subsidiary or Joint Venture** | **Local Currency** | **2010** | 2009 |
| EBI | EURO | **USD** | USD |
| Efes Moscow | Russian Ruble (RUR) | **RUR** | RUR |
| KV Group | RUR | **RUR** | RUR |
| Efes Karaganda | Kazakh Tenge (KZT) | **KZT** | KZT |
| Efes Vitanta | Moldovan Leu (MDL) | **MDL** | MDL |
| Efes Georgia | Georgian Lari (GEL) | **GEL** | GEL |
| CCI Holland | EURO | **USD** | USD |
| Almaty CC | KZT | **USD** | USD |
| Azerbaijan CC | Azerbaijan Manat (AZN) | **USD** | USD |
| Bishkek CC | Kirghiz Som (KGS) | **USD** | USD |
| CCBPL | Pakistan Rupee (PKR) | **PKR** | PKR |
| Jordan CC | Jordanian Dinar (JOD) | **USD** | USD |
| AETMC | EURO | **EURO** | EURO |
| EHTMC | EURO | **EURO** | EURO |
| Efes Germany | EURO | **EURO** | EURO |
| Knyaz Rurik | RUR | **RUR** | RUR |

### 2.3 Changes in Accounting Policies

#### Adoption of new and revised International Financial Reporting Standards

The changes in accounting policies that have an impact on the consolidated financial statements are as follows:

• IFRS 3 (Revised) "Business Combinations": Revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition related costs and recognizing subsequent changes after the reporting period in fair value of contingent consideration in the profit or loss rather than by adjusting goodwill. However, as permitted by the revised standard in accordance with the transition period application, the Group recognized subsequent changes in the fair value of contingent consideration balances, originated in previous periods before the effective date of IFRS 3 (Revised), by adjusting goodwill.

• IAS 27 (Amendment) "Consolidated and Separate Financial Statements": The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such equity transaction will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.






## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.3 Changes in Accounting Policies (continued)

#### Adoption of new and revised International Financial Reporting Standards (continued)

The amendments to the following standards and adoption of the following new interpretations below did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 1 (Amendment) “First Time Adoption of IFRS”
- IFRS 2 (Amendment) “Share-based Payment – Vesting Conditions and Cancellation”
- IFRS 5 (Amendment) “Non-current Assets Held for Sale and Discounted Operations”
- IAS 1 (Amendment) “Presentation of Financial Statements”
- IAS 36 (Amendment) “Impairment of Assets”
- IAS 39 “Financial Instruments: Recognition and Measurement – Eligible Hedged Items”
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”
- IFRIC 17 “Distributions of Non-cash Assets to Owners”
- IFRIC 18 “Transfer of Assets from Customers”

Revised and amended standards and interpretations that are effective subsequent to December 31, 2010 and do not have any impact on the financial position or performance of the Group:

- IFRS 1 (Amendment) “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters” (effective for annual periods beginning on or after July 1, 2010): IFRS 1 has been amended to allow first-time adopters to utilise the transitional provisions in IFRS 7 and give relief from providing comparative information in the first year of application.

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after January 1, 2013): IFRS 9 introduces new requirements for classifying and measuring financial assets. The standard has not yet been endorsed by the European Union (EU).

- IAS 12 (Amendment), “Income Taxes”: IAS 12 has been updated to include:

i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the bases that its carrying amount will be recovered through sale.

ii) a requirement that deferred tax on non depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis.

- IAS 24 (Revised) “Related Party Disclosures” (effective for annual periods beginning on or after January 1, 2011): The definition of a related party has been clarified and partial exemption from the disclosures for all transactions of government-related entities with other government-related entities and government has been included.




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.3 Changes in Accounting Policies (continued)

#### Adoption of new and revised International Financial Reporting Standards (continued)

- IAS 32 (Amendment) “Financial Instruments – Presentation : Classification of Rights Issues” (effective for annual periods beginning on or after February 1, 2010): The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors”.

- IFRIC 14 (Amendment) “Prepayments of a Minimum Funding Requirement” (effective for annual periods beginning on or after January 1, 2011): The amendments correct an unintended consequence of IFRIC 14, “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. Early application is permitted. The amendment should be applied retrospectively to the earliest comparative period presented.

- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (effective for annual periods beginning on or after July 1, 2010): The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is effective for annual periods beginning on or after July 1, 2010. Early application is permitted in all cases and this annual improvements project has not yet been endorsed by the EU.




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.3 Changes in Accounting Policies (continued)

#### Adoption of new and revised International Financial Reporting Standards (continued)

The following improvements to IFRS are not expected to have an impact on the financial statements of the Group:

- IFRS 1 “First Time Adoption of IFRS”: The amendments:

i) clarify the requirements in case of accounting policy change in the year of adoption. The amendment is applied prospectively.

ii) allow first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. Entities that adopted IFRS in previous periods are permitted to apply the amendment retrospectively in the first annual period after the amendment is effective.

iii) expand the scope of deemed cost for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The amendment is applied prospectively.

- IFRIC 13 “Customer Loyalty Programmes”: The meaning of ‘fair value’ is clarified in the context of measuring award credits under customer loyalty programmes. The amendment is applied retrospectively.

The impact of the improvement to IFRS’s below on the financial statements is being assessed by the Group:

- IFRS 3 “Business Combinations”: The amendments:

i) clarify that the amendments to IFRS 7 “Financial Instruments – Disclosures”, IAS 32 “Financial Instruments – Presentation” and IAS 39 “Financial Instruments – Recognition and Measurement”, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition date precede the application of IFRS 3 (as revised in 2008). The amendment is applicable to annual periods beginning on after July 1, 2010.

ii) limit the scope of the measurement choices that only the components of non-controlling interests that are present ownership interests that entitle their holders to a proportionate share of entity’s net assets, in the event of liquidation, shall be measured either at fair value or at the present ownership instruments’ proportionate share of the acquiree’s identifiable net assets. This amendment is applicable to annual periods beginning on after July 1, 2010. The amendment is applied prospectively from the date entity applies IFRS 3 (Revised).

iii) require an entity (in a business combination) to account for the replacement of the acquiree’s share based payment transactions (whether obliged or voluntarily). The amendment is applicable to annual periods beginning on or after July 1, 2010. The amendment is applied prospectively.




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.3 Changes in Accounting Policies (continued)

#### Adoption of new and revised International Financial Reporting Standards (continued)

- IFRS 7 “Financial Instrument – Disclosures”: The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is applied retrospectively.

- IAS 1 “Presentation of Financial Statements”: The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to financial statements. The amendment is applied retrospectively.

- IAS 27 “Consolidated and Separate Financial Statements”: The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21 “The Effect of Changes in Foreign Exchange Rates”, IAS 28 “Investment in Associates” and IAS 31 “Interests in Joint Ventures”. This amendment is applicable to annual periods beginning on after July 1, 2010 and applicable for annual periods beginning on after July 1, 2009 prospectively if IAS 27 is applied earlier.

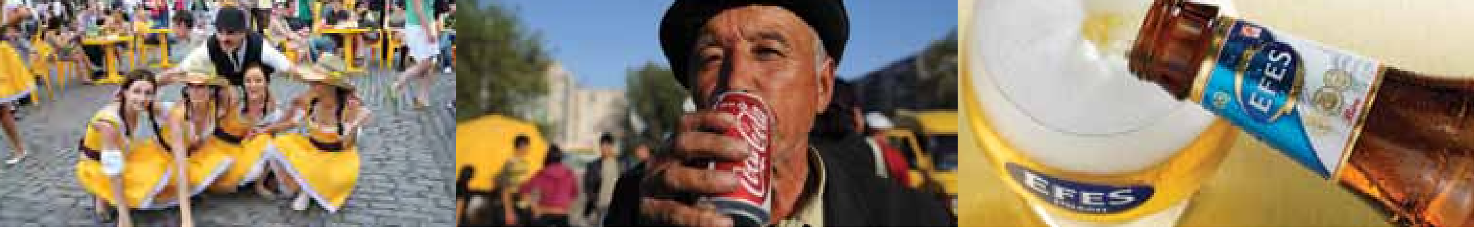
- IAS 34 “Interim Financial Reporting”: The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of fair value hierarchy, changes in classification of financial assets, changes in contingent assets and liabilities. The amendment is applied retrospectively.

### 2.4 Changes in Accounting Estimates

The accounting estimates of the Group are adopted to be the same as prior years and there is no material change from prior years’ accounting policies.

### 2.5 Offsetting

Financial assets and liabilities are offset and the net amount are reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously.






## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.6 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent company, Anadolu Efes, its subsidiaries and joint ventures drawn up to reporting date. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with the CMB Financial Reporting Standards.

Subsidiaries are companies in which Anadolu Efes has the power to exercise more than 50% of the voting rights relating to the shares in the companies as a results of shares owned directly and/or indirectly by itself or although not having the power to exercise more than 50% of the voting rights, exercises control in order to make profit from the operations of companies through the exercise of actual dominant influence over the financial and operating policies. Subsidiaries are consolidated for using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to minority shareholders' interests of subsidiaries are shown separately in the consolidated balance sheet and consolidated income statement.

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. The Group's interest in joint ventures is accounted for by way of proportionate consolidation; in other words, the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements.

Investments in associates are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or joint ventures of the Group. The Group's investments in associates are accounted for using the equity method.

The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates.

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

The acquisition method of accounting is used for acquired business. Subsidiaries, joint ventures or investment in associates, 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.

### 2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a known amount, has high liquidity with maturities of 3 months or less. The amounts paid under the reverse repurchase agreements are included in the cash and cash equivalents.




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.8 Trade Receivables and Provision for Doubtful Receivables

Trade receivables that are originated by the Group by the way of providing goods or services generally have 5-90 day terms. Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.

The allowance for doubtful receivables is realized when there is objective evidence that receivable cannot be collected and is charged as an expense in the consolidated financial statements. The allowance is the difference between the carrying amount and the recoverable amount, being all cash flows, including amounts recoverable from guarantees and collaterals.

### 2.9 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions or be the associate of the group. Related parties also include individuals that are principle owners, management and members of the Group's board of directors and their families. Due from and due to related parties are carried at cost. Related party transactions are transfers of resources, services or obligations between related parties, regardless of whether a price is charged.

### 2.10 Inventories

Inventories, including work-in-process are valued at the lower of cost and net realizable value, after provision for obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory has been fully written off.

### 2.11 Biological assets

Biological assets of the Group consist of sewed fruit tree seedlings of Anadolu Etap. The seedlings that are accounted for as biological assets are carried at cost due to immateriality and nonexistence of an active and fair market according to IAS 41.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.12 Financial Investments

The Group has classified its financial assets as “available-for-sale” in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”. Financial assets, intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale. These financial assets are included in non-current assets unless management has the intention of holding the investment for less than twelve months from the balance sheet date, or unless they will need to be sold to raise working capital, in which case they are included in current assets. Management determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designation on a regular basis.

All investments are initially carried at cost, being the fair value of the consideration given and including acquisition changes associated with the investment. After initial recognition, investments which are classified as available-for-sale are measured at fair value. For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date and positive or negative valuation differences of investments, which are measured at fair value, have been recognized under comprehensive income statements as “value increase in available-for-sale securities” in the consolidated financial statements.

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 the acquisitions and disposals of the available for sale securities are recorded to accounts at the date of obligation of the Group for purchasing or selling the asset.

### 2.13 Property, Plant and Equipment

Property, plant and equipment (PP&E) are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is computed on straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings and land improvements | 10-50 years |
| Machinery and equipment | 4-20 years |
| Leasehold improvements | 4-15 years |
| Furniture and fixtures | 3-15 years |
| Vehicles | 5-10 years |
| Returnable bottles and cases | 5-10 years |
| Other tangible assets | 2-14 years |




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.13 Property, Plant and Equipment (continued)

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. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The increase is recognized in the consolidated income statement (Note 18).

The Group management accounts for returnable bottles under property, plant and equipment. Deposit obligations relating to such returnable bottles are reflected in other payables. The Group sells its products also in non-returnable bottles. For such sales, there is no deposit obligation of the Group.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the income statement. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

### 2.14 Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost.

Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill, if the fair value can be measured reliably. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Supplies relating to promotion and marketing activities are incurred as expense when the right to reach these supplies is recognized. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. Intangible assets with indefinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment.






## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.14 Intangible Assets (continued)

#### a) Brands

The brands, which belong to International Beer Operations and which are acquired as part of a business combination, are carried at their fair value and if it is acquired separately, carried at cost in the financial statements. The Group expects that the brands will generate cash inflow indefinitely and therefore are not amortised. The brands are tested for impairment annually.

#### b) Bottlers and Distribution Agreement

In the scope of consolidation, intangible assets identified in the fair value financial statements of subsidiaries acquired by CCİ in 2005 and 2009, and joint venture acquired by CCİ in 2008 include the "Bottlers and Distribution Agreements" that are signed with The Coca-Cola Company. Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. Bottlers and distribution agreements are tested for impairment annually.

#### c) Rights

The rights acquired as part of a business combination is carried at their fair value and if it is acquired separately, it is carried at cost in the financial statements. Rights in the consolidated financial statements comprise mainly water sources usage rights and amortized on a straight-line basis over 10 to 40 years.

#### d) Software

The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over 1 to 5 years.




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.15 Business combinations and goodwill

A business combination is the bringing together of separate entities or business into one reporting entity.

The Group accounted business combinations occurred before January 1, 2010 using the purchase method according to the IFRS 3 before revision. In this method, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer shall include the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured.

Goodwill is accounted in the consolidated financial statements being the excess of the cost of the business combination over the Group's share is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill recognized in business combinations is tested for impairment annually (as of December 31) or more frequently, if events or changes in circumstances indicate impairment, instead of amortization. Even though these circumstances do not indicate impairment in the following periods, the impairment loss of goodwill recognized in consolidated income statement is not subject to be reversed. During the impairment test, goodwill relates to cash-generating units.

The excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is accounted for as an income in the related year (negative goodwill).

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognized at their carrying amounts in the consolidated financial statements. As a result of these transactions, no goodwill or negative goodwill is directly accounted to the financial statements.

For business combinations occurred after January 1, 2010, the Group applied revised IFRS 3 "Business Combination" which is effective for the periods beginning on January 1, 2010.

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported profit or loss in the period that a business combination occurs, and profit or loss of the future periods. Such changes include the expensing of acquisition related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). However, as permitted by the revised standard in accordance with the transition period application, the Group recognized subsequent changes in the fair value of contingent consideration balances originated in previous periods before the effective date of IFRS 3 (Revised) by adjusting goodwill.




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.15 Business combinations and goodwill (continued)

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. Accordingly, for share purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is accounted for as an equity transaction.

### 2.16 Borrowings

All borrowings are initially recognized 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 amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the obligations related with the borrowings are removed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

#### a) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The initial direct costs attributable for the finance lease are added to the amount recognized as an asset. Capitalized leased assets are depreciated over the estimated useful life of the asset.

#### b) 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 recognized as an expense in the income statement on a straight-line basis over the lease term.




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.17 Current Income Tax and Deferred Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and joint ventures of the Group operate.

Deferred 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 tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred 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 tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to net off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority.

### 2.18 Employee Benefits

#### a) Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In the consolidated financial statements the Group has reflected a liability using the Projected Unit Credit Method and based upon estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.






## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.18 Employee Benefits (continued)

#### b) Defined Contribution Plans

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are paid.

#### c) Long Term Incentive Plan

The Group provides a benefit to its employees over a certain seniority level under the name “long term incentive plan”. Provision for long term incentive plan accrued in consolidated financial statements reflects the discounted value of the estimated total provision of possible future liabilities until the financial statement date.

### 2.19 Provisions, Contingent Assets and Liabilities

#### a) Provisions

Provisions are recognized 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 recognized as an interest expense.

#### b) Contingent Assets and Liabilities

Contingent liabilities are not recognized in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements, but disclosed when an inflow of economic benefits is probable.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.20 Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement of the associated period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey and used by the Group's subsidiaries and joint ventures in Turkey as of respective year-ends are as follows:

| Date | USD / TRL (full) | EURO / TRL (full) |
|---|---|---|
| December 31, 2010 | 1,5460 | 2,0491 |
| December 31, 2009 | 1,5057 | 2,1603 |

The assets and liabilities of foreign subsidiaries and joint ventures are translated at the rate of exchange ruling at the balance sheet date and the equity items are translated using the exchange rates at the date of the transaction. The income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences resulting from the deviation between the values of investment related to equity accounts of consolidated subsidiaries and joint ventures and the appreciation of foreign currencies against the Turkish Lira were taken to equity as "currency translation differences".

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate of balance sheet date. On disposal of a foreign entity, currency translation differences are recognized in the income statement as a component of the gain or loss on disposal.

### 2.21 Paid in Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

### 2.22 Dividends Payable

Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

### 2.23 Subsequent Events

The Group adjusts the amount recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.






## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.24 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts and returns, value added and sales taxes. The following specific recognition criteria must also be met before revenue is recognized:

#### a) Sale of Goods

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

#### b) Interest Income

Interest income is recognized as the interest accrues. Interest income is reflected under the “financial income” in the consolidated income statement.

#### c) Dividend Income

Dividend income is recognized when the right to collect the dividend is established.

### 2.25 Borrowing Costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized. Borrowing costs other than these are expensed as incurred.

### 2.26 Segment Reporting

The Group management monitors the operating results of its three business units separately for the purpose of making decisions about the resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer) which is conducted by the Company, International Beer Operations (International Beer) which is conducted by EBI and Soft Drinks Operations (Soft Drinks) which is conducted by CCİ.

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business (Note 5).




## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.27 Earnings per Share

Earnings per share in the consolidated income statements are calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from inflation adjustment to shareholders equity.

For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

### 2.28 Reporting of Cash Flows

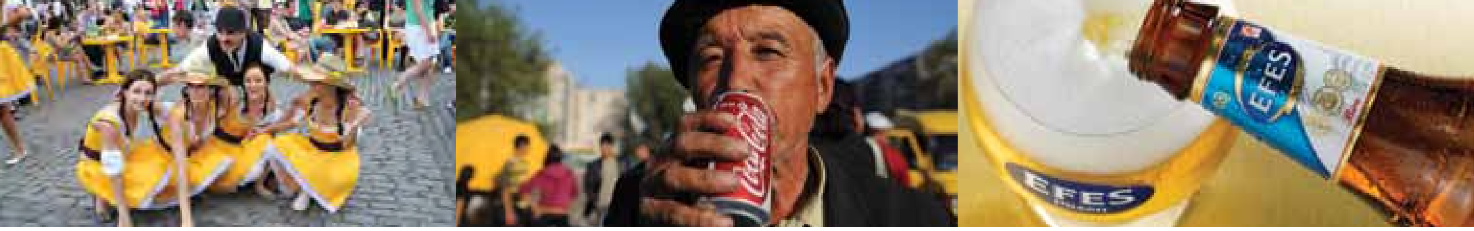
In the consolidated statement of cash flows, cash flows are classified and reported according to their operating, investing and financing activities. Cash flows related with investing activities present the cash flows provided from and used in the Group's investing activities and cash flows related with financing activities present the proceeds and repayments of sources in the Group's financing activities.

### 2.29 Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in income statement in the periods in which they become known. The source of the estimates and assumptions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are as follows:

**a)** Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered (Note 10).

**b)** During the assessment of the reserve for inventory obsolescence the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories (Note 13).






## NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.29 Use of Estimates (continued)

**c)** The Group performs impairment test for tangible assets, intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2010, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is the higher of net selling price and value in use.

In these calculations, estimated free cash flows before tax from financial budgets covering a 3-year period and approved by Board of Directors are used. Estimated free cash flows before tax after a 3-year period are calculated for 5 – 10 years period by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, GDP per capita and consumer price indices were derived from external sources. Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data. The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors and no impairment has been detected on goodwill. Perpetuity growth rate used in impairment test in the operating units is between 1,00% and 3,00% (December 31, 2009 – 1,00 % - 3,00 %) and after tax discount rate is between 9,59% and 13,05% (December 31, 2009 – 10,33% - 14,40%).

**d)** The discount rates related with retirement pay liability are actuarial assumptions determined with future salary increase and the employee's turnover rates (Note 24).

**e)** Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses. As of December 31, 2010, the estimations made to indicate that the company will incur taxable profits in the future periods were reasonable and deferred tax asset was recorded (Note 35).

**f)** The Group has used the future market rates stated on December 31, 2010, in order to value the derivative instruments as of the balance sheet date (Note 39). The fair value difference occurred due to using these rates have been recorded in consolidated income statement.




## NOTE 3. BUSINESS COMBINATIONS

### Transactions Related with 2010

### Acquisitions

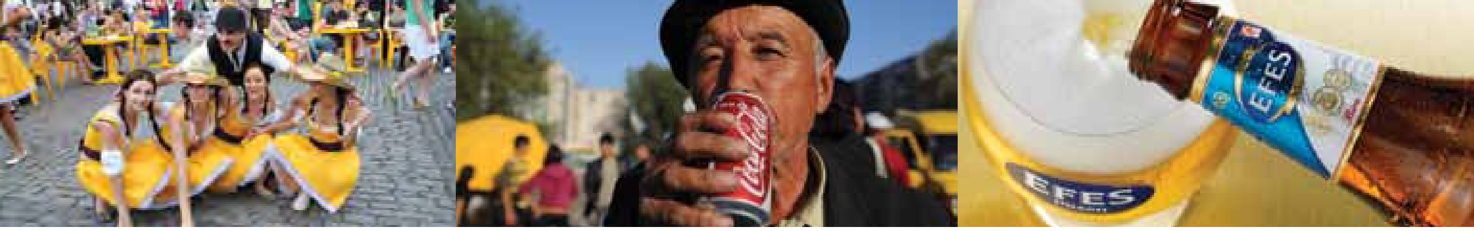
The Company acquired 11.219.811 EBI Global Depository Receipts (GDRs) representing approximately 26,53% of the issued share capital of EBI from a group of shareholders at a price of USD 17,00 per GDR (each GDR representing 5 EBI shares) for a total consideration of TRL290.456 during 2010. In accordance with IAS 27, positive difference amounting to TRL5.041 between the net asset value of EBI and the acquisition cost has been reflected to “other reserves” under the equity attributable to equity holders of the parent.

As a result of holding over 95% of the issued share capital of EBI, the Company intends to acquire the outstanding EBI shares by means of a squeeze-out procedure in accordance with the article 2:92a of the Dutch Civil Code before the Enterprise Chamber of the Court of Appeals in Amsterdam, the Netherlands. The writ that introduces the squeeze-out procedure was issued in June 2010 and the squeeze-out process was completed in October 2010.

At the extraordinary general meeting of shareholders of EBI held in Amsterdam on June 2010, the resolution approving the cancellation of the admission of the GDRs to the official list of the UK Listing Authority and to trading on the London Stock Exchange’s main market for listed securities was passed. In addition, amendment to the deposit agreement between the Company and The Bank of New York Mellon dated October 20, 2004 to permit such delisting was approved. As the amendment to the deposit agreement became effective following the date on which the extraordinary general meeting of shareholders has been held, de-listing of the GDRs was completed as of October 6, 2010.

In July 2010, EBI acquired 62,96% shares of OAO Knyaz Rurik, which owns 80,02% of Mutena Maltery shares, from Specialized State-Owned Unitary Enterprise for Sale of Property of the City of Moscow through a public auction process for a cash consideration of TRL18.608. After having the necessary approval from the competition board in August 2010, Knyaz Rurik is included in the consolidation by using full consolidation method. The difference between the cash consideration and the net assets calculated from the financial statements of Knyaz Rurik based on fair value accounting prepared in conformity with IFRS 1, amounting to TRL1.373, and the fair value difference amounting to (TRL1.580) arising from 19,98% shares on hand of Mutena Maltery, which was accounted under “non-current financial investments” and currently is fully consolidated as subsidiary, are presented net under the “other operating income” in the consolidated income statement.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 3. BUSINESS COMBINATIONS (continued)

### Transactions Related with 2010 (continued)

### Acquisitions (continued)

The net asset value calculated from the financial statements of Knyaz Rurik based on fair value accounting as of the acquisition date is as follows:

| | **Fair Value** |
|---|---:|
| Cash and cash equivalents | 1.666 |
| Trade and other receivables | 7.052 |
| Inventories | 1.775 |
| Other assets | 1.089 |
| Property, plant and equipment | 20.384 |
| Deferred tax liability | (3.722) |
| Other liabilities | (461) |
| Minority interests | (6.683) |
| **Fair value of net assets acquired** | **21.100** |
| | |
| Total cash consideration | 18.608 |
| Group's share in net assets | (17.235) |
| | |
| | |
| Net book value of Mutena Maltery shares on hand | 5.103 |
| Fair value of Mutena Maltery shares on hand | (6.683) |
| **Amount recognised in income statement** | **(207)** |
| | |
| Total cash consideration | 18.608 |
| Cash in the subsidiary acquired (-) | (1.666) |
| **Net cash outflow on acquisition** | **16.942** |

In November 2010, AETMC acquired 15,10% shares of OAO Knyaz Rurik, which owns 80,02% of Mutena Maltery shares for a cash consideration of TRL5.786. The Group accounted the difference between the cash consideration and the net assets of Knyaz Rurik amounting to TRL1.921 to "other reserves" under the equity attributable to equity holders of the parent in accordance with IAS 27.

### Transactions Related with 2009

### Acquisitions

In January 2009, CCİ has increased its existing shareholding in Turkmenistan CC with the acquisition of 13,75% shares of Turkmenistan CC which previously owned by The Coca-Cola Export Corporation (TCCEC) and 12,50% shares from Day Investments Ltd. which had 25% shares in Turkmenistan CC, for a cash consideration of TRL7.026. Following the completion of the acquisitions, CCİ's share in Turkmenistan CC reached to 59,5% and it is included in consolidation by using the full consolidation method. The Group recorded TRL1.928 difference between the fair value of the net assets of Turkmenistan CC and the acquisition cost as negative goodwill in "other operating income" in the consolidated financial statements (Note 31).

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 3. BUSINESS COMBINATIONS (continued)

### Transactions Related with 2009 (continued)

### Acquisitions (continued)

In accordance with the change in the scope of consolidation and in conformity with IFRS 3, Group's share of fair value difference amounting to TRL4.916 occurred from the financial statements of Turkmenistan CC prepared according to fair value basis was recorded by the Group as "fair value difference" in consolidated comprehensive income statement.

The total fair value of net assets of Turkmenistan CC as of the acquisition date is as follows:

| | Fair Value | Carrying Value |
|---|---:|---:|
| Cash and cash equivalents | 1.113 | 1.113 |
| Trade and other receivables | 297 | 297 |
| Inventories | 9.059 | 9.059 |
| Other assets | 481 | 481 |
| Property, plant and equipment | 14.280 | 14.154 |
| Intangible assets | 29.648 | 333 |
| Trade and other payables | (10.087) | (10.087) |
| Due to related parties | (3.407) | (3.407) |
| Other liabilities | (4) | (4) |
| **Fair value of net assets acquired** | **41.380** | **11.939** |
| Total cash consideration, Group's share | 3.531 | |
| Group's share in net assets | (5.459) | |
| **Negative goodwill arising from acquisition** | **(1.928)** | |
| Total cash consideration, Group's share | 3.531 | |
| Cash in the subsidiary acquired, Group's share (-) | (559) | |
| **Net cash outflow on acquisition** | **2.972** | |

According to the put and call option agreement signed with Day Investments Ltd., within three months from the expiry of the three year period from the completion date of share transfer registration which is in January 2009, Day Investments Ltd. shall have an option to offer (and CCI will have an obligation to buy) its remaining 12,5% participatory shares in Turkmenistan CC and CCI shall have an option to buy (and Day Investments Ltd. will have an obligation to sell) Day Investment Ltd.'s 12,5% participatory shares in Turkmenistan CC with an amount of USD 2.360 thousands (Note 23). The Group recorded TRL814 negative goodwill which is occurred from the accounting of the buying obligation liability in accordance with IAS 32, to "other operating income" in the consolidated income statement (Note 31).




## NOTE 3. BUSINESS COMBINATIONS (continued)

### Transactions Related with 2009 (continued)

### Acquisitions (continued)

In March 2009, CCİ has purchased certain real estates, movables, licenses and other assets related to the water business of Sandras Su Gıda Turizm Taşımacılık İnşaat A.Ş (Sandras), natural water company of Kalkavan Grubu, for an amount of TRL29.500. In accordance with IFRS 3 “Business Combinations”, tangible and intangible assets identified in the acquisition of Sandras were recorded at their fair value amounting to TRL17.856. The Group recorded TRL2.468 negative difference between the fair value of total assets acquired and the acquisition cost of the Company amounting to TRL14.835 as negative goodwill to “other operating income” in the consolidated income statement (Note 31).

In May 2009, CCİ acquired 9,96% minority shares of Azerbaijan CC for a cash consideration of TRL9.121 and increased its shareholding percentage to 99,86%. The Group recorded the difference amounting to TRL1.404 between the net asset value of Azerbaijan CC and the acquisition cost of the Group, which is amounting to 4.584, as goodwill to the consolidated financial statements (Note 20).

The put option, which had been granted by EBI to Tradex Partner Limited Co. (Tradex) and that was exercisable between 2007 and 2010, has been exercised by purchasing the shares in KV Group by EBI’s Russian operating subsidiary Efes Moscow in August 2009 for a cash consideration of TRL44.916. Subsequent to purchase of option shares, a further 0,43% of KV Group minority shares have been acquired with a cash consideration of TRL3.066. The excess of the acquisition costs over the fair value of net assets acquired was TRL728 and recognized as goodwill in the consolidated financial statements with the purchase of 0,43% minority shares, Efes Moscow increased its shareholding in KV Group to 99,98% from 92,85% (Note 20).

In July 2009, the Company announced its firm intention to make a cash offer for the entire issued share capital of EBI, not already owned by the Group. The aforementioned shares are held in the form of Global Depository Receipts (GDRs), listed on the London Stock Exchange, held only by Qualified Institutional Buyers and represent approximately 29,78% of the entire issued share capital of EBI. The Offer values EBI at US$ 11,10 in cash for each GDR (representing five EBI ordinary shares). As of September 3, 2009, the Company acquired 6.872.085 shares of EBI, representing 3,25% of EBI’s issued capital, for a cash consideration TRL25.645 and increased its share in EBI to 73,47%. Difference between the net asset value of EBI and the acquisition cost amounting to TRL8.923 has been reflected as negative goodwill under “other operating income” in the Group’s consolidated financial statements (Note 31).

In November 2009, the Company acquired 33,33% of Anadolu Etap, a leading company that produces fruit juice concentrates and purees in Turkey for a cash consideration of TRL18.311. Difference between the fair value of net assets of Anadolu Etap and the acquisition cost amounting to TRL12.178 has been reflected as goodwill in the Group’s consolidated financial statements (Note 20).

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 3. BUSINESS COMBINATIONS (continued)

### Transactions Related with 2009 (continued)

### Acquisitions (continued)

The total fair value of net assets of Anadolu Etap as of the acquisition date is as follows:

| | Fair Value | Carrying Value |
|---|---|---|
| Cash and cash equivalents | 3.487 | 3.487 |
| Trade and other receivables | 1.290 | 1.290 |
| Inventories | 30.531 | 25.577 |
| Other assets | 4.438 | 4.438 |
| Property, plant and equipment and intangibles | 34.548 | 13.873 |
| Deferred tax assets | - | 1.021 |
| Financial liabilities | (17.238) | (17.238) |
| Trade and other payables | (6.697) | (6.697) |
| Due to related parties | (2.727) | (2.727) |
| Deferred tax liabilities | (4.002) | - |
| Other liabilities | (25.233) | (25.233) |
| **Fair value of net assets acquired** | **18.397** | **(2.209)** |
| Total cash consideration | 18.311 | |
| Group's share in net assets | (6.133) | |
| **Goodwill arising from acquisition** | **12.178** | |
| Total cash consideration | 18.311 | |
| Cash in the subsidiary acquired, Group's share (-) | (1.162) | |
| **Net cash outflow on acquisition** | **17.149** | |

## NOTE 4. JOINT VENTURES

Summarized financial information about proportionally consolidated amounts included in the consolidated financial statements before consolidation adjustments and reclassifications are as follows:

| | **2010** | 2009 |
|---|---|---|
| Current assets | **659.168** | 609.128 |
| Non-current assets | **883.904** | 854.736 |
| **Total assets** | **1.543.072** | 1.463.864 |
| Short-term liabilities | **452.245** | 587.452 |
| Long-term liabilities | **357.821** | 232.062 |
| Equity | **733.006** | 644.350 |
| **Total liabilites** | **1.543.072** | 1.463.864 |
| **Net income** | **96.111** | 85.226 |

There are no commitments given by the Company on behalf of the joint ventures as of December 31, 2010 and 2009.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 5. SEGMENT INFORMATION

The Group's segment reporting disclosed in accordance with IFRS 8 is disclosed as follows with respect to operating segments as of December 31, 2010 and 2009.

| | Turkey Beer | International Beer | Soft Drinks | Other [(1)] and Eliminations | Total |
|---|---|---|---|---|---|
| **2010** | | | | | |
| Revenues | 1.293.426 | 1.464.174 | 1.383.607 | 51.257 | 4.192.464 |
| Inter-segment revenues | (10.821) | (188) | (38) | (12.624) | (23.671) |
| **Total Sales** | **1.282.605** | **1.463.986** | **1.383.569** | **38.633** | **4.168.793** |
| **EBITDA** | **519.064** | **320.273** | **218.589** | **(38.922)** | **1.019.004** |
| Depreciation and amortization | 74.932 | 149.623 | 74.027 | 2.449 | 301.031 |
| Provision for retirement pay liability | 8.348 | - | 3.981 | 158 | 12.487 |
| Other | 3.617 | 1.768 | 3.963 | 2.514 | 11.862 |
| **Profit / (loss) for the year** | **368.514** | **94.209** | **99.694** | **(43.976)** | **518.441** |
| **Capital expenditures (Note 18, 19)** | **92.077** | **147.322** | **80.206** | **11.109** | **330.714** |

| | | | | | |
|---|---|---|---|---|---|
| 2009 | | | | | |
| Revenues | 1.264.171 | 1.325.053 | 1.209.908 | 32.415 | 3.831.547 |
| Inter-segment revenues | (9.046) | (349) | (49) | (11.036) | (20.480) |
| Total Sales | 1.255.125 | 1.324.704 | 1.209.859 | 21.379 | 3.811.067 |
| EBITDA | 502.959 | 262.993 | 185.277 | (34.615) | 916.614 |
| Depreciation and amortization | 68.967 | 130.214 | 66.286 | 90 | 265.557 |
| Provision for retirement pay liability | 4.820 | - | 4.203 | - | 9.023 |
| Negative goodwill | - | - | (5.210) | (8.293) | (13.503) |
| Other | 2.276 | 5.257 | 1.154 | (1.131) | 7.556 |
| Profit / (loss) for the year | 363.056 | (360) | 85.035 | (25.459) | 422.272 |
| Capital expenditures (Note 18, 19) | 102.698 | 156.581 | 65.704 | (7.332) | 317.651 |

(1) Includes other subsidiaries included in the consolidation of Anadolu Efes and headquarters expenses.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 5. SEGMENT INFORMATION (continued)

Segment assets and liabilities as of December 31, 2010 and 2009 is disclosed as follows:

| | Turkey Beer | International Beer | Soft Drinks | Other (1) and Eliminations | Total |
|---|---|---|---|---|---|
| **2010** | | | | | |
| Segment assets | 3.002.585 | 2.294.972 | 1.514.717 | (1.223.443) | 5.588.831 |
| Segment liabilities | 851.663 | 1.124.038 | 793.535 | 4.590 | 2.773.826 |
| **Other disclosures** | | | | | |
| Investments in associates | **-** | 21.441 | - | - | 21.441 |
| 2009 | | | | | |
| Segment assets | 2.463.934 | 2.449.692 | 1.439.099 | (922.684) | 5.430.041 |
| Segment liabilities | 502.454 | 1.390.927 | 800.882 | 1.600 | 2.695.863 |
| Other disclosures | | | | | |
| Investments in associates | - | 45.356 | - | - | 45.356 |

(1) Includes other subsidiaries included in the consolidation of Anadolu Efes.

Reconciliation of EBITDA to the consolidated profit before tax and its components as of December 31, 2010 and 2009 are explained in the following table:

| | **2010** | 2009 |
|---|---|---|
| EBITDA | **1.019.004** | 916.614 |
| Depreciation and amortization expenses | **(301.031)** | (265.557) |
| Provision for retirement pay liability | **(12.487)** | (9.023) |
| Provision for vacation pay liability | **(3.124)** | (25) |
| (Impairment reversal) / impairment on property, plant and equipment, net | **(2.079)** | 561 |
| Provision for doubtful receivables, net | **(1.064)** | (1.498) |
| Provision for inventory, net | **(941)** | (3.409) |
| Negative goodwill | **-** | 13.503 |
| Other | **(4.654)** | (3.185) |
| **Profit from Operations** | **693.624** | 647.981 |
| Loss from Associates | **(17.910)** | (10.925) |
| Financial Income | **244.302** | 375.081 |
| Financial Expenses (-) | **(261.464)** | (468.383) |
| **Profit Before Tax from Continuing Operations** | **658.552** | 543.754 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 6. CASH AND CASH EQUIVALENTS

| | **2010** | 2009 |
|---|---|---|
| | | |
| Cash on hand | **855** | 990 |
| Bank accounts | | |
| - Time deposits | **896.289** | 1.013.979 |
| - Demand deposits | **39.042** | 33.532 |
| Other | **52** | 33 |
| **Cash and cash equivalents in cash flow statement** | **936.238** | 1.048.534 |
| | | |
| Interest income accrual | **3.086** | 4.722 |
| | **939.324** | 1.053.256 |

As of December 31, 2010, as the maturity of all time deposits is less than three months, annual interest rates of the TRL denominated time deposits vary between 3,8% and 9,5% (December 31, 2009 - 4,5% - 10,8%) and annual interest rates of the USD, EURO denominated and other time deposits vary between 0,1% and 5,4% (December 31, 2009 – 0,2% - 8,0%). As of December 31, 2010, there is no pledge over the Group's cash deposits at banks as collateral for credit facilities (December 31, 2009 - TRL11.161).

## NOTE 7. FINANCIAL INVESTMENTS

### a) Current Investments

| | **2010** | 2009 |
|---|---|---|
| | | |
| Time deposits with maturity more than three months | **53.830** | 19.259 |
| Investment funds | **1.260** | 1.753 |
| Government bonds | **-** | 192 |
| | **55.090** | 21.204 |

Investment funds and government bonds in the consolidated financial statements are valued with their market value prevailing at the balance sheet date. Time deposits with maturities over three months were made for periods varying between 3 to 8 months and earned interest is between 1,4% and 9,1% (December 31, 2009 – for 5 months to 1 year; 5,0% - 8,0%).

### b) Non-current Investments

| | Ownership | | | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | | | | |
| Alternatifbank A.Ş. | **7,46%** | 7,46% | **36.702** | 34.240 |
| ZAO Mutena Maltery (Mutena Maltery) | **-** | 14,68% | **-** | 5.075 |
| Other | | | **786** | 786 |
| | | | | |
| | | | **37.488** | 40.101 |




## NOTE 7. FINANCIAL INVESTMENTS (continued)

### b) Non-current Investments (continued)

Available for sale securities (except for Alternatifbank) are carried at cost, since these investments do not have a quoted market price in an active market and its fair value cannot be reliably measured by alternative valuation methods. Shares of Alternatifbank are traded on the ISE, and the Group carried the shares of Alternatifbank at fair value as of December 31, 2010 in the consolidated financial statements.

As a result of the valuation of current investments and shares of Alternatifbank at their market value, a gain amounting to TRL2.347 in 2010 is recognized under consolidated comprehensive income statement as “value increase in available for sale securities” (December 31, 2009 –TRL17.398). The deferred tax expense effect of such gain amounting to TRL117 (December 31, 2009 – TRL870) is also recognized under consolidated comprehensive income statement.

The Group has increased its share in Mutena Maltery to 99,95% as a result of the step acquisition explained in Note 3 and included Mutena Maltery in consolidation by using the full consolidation method.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))





## NOTE 8. BORROWINGS

As of December 31, 2010, total borrowings consist of principal (finance lease obligations included) amounting to TRL1.759.960 (2009 – TRL1.852.556) and interest expense accrual amounting to TRL4.536 (2009 – TRL4.829). As of December 31, 2010 and 2009, total amount of borrowings and the effective interest rates are as follows:

| | December 31, 2010 | | | December 31, 2009 | | |
|---|---|---|---|---|---|---|
| **Short-term** | **Amount** | **Fixed rate** | **Floating rate** | Amount | Fixed rate | Floating rate |
| **Borrowings** | | | | | | |
| TRL denominated borrowings | **397.003** | **7,20% -7,93%** | **7,19% - 7,61%** | 260.691 | 7,67%- 7,88% | 6,67% - 15,75% |
| Foreign currency denominated borrowings (USD) | **13.343** | **2,80%** | **Libor + 1,40%** | 63.596 | 4,00% - 5,40% | Libor + 0,95% - 4,00% |
| Foreign currency denominated borrowings (EURO) | **-** | **-** | **-** | 7.563 | 4,00% | - |
| Foreign currency denominated borrowings (Other) | **54.293** | **5,50%** | **Mosprime +1,00% - Kibor + 1,25%** | 28.817 | - | Kibor + 1,75% - 2,50% |
| | **464.639** | | | 360.667 | | |
| **Short-term portion of long term borrowings** | | | | | | |
| TRL denominated borrowings | **2.720** | **11,30%** | **-** | - | - | - |
| Foreign currency denominated borrowings (USD) | **467.861** | **4,90%** | **Libor + 0,95% - 2,80%** | 509.561 | - | Libor + 0,75% - 6,00% |
| Foreign currency denominated borrowings (EURO) | **45.115** | **-** | **Euribor + 1,00% - 2,00%** | 25.472 | - | Euribor + 0,88% - 4,75% |
| Foreign currency denominated borrowings (Other) | **15.215** | **8,11%** | **-** | 52.844 | 8,11% | Mosprime + 3,65% |
| | **530.911** | | | 587.877 | | |
| **Leasing obligations** | **563** | **3,45%- 7,20%** | **-** | 782 | 4,00% - 12,50% | - |
| | **996.113** | | | 949.326 | | |
| **Long-term** | | | | | | |
| **Borrowings** | | | | | | |
| Foreign currency denominated borrowings (USD) | **661.322** | **4, 90%** | **Libor + 1,00% - 2,80%** | 582.632 | - | Libor + 0,75% - 6,00% |
| Foreign currency denominated borrowings (EURO) | **82.630** | **-** | **Euribor + 2,00%** | 279.288 | - | Euribor + 0,88% - 4,75% |
| Foreign currency denominated borrowings (Other) | **22.808** | **8,11%** | **-** | 44.913 | 8,11% | Kibor + 0,75% |
| | **766.760** | | | 906.833 | | |
| **Leasing obligations** | **1.623** | **3,45%- 7,20%** | **-** | 1.226 | 4,00% - 12,50% | - |
| | **768.383** | | | 908.059 | | |
| | **1.764.496** | | | 1.857.385 | | |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 8. BORROWINGS (continued)

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

| | **2010** | 2009 |
|---|---|---|
| 2011 | **-** | 313.244 |
| 2012 | **386.027** | 524.510 |
| 2013 | **321.233** | 44.755 |
| 2014 and thereafter | **59.500** | 24.324 |
| | **766.760** | 906.833 |

As of December 31, 2010, TRL1.560 (December 31, 2009 – TRL44.328) of the total borrowings are secured by the Group with the followings:

Related with CCİ, its subsidiaries and joint ventures;

- Certain property, plant and equipment amounting to TRL22.350 (December 31, 2009 – TRL13.701).

- There is no cash collateral under the provision of loan agreements (December 31, 2009 – TRL11.161).

### Lessee - Finance Lease

Properties leased by the Group include buildings, machinery and equipment, motor vehicles and furniture and fixtures. 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.

As of December 31, 2010 and 2009, the costs of the property plant and equipment obtained by finance lease are TRL65.544 and TRL64.037, respectively whereas net book values are TRL7.387 and TRL9.086, respectively.

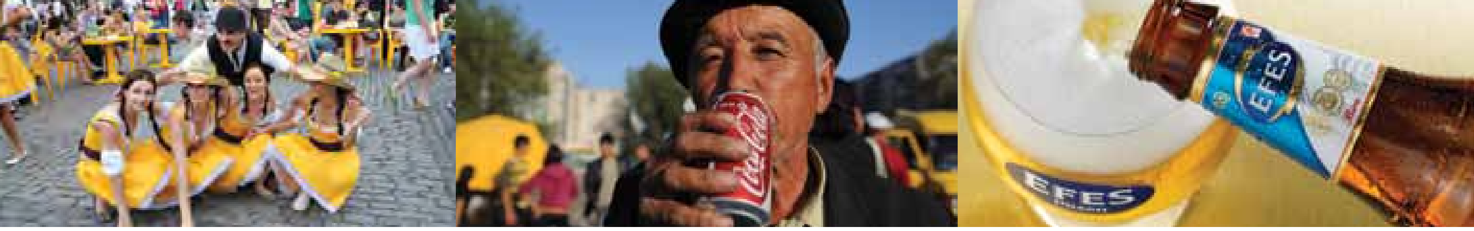
### Lessee - Operating Lease

One of the production facilities of Efes Moscow and the production facility of Mutena Maltery are situated on a site leased from the Moscow City Government under a 49-year lease contract. Furthermore, the Group has operational leasing agreements with Çelik Motor Ticaret A.Ş., a related party.

## NOTE 9. OTHER FINANCIAL LIABILITIES

None (December 31, 2009 – None).

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 10. TRADE RECEIVABLES AND PAYABLES

### a) Short-Term Trade Receivables

| | 2010 | 2009 |
|---|---|---|
| Trade receivables | **518.819** | 419.310 |
| Notes and cheques receivables | **14.498** | 16.096 |
| Provision for doubtful accounts (-) | **(15.066)** | (13.867) |
| | **518.251** | 421.539 |

The movement of provision for doubtful accounts as of December 31, 2010 and 2009 is as follows:

| | 2010 | 2009 |
|---|---|---|
| Balance at January 1 | **13.867** | 21.148 |
| Current year provision | **4.620** | 2.581 |
| Unused provisions | **(3.556)** | (1.083) |
| Write-offs from doubtful receivables | **(127)** | (8.538) |
| Currency translation differences | **262** | (241) |
| **Balance at December 31** | **15.066** | 13.867 |

### b) Short-Term Trade Payables

| | 2010 | 2009 |
|---|---|---|
| Trade payables | **253.332** | 234.879 |

## NOTE 11. OTHER RECEIVABLES AND PAYABLES

### a) Other Current Receivables

| | 2010 | 2009 |
|---|---|---|
| Due from personnel | **3.492** | 2.368 |
| Other receivables | **4.427** | 3.459 |
| | **7.919** | 5.827 |

### b) Other Non-Current Receivables

| | 2010 | 2009 |
|---|---|---|
| Deposits and guarantees given | **508** | 418 |
| Other | **817** | 526 |
| | **1.325** | 944 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 11. OTHER RECEIVABLES AND PAYABLES (continued)

### c) Other Current Payables

| | **2010** | 2009 |
|---|---|---|
| Taxes other than on income | **255.135** | 163.264 |
| Deposits and guarantees taken | **24.055** | 20.548 |
| Payables for goods in transit | **7.504** | 13.376 |
| Other | **4.152** | 5.120 |
| | **290.846** | 202.308 |

### d) Other Non-Current Payables

| | **2010** | 2009 |
|---|---|---|
| Deposits and guarantees taken | **144.366** | 126.620 |

## NOTE 12. RECEIVABLES AND PAYABLES RELATED TO FINANCE SECTOR

None (December 31, 2009 - None).

## NOTE 13. INVENTORIES

| | **2010** | 2009 |
|---|---|---|
| Finished and trade goods | **95.975** | 97.281 |
| Work-in-process | **50.426** | 47.382 |
| Raw materials | **187.762** | 147.776 |
| Packaging materials | **36.339** | 35.075 |
| Supplies | **58.515** | 49.628 |
| Bottles and cases | **30.264** | 29.424 |
| Other | **21.056** | 17.180 |
| Reserve for obsolescence (-) | **(12.473)** | (11.357) |
| | **467.864** | 412.389 |

The movement of reserve for obsolescence as of December 31, 2010 and 2009 is as below:

| | **2010** | 2009 |
|---|---|---|
| Balance at January 1 | **11.357** | 8.495 |
| Current year provision | **4.205** | 5.740 |
| Inventories written off | **(3.264)** | (2.331) |
| Currency translation differences | **175** | (547) |
| **Balance at December 31** | **12.473** | 11.357 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 14. BIOLOGICAL ASSETS

Sewed fruit tree seedlings carried at cost in accordance with IAS 41 are amounting to TRL1.512 as of December 31, 2010.

## NOTE 15. RECEIVABLES AND DEFERRED INCOME FROM CONTINUING CONSTRUCTION CONTRACTS

None (December 31, 2009 - None).

## NOTE 16. INVESTMENTS IN ASSOCIATES

| | **2010** | | 2009 | |
|---|---|---|---|---|
| | **Ownership (%)** | **Carrying value** | Ownership (%) | Carrying value |
| CEB | **28,00%** | **21.441** | 20,57% | 45.356 |
| **Total** | | **21.441** | | 45.356 |

As of December 31, 2010 and 2009, total assets, liabilities and net loss for the year of CEB are shown as below:

| | **2010** | 2009 |
|---|---|---|
| Total Assets | **49.586** | 68.838 |
| Total Liabilities | **28.145** | 23.482 |
| **Net Assets** | **21.441** | 45.356 |
| **Net Loss for the Year** | **(17.910)** | (10.925) |

The movement of investment in associates as of December 31, 2010 and 2009 is as below:

| | **2010** | 2009 |
|---|---|---|
| Balance at January 1 | **45.356** | 54.911 |
| Loss from associates | **(17.910)** | (10.925) |
| Change in scope of consolidation (Note 3) | **-** | (1.995) |
| Foreign currency translation | **(6.005)** | 3.365 |
| **Balance at December 31** | **21.441** | 45.356 |

In 2010, CEB recognized an impairment loss amounting to TRL11.371 on its property plant and equipment in its financial statements.

## NOTE 17. INVESTMENT PROPERTY

None (December 31, 2009 - None).

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 18. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2010, the movements of property, plant and equipment are as follows:

| Cost | 2009 | Additions | Disposals | Addition Through Business Combination | Foreign Currency Translation | Transfers (*) | 2010 |
|---|---|---|---|---|---|---|---|
| Land and land improvements | 137.998 | 20.625 | (121) | 3.540 | 1.742 | 3.623 | 167.407 |
| Buildings | 820.883 | 3.123 | (1.403) | 6.673 | 10.347 | 13.868 | 853.491 |
| Machinery and equipment | 2.266.184 | 29.965 | (19.413) | 10.146 | 25.760 | 125.708 | 2.438.350 |
| Vehicles | 73.395 | 5.118 | (5.409) | 6 | 1.171 | 1.018 | 75.299 |
| Furniture and fixtures | 884.642 | 116.454 | (45.540) | 19 | 5.196 | 9.969 | 970.740 |
| Leasehold improvements | 3.245 | 638 | (47) | - | 30 | - | 3.866 |
| Construction in progress | 63.344 | 151.496 | (232) | - | 942 | (154.762) | 60.788 |
| | 4.249.691 | 327.419 | (72.165) | 20.384 | 45.188 | (576) | 4.569.941 |

| Accumulated Depreciation (-) | 2009 | Additions | Disposals | Addition Through Business Combination | Foreign Currency Translation | Impairment / (Impairment reversal) | 2010 |
|---|---|---|---|---|---|---|---|
| Land and land improvements | 31.257 | 2.975 | - | - | 219 | - | 34.451 |
| Buildings | 243.348 | 23.883 | (278) | - | 2.200 | - | 269.153 |
| Machinery and equipment | 1.366.467 | 159.821 | (14.783) | - | 12.154 | 1.517 | 1.525.176 |
| Vehicles | 40.863 | 8.234 | (4.728) | - | 699 | - | 45.068 |
| Furniture and fixtures | 583.647 | 100.826 | (38.512) | - | 3.115 | 562 | 649.638 |
| Leasehold improvements | 2.498 | 189 | (47) | - | 21 | - | 2.661 |
| | 2.268.080 | 295.928 | (58.348) | - | 18.408 | 2.079 | 2.526.147 |
| **Net book value** | 1.981.611 | | | | | | 2.043.794 |

(*) There are transfers to intangible assets in 2010 amounting to TRL576.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 18. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended December 31, 2009, the movements of property, plant and equipment are as follows:

| Cost | 2008 | Additions | Disposals | Addition Through Business Combination | Foreign Currency Translation | Transfers (*) | 2009 |
|---|---|---|---|---|---|---|---|
| Land and land improvements | 131.183 | 3.201 | (594) | 2.623 | (3.063) | 4.648 | 137.998 |
| Buildings | 780.633 | 22.357 | (5.358) | 11.264 | (22.600) | 34.587 | 820.883 |
| Machinery and equipment | 2.153.449 | 23.456 | (19.494) | 9.624 | (54.259) | 153.408 | 2.266.184 |
| Vehicles | 77.020 | 2.672 | (4.676) | 746 | (3.185) | 818 | 73.395 |
| Furniture and fixtures | 836.211 | 98.501 | (29.114) | 691 | (20.494) | (1.153) | 884.642 |
| Leasehold improvements | 3.250 | 52 | - | - | (57) | - | 3.245 |
| Construction in progress | 98.351 | 165.427 | (627) | 519 | (7.829) | (192.497) | 63.344 |
| | 4.080.097 | 315.666 | (59.863) | 25.467 | (111.487) | (189) | 4.249.691 |

| Accumulated Depreciation (-) | 2008 | Additions | Disposals | Addition Through Business Combination | Foreign Currency Translation | Impairment / (Impairment reversal) | 2009 |
|---|---|---|---|---|---|---|---|
| Land and land improvements | 29.209 | 2.633 | (87) | - | (498) | - | 31.257 |
| Buildings | 227.325 | 20.885 | (1.396) | - | (3.466) | - | 243.348 |
| Machinery and equipment | 1.255.525 | 144.982 | (15.772) | - | (17.637) | (631) | 1.366.467 |
| Vehicles | 37.635 | 7.941 | (3.549) | - | (1.164) | - | 40.863 |
| Furniture and fixtures | 531.222 | 85.516 | (23.715) | - | (9.446) | 70 | 583.647 |
| Leasehold improvements | 2.400 | 143 | (7) | - | (38) | - | 2.498 |
| | 2.083.316 | 262.100 | (44.526) | - | (32.249) | (561) | 2.268.080 |
| Net book value | 1.996.781 | | | | | | 1.981.611 |

(*) There are transfers to intangible assets in 2009 amounting to TRL189.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 19. INTANGIBLE ASSETS

For the year ended December 31, 2010, movements of intangible assets are as follows:

| **Cost** | **2009** | **Additions** | **Disposals** | **Currency translation differences** | **Transfers** | **2010** |
|---|---|---|---|---|---|---|
| Bottling and distribution agreements | **175.359** | **-** | **-** | **4.666** | **-** | **180.025** |
| Brands | **159.141** | **-** | **-** | **1.299** | **-** | **160.440** |
| Rights | **26.219** | **614** | **-** | **17** | **576** | **27.426** |
| Other | **18.306** | **2.681** | **(135)** | **387** | **-** | **21.239** |
| | **379.025** | **3.295** | **(135)** | **6.369** | **576** | **389.130** |

| **Accumulated amortization (-)** | **2009** | **Additions** | **Disposals** | **Currency translation differences** | **Impairment** | **2010** |
|---|---|---|---|---|---|---|
| Bottling and distribution agreements | **-** | **-** | **-** | **-** | **-** | **-** |
| Brands | **-** | **-** | **-** | **-** | **-** | **-** |
| Rights | **10.747** | **2.294** | **-** | **5** | **-** | **13.046** |
| Other | **11.262** | **2.809** | **(126)** | **250** | **-** | **14.195** |
| | **22.009** | **5.103** | **(126)** | **255** | **-** | **27.241** |
| **Net book value** | **357.016** | | | | | **361.889** |

For the year ended December 31, 2009, movements of intangible assets are as follows:

| Cost | 2008 | Additions | Disposals | Addition Through Business Combinations | Currency translation differences | Transfers | 2009 |
|---|---|---|---|---|---|---|---|
| Bottling and distribution agreements | 161.242 | - | - | 14.869 | (752) | - | 175.359 |
| Brands | 163.998 | - | - | - | (4.857) | - | 159.141 |
| Rights | 15.771 | 284 | (1.111) | 11.081 | 5 | 189 | 26.219 |
| Other | 19.077 | 1.701 | (1.818) | 31 | (685) | - | 18.306 |
| | 360.088 | 1.985 | (2.929) | 25.981 | (6.289) | 189 | 379.025 |

| Accumulated amortization (-) | 2008 | Additions | Disposals | Addition Through Business Combinations | Currency translation differences | Impairment | 2009 |
|---|---|---|---|---|---|---|---|
| Bottling and distribution agreements | - | - | - | - | - | - | - |
| Brands | - | - | - | - | - | - | - |
| Rights | 8.888 | 1.954 | (96) | - | 1 | - | 10.747 |
| Other | 10.014 | 1.503 | - | - | (255) | - | 11.262 |
| | 18.902 | 3.457 | (96) | - | (254) | - | 22.009 |
| Net book value | 341.186 | | | | | | 357.016 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))







## NOTE 20. GOODWILL

Movement of the goodwill during the period is as follows:

| | 2010 | 2009 |
|---|---|---|
| At January 1 | **855.570** | 866.506 |
| Additions (Note 3) | **-** | 14.310 |
| Put option fair value change (Note 23) | **6.147** | (8.273) |
| Currency translation differences | **9.362** | (16.973) |
| **At December 31** | **871.079** | 855.570 |

As of December 31, 2010 and 2009, operating segment distributions of goodwill are presented below:

| | Turkey Beer | International Beer | Soft Drinks | Other | Total |
|---|---|---|---|---|---|
| **2010** | **50.099** | **538.043** | **270.759** | **12.178** | **871.079** |
| 2009 | 50.099 | 523.450 | 269.843 | 12.178 | **855.570** |

## NOTE 21. GOVERMENT INCENTIVES AND GRANTS

As of December 31, 2010, the Group used an incentive for its investment amounting to TRL3.326 on Bursa mineral water by generating a total tax advantage of TRL665. The tax advantage amounting to TRL38 was recognized during 2010 (December 31, 2009 - None).

## NOTE 22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of December 31, 2010 and 2009, the movement of provisions is as follows:

| | 2010 | 2009 |
|---|---|---|
| Vacation pay liability | **17.702** | 15.141 |
| Management bonus accruals | **5.974** | 4.681 |
| Other | **-** | 512 |
| | **23.676** | 20.334 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

As of December 31, 2010 and 2009, movement of vacation pay liability is as follows:

| | **2010** | 2009 |
|---|---|---|
| Balance at January 1 | **15.141** | 16.023 |
| Payments | **(765)** | (593) |
| Current year provision | **3.124** | 25 |
| Addition through acquisition | **-** | 59 |
| Currency translation differences | **202** | (373) |
| | **17.702** | 15.141 |

As of December 31, 2010 and 2009 movement of management bonus accruals is as follows:

| | **2010** | 2009 |
|---|---|---|
| Balance at January 1 | **4.681** | 1.698 |
| Payments | **(23.031)** | (15.500) |
| Current year provision | **24.258** | 18.541 |
| Currency translation differences | **66** | (58) |
| | **5.974** | 4.681 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))





## NOTE 23. COMMITMENTS AND CONTINGENCIES

### Parent Company (Anadolu Efes) and Subsidiaries Included in Full Consolidation

As of December 31, 2010 and 2009 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

| | 2010 | | | | | |
|---|---|---|---|---|---|---|
| | **Total TRL Equivalent** | **Original Currency TRL** | **Original Currency Thousand USD** | **Original Currency Thousand EUR** | **Original Currency Thousand KZT** | **Original Currency Thousand RUR** |
| A. GPMs given on behalf of the Company's legal personality | **60.423** | 13.035 | 895 | 8.381 | 314.003 | 493.954 |
| B. GPMs given in favor of subsidiaries included in full consolidation | **673.948** | - | 358.629 | 40.000 | 3.625.311 | - |
| C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business | **-** | - | - | - | - | - |
| D. Other GPMs | **-** | - | - | - | - | - |
| i. GPMs given in favor of parent company | **-** | - | - | - | - | - |
| ii. GPMs given in favor of group companies not in the scope of B and C above | **-** | **-** | **-** | **-** | **-** | **-** |
| iii. GPMs given in favor of third party companies not in the scope of C above | **-** | - | - | - | - | - |
| **Total** | **734.371** | **13.035** | **359.524** | **48.381** | **3.939.314** | **493.954** |
| **Ratio of other GPMs over the Company's equity (%)** | **-** | **-** | **-** | **-** | **-** | **-** |

| | 2009 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Total TRL Equivalent | Original Currency TRL | Original Currency Thousand USD | Original Currency Thousand EUR | Original Currency Thousand KZT | Original Currency Thousand RUR | Original Currency Thousand GEL |
| A. GPMs given on behalf of the Company's legal personality | 62.424 | 12.548 | 5.925 | 5.606 | 129.178 | 452.846 | 5.492 |
| B. GPMs given in favor of subsidiaries included in full consolidation | 1.013.936 | - | 458.202 | 107.000 | 4.659.097 | 950.000 | - |
| C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business | - | - | - | - | - | - | - |
| D. Other GPMs | - | - | - | - | - | - | - |
| i. GPMs given in favor of parent company | - | - | - | - | - | - | - |
| ii. GPMs given in favor of group companies not in the scope of B and C above | - | - | - | - | - | - | - |
| iii. GPMs given in favor of third party companies not in the scope of C above | - | - | - | - | - | - | - |
| Total | 1.076.360 | 12.548 | 464.127 | 112.606 | 4.788.275 | 1.402.846 | 5.492 |
| Ratio of other GPMs over the Company's equity (%) | - | - | - | - | - | - | - |

GPM tables prepared as of December 31, 2010 and 2009 have been presented according to the CMB bulletin, numbered 2010/45, which was published on October 28, 2010.




## NOTE 23. COMMITMENTS AND CONTINGENCIES (continued)

### EBI and Its Subsidiaries

### Put Options

The put option granted to European Bank for Reconstruction and Development (EBRD) by EBI that may be exercisable between the $7^{th}$ and the $10^{th}$ anniversaries of the date of EBRD's first subscription in the share capital of Efes Moscow has been restructured and the exercisable period of the put option has been revised as between 2011 and 2015. By such put option, EBRD will be entitled to sell its Efes Moscow shares to EBI at an option price determined by an independent valuation. The liability for the put option has been measured by applying a weighting of different valuation techniques based on best estimates currently available, and the fair value of liability for put option amounting to TRL126.279 has been presented in "other current liabilities" in the consolidated balance sheet (December 31, 2009 – the fair value of liability for put option amounting to TRL90.425 has been presented in "other non-current liabilities" in the consolidated balance sheet). The valuation difference between current year fair value and prior year fair value amounting to TRL6.147 has been disclosed as "put option fair value change" in goodwill in accordance with IFRS 3 (Revised) (December 31, 2009 –(TRL10.532)).

### CCİ, Its Subsidiaries and Joint Ventures

### a) Put Options

A put option has been granted to Day Investments Ltd. by CCİ that may be exercisable in 2012. By such option, Day Investments Ltd. will have right to sell its shares in Turkmenistan CC to CCİ at the price of USD2.360 thousand. Group's portion of the liability for the put option amounting to TRL1.834 has been presented in "other non-current liabilities" (December 31, 2009 – TRL1.785).

### b) Letters of Guarantee

As of December 31, 2010, CCİ's letters of guarantee given to various enterprises are amounting to TRL63.901 (December 31, 2009 – TRL56.013).

### Operational Lease

As of December 31, 2010, Group's contingent liability for the following periods resulting from the non-cancellable operational lease agreements is amounting to TRL14.681 (December 31, 2009 – TRL14.642).

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 23. COMMITMENTS AND CONTINGENCIES (continued)

### Tax and Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve as a result of the transformation from command to market-oriented economy managed by the government. The various legislation and regulations are not always clearly written and the interpretation related with the implementation of these regulations 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 (as examples, customs and currency control) 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 so than typically found in countries with more developed tax systems.

## NOTE 24. EMPLOYEE BENEFITS

| | **2010** | 2009 |
|---|---|---|
| Employment termination benefits | **39.010** | 30.103 |
| Long-term incentive plans | **12.327** | 10.045 |
| | **51.337** | 40.148 |

In accordance with existing social legislation, the Group's companies incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay. The retirement pay liability as at December 31, 2010 is subject to a ceiling of full TRL2.517 (December 31, 2009 – full TRL2.365) (Retirement pay liability ceiling has been increased to full TRL2.623 as of January 1, 2011). In the consolidated financial statements as of December 31, 2010 and 2009, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal actuarial assumptions used at the balance sheet dates are as follows:

| | **2010** | 2009 |
|---|---|---|
| Discount rate | **10,0%** | 11,0% |
| Expected salary / limit increase rate | **5,1%** | 4,8% |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 24. EMPLOYEE BENEFITS (continued)

Movement of provision for employment termination benefits represented in the consolidated financial statements is as follows:

| | **2010** | 2009 |
|---|---|---|
| Balance at January 1 | **30.103** | 25.604 |
| Payments | **(3.580)** | (4.583) |
| Interest cost | **3.006** | 2.816 |
| Current year provision | **9.481** | 6.207 |
| Addition through joint venture acquired | **-** | 55 |
| Currency translation differences | **-** | 4 |
| | **39.010** | 30.103 |

## NOTE 25. PENSION PLANS

None (December 31, 2009 – None).

## NOTE 26. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

### a) Other Current Assets

| | **2010** | 2009 |
|---|---|---|
| Value Added Tax (VAT) deductible and VAT to be transferred | **58.100** | 55.806 |
| Prepayments | **35.661** | 29.582 |
| Advances given to suppliers | **34.267** | 25.912 |
| Prepaid taxes | **23.251** | 27.517 |
| Other | **753** | 2.818 |
| | **152.032** | 141.635 |

### b) Other Non-Current Assets

| | **2010** | 2009 |
|---|---|---|
| Prepayments | **48.341** | 27.260 |
| Advances given | **14.274** | 12.873 |
| Deferred VAT and other taxes | **6.690** | 5.275 |
| Other | **173** | 504 |
| | **69.478** | 45.912 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))





## NOTE 26. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES (continued)

### c) Other Current Liabilities

| | 2010 | 2009 |
|---|---|---|
| Liability for put option (Note 23) | **126.279** | - |
| Expense accruals | **24.418** | 29.005 |
| Advances taken | **12.185** | 15.587 |
| Due to personnel | **5.169** | 3.514 |
| Other | **1.239** | 2.187 |
| | **169.290** | 50.293 |

### d) Other Non-Current Liabilities

| | 2010 | 2009 |
|---|---|---|
| Deferred VAT and other taxes | **6.654** | 5.228 |
| Liability for put option (Note 23) | **1.834** | 92.210 |
| Other | **1.214** | 1.175 |
| | **9.702** | 98.613 |

## NOTE 27. EQUITY

### a) Issued Capital and Adjustments to Share Capital and Equity Investments

| | 2010 | 2009 |
|---|---|---|
| Common shares 1 full TRL per value | | |
| Authorized capital | **900.000** | 900.000 |
| Issued capital | **450.000** | 450.000 |

As of December 31, 2010 and 2009, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Yazıcılar Holding A.Ş. | **139.251** | **30,94** | 139.251 | 30,94 |
| Özilhan Sınai Yatırım A.Ş. | **78.937** | **17,54** | 78.937 | 17,54 |
| Anadolu Endüstri Holding A.Ş. (AEH) | **35.292** | **7,84** | 35.292 | 7,84 |
| Publicly traded and other | **196.520** | **43,68** | 196.520 | 43,68 |
| Issued capital | **450.000** | **100,00** | 450.000 | 100,00 |
| Inflation correction adjustment | **63.583** | | 63.583 | |
| | **513.583** | | 513.583 | |




## NOTE 27. EQUITY (continued)

### a) Issued Capital and Adjustments to Share Capital and Equity Investments (continued)

As of December 31, 2010 and 2009, there is not a privileged share representing the capital. According to the articles of association, foundation shares that do not represent the share capital receives 2% of the profit that remains after 10% of the paid in capital is deducted from the distributable profit. 5% of the remaining profit after deducting the portion of the foundation shares is distributed to the members of the Board of Directors equally.

### b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory net income (inflation-restated income in accordance with CMB) at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital (inflation-restated issued capital in accordance with the communiqués and announcements of CMB). The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital (inflation-restated capital in accordance with CMB). The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves cannot be used.

Quoted companies are subject to dividend requirements regulated by the CMB as follows: Based on the CMB Decree 1/6, dated January 9, companies that take their consolidated financial statements as basis for their distributable profit, shall consider the profits of their subsidiaries, joint ventures and associates to the extent that such profits do not exceed the amount recorded in the statutory financial statements of these companies and without considering whether a profit distribution resolution is taken at their annual general meetings. Such profits as reported in the financial statement as per Communiqué.

In accordance with the CMB decision dated January 27, 2010, it's decided to remove the obligation related with the minimum dividend distribution rate for publicly traded companies.

Inflation adjustment to shareholders' equity and carrying amount of extraordinary reserves can only be netted-off against prior years' losses and used as an internal source for capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. However, when inflation adjustment to shareholders' equity is used for cash dividend distribution, it is subject to income tax.

Net income for the year and other statutory resources treated for dividend distribution are TRL1.161.584 as of December 31, 2010. (December 31, 2009 – TRL1.055.588)

Anadolu Efes distributed dividend in 2010, related with the year ended as of December 31, 2009, for a gross amount of full TRL0,32 per share, amounting to a total of TRL168.979 including the payments to founders and members of board of directors (2009 – gross amount full TRL0,258 per share, total amount TRL133.454 including the payments to founders and member of board of directors).

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 27. EQUITY (continued)

### b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits (continued)

For December 31, 2010 and 2009, nominal amounts, equity restatement differences and restated value of equity are as follows:

| **December 31, 2010** | **Nominal Amount** | **Equity Restatement Differences** | **Restated Amount** |
|---|---|---|---|
| | | | |
| Issued capital | **450.000** | **63.583** | **513.583** |
| Legal reserves | **138.442** | **74.697** | **213.139** |
| Extraordinary reserves | **444.119** | **26.091** | **470.210** |
| | | | |
| | **1.032.561** | **164.371** | **1.196.932** |
| | | | |
| Fair value reserve | | | **19.569** |
| Currency translation differences | | | **(4.085)** |
| Other reserves | | | **(5.736)** |
| Accumulated profits (Including net income) | | | **1.560.407** |
| | | | |
| **Equity attributable to equity holders of the parent** | | | **2.767.087** |

| December 31, 2009 | Nominal Amount | Equity Restatement Differences | Restated Amount |
|---|---|---|---|
| | | | |
| Issued capital | 450.000 | 63.583 | 513.583 |
| Legal reserves | 108.217 | 74.697 | 182.914 |
| Extraordinary reserves | 348.976 | 26.091 | 375.067 |
| | | | |
| | 907.193 | 164.371 | 1.071.564 |
| | | | |
| Fair value reserve | | | 17.339 |
| Currency translation differences | | | (18.016) |
| Other reserves | | | 4.916 |
| Accumulated profits (Including net income) | | | 1.351.114 |
| | | | |
| Equity attributable to equity holders of the parent | | | 2.426.917 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 28. SALES AND COST OF SALES

| **Revenues** | **2010** | 2009 |
|---|---|---|
| | | |
| Domestic revenues | **2.361.655** | 2.193.184 |
| Foreign revenues | **1.807.138** | 1.617.883 |
| | | |
| **Total Sales, net** | **4.168.793** | 3.811.067 |
| | | |
| **Cost of Sales (-)** | | |
| | | |
| Net change in inventory | **1.581.174** | 1.488.821 |
| Depreciation and amortisation expense on PP&E and intangible assets | **157.794** | 134.821 |
| Personnel expenses | **108.967** | 101.978 |
| Utility expenses | **89.797** | 88.407 |
| Provision for retirement pay liability | **3.954** | 1.859 |
| Other expenses | **109.662** | 92.048 |
| | | |
| **Total cost of sales** | **2.051.348** | 1.907.934 |
| | | |
| **Gross Operating Profit** | **2.117.445** | 1.903.133 |

As of January 1- December 31, 2010 and 2009, the amount of excise tax accrued over beer sales by the Group in Turkey are TRL1.470.821 and TRL1.042.193, respectively.

## NOTE 29. OPERATING EXPENSES

### a) Selling, Distribution and Marketing Expenses

| | **2010** | 2009 |
|---|---|---|
| | | |
| Advertising, selling and marketing expenses | **449.321** | 405.857 |
| Personnel expenses | **194.726** | 168.543 |
| Transportation and distribution expenses | **181.399** | 148.208 |
| Depreciation and amortization expense on PP&E and intangible assets | **126.365** | 114.286 |
| Utilities and communication expenses | **19.498** | 17.359 |
| Rent expenses | **10.490** | 9.183 |
| Repair and maintenance expenses | **8.292** | 7.372 |
| Provision for retirement pay liability | **2.651** | 2.761 |
| Obsolete inventory provision, net | **941** | 3.409 |
| Other expenses | **66.805** | 51.072 |
| | | |
| | **1.060.488** | 928.050 |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 29. OPERATING EXPENSES (continued)

### b) General and Administration Expenses

| | **2010** | 2009 |
|---|---|---|
| Personnel expenses | **168.112** | 143.968 |
| Services rendered from outside | **70.158** | 68.471 |
| Taxation (other than on income) expenses | **19.209** | 18.031 |
| Depreciation and amortization expense on PP&E and intangible assets | **16.793** | 15.973 |
| Utilities and communication expenses | **10.720** | 9.445 |
| Insurance expenses | **6.414** | 7.298 |
| Provision for retirement pay liability | **5.882** | 4.403 |
| Meeting and travel expenses | **4.384** | 3.919 |
| Repair and maintenance expenses | **3.694** | 3.319 |
| Other expenses | **48.585** | 47.267 |
| | **353.951** | 322.094 |

## NOTE 30. EXPENSES BY NATURE

### a) Depreciation and Amortization Expenses

| | **2010** | 2009 |
|---|---|---|
| Cost of sales | **(157.794)** | (134.821) |
| Marketing, selling and distribution expenses | **(126.365)** | (114.286) |
| General and administration expenses | **(16.793)** | (15.973) |
| Other operating expenses | **(79)** | (477) |
| | **(301.031)** | (265.557) |

### b) Personnel Expenses

| | **2010** | 2009 |
|---|---|---|
| Cost of sales | **(108.967)** | (101.978) |
| Marketing, selling and distribution expenses | **(194.726)** | (168.543) |
| General and administration expenses | **(168.112)** | (143.968) |
| | **(471.805)** | (414.489) |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 31. OTHER OPERATING INCOME / EXPENSE

### a) Other Operating Income

| | 2010 | 2009 |
|---|---|---|
| Income from scrap and other materials | **5.398** | 4.980 |
| Rent income | **2.444** | 2.633 |
| Gain on sale of fixed assets | **1.999** | 3.733 |
| Insurance compensation income | **1.106** | 5.977 |
| Negative goodwill (Note 3) | **-** | 13.503 |
| Impairment reversal of fixed assets (Note 18) | **-** | 631 |
| Other income | **14.075** | 10.013 |
| | **25.022** | 41.470 |

### b) Other Operating Expense

| | 2010 | 2009 |
|---|---|---|
| Donations | **(23.201)** | (22.297) |
| Impairment loss on fixed assets (Note 18) | **(2.079)** | (70) |
| Loss from fixed assets sales | **(1.615)** | (8.360) |
| Other expenses | **(7.509)** | (15.751) |
| | **(34.404)** | (46.478) |

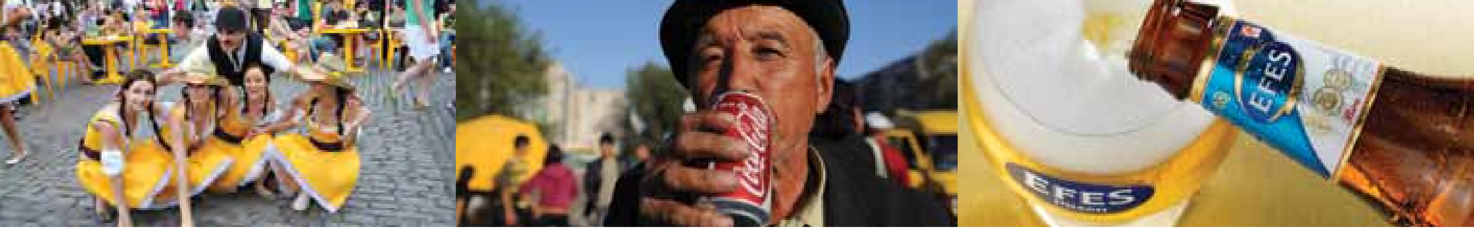
## NOTE 32. FINANCIAL INCOME

| | 2010 | 2009 |
|---|---|---|
| Foreign exchange gain | **171.740** | 315.852 |
| Interest income | **71.669** | 59.209 |
| Gain from derivative financial instruments | **893** | 20 |
| | **244.302** | 375.081 |

## NOTE 33. FINANCIAL EXPENSES

| | 2010 | 2009 |
|---|---|---|
| Foreign exchange loss | **(168.047)** | (375.748) |
| Interest expense | **(77.534)** | (84.007) |
| Syndication loan expense | **(10.073)** | (3.604) |
| Loss from derivative financial instruments | **(1.117)** | (607) |
| Other financial expenses | **(4.693)** | (4.417) |
| | **(261.464)** | (468.383) |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 34. NON-CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUING OPERATIONS

None (December 31, 2009 - None).

## NOTE 35. INCOME TAXES, DEFERRED TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 20% in Turkey (2009 - 20%). Corporate tax returns are required to be filed until the twenty fifth of the fourth month following the fiscal year end and paid in full until the end of the same month. The tax legislation provides for a provisional tax of 20% (2009 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years. In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

The main components of tax income and expenses as of December 31, 2010 and 2009 are as follows:

| | **2010** | 2009 |
|---|---|---|
| Current period tax expense | **(127.846)** | (127.260) |
| Deferred tax income / (expense), net | **(12.265)** | 5.778 |
| | **(140.111)** | (121.482) |

As of December 31, 2010 and 2009, the reconciliation of theoretical income tax calculated with the tax rates used in the countries that Anadolu Efes operates in and total income tax is as follows:

| | **2010** | 2009 |
|---|---|---|
| Consolidated profit before tax | **658.552** | 543.754 |
| Enacted tax rate | **20%** | 20% |
| Tax calculated at the parent company tax rate | **(131.710)** | (108.751) |
| Non-deductible expenses | **(5.978)** | (6.448) |
| Income excluded from tax bases | **1.521** | 2.426 |
| Impact of different tax rates | **1.575** | 2.722 |
| Other | **(5.519)** | (11.431) |
| | **(140.111)** | (121.482) |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 35. INCOME TAXES, DEFERRED TAX ASSETS AND LIABILITIES (continued)

As of December 31, 2010 and 2009 consolidated deferred tax assets calculated by using effective tax rates are summarized as below:

| | Asset | | Liability | | Net | |
|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| PPE and intangible assets | **-** | - | **(95.130)** | (77.733) | **(95.130)** | (77.733) |
| Inventories | **2.198** | 3.923 | **-** | - | **2.198** | 3.923 |
| Carry forward losses | **52.684** | 57.149 | **-** | - | **52.684** | 57.149 |
| Retirement pay liability and other employee benefits | **13.736** | 11.018 | **-** | - | **13.736** | 11.018 |
| Other (*) | **23.677** | 18.734 | **-** | - | **23.677** | 18.734 |
| | **92.295** | 90.824 | **(95.130)** | (77.733) | **(2.835)** | 13.091 |

(*) Includes the income tax paid regarding the disputed tax receivable from tax authorities which was not recognized as income.

As of December 31, 2010 and 2009, the movement of deferred tax liability is as follows:

| | **2010** | 2009 |
|---|---|---|
| Balance at January 1, | **13.091** | 10.221 |
| Recorded to the consolidated income statement | **(12.265)** | 5.778 |
| Recognized in equity (Note 7) | **(117)** | (870) |
| Addition through company acquisition | **(3.722)** | (1.699) |
| Currency translation differences | **178** | (339) |
| **Balance at December 31** | **(2.835)** | 13.091 |

As a result of the Group management's assessment that sufficient taxable income will be generated and such assets will be used in 9 years period, deferred tax asset amounting to TRL52.684 has been recognized.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 36. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Following table illustrates the net income and share figures used in earnings per share calculation:

| | **2010** | 2009 |
|---|---|---|
| | | |
| Net income | **503.640** | 422.588 |
| Weighted average number of shares | **450.000.000** | 450.000.000 |
| Earnings per share (full TRL) | **1,1192** | 0,9391 |

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial statement date and the date of approval of these consolidated financial statements.

## NOTE 37. RELATED PARTY BALANCES AND TRANSACTIONS

### a) Balances with Related Parties

### i) Bank and Available-For-Sale Securities Balances With Related Parties

| | **2010** | 2009 |
|---|---|---|
| | | |
| Alternatifbank (2) (4) | **202.200** | 218.315 |
| Alternatif Yatırım A.Ş. (4) | **1.260** | 1.945 |
| | | |
| | **203.460** | 220.260 |

### ii) Due from Related Parties

| | **2010** | 2009 |
|---|---|---|
| | | |
| Anadolu Restoran İşletmeleri Ltd. Şti. (4) | **-** | 127 |
| Other | **337** | 683 |
| | | |
| | **337** | 810 |

**(1)** Related party of Yazıcılar Holding A.Ş., a shareholder
**(2)** Non-current financial investment of the Group
**(3)** The shareholder of the Group
**(4)** Related party of AEH, a shareholder
**(5)** Included in the consolidation by using the full consolidation method starting from August 2010.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 37. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

### a) Balances with Related Parties (continued)

### iii) Due to Related Parties

| | **2010** | 2009 |
|---|---|---|
| Oyex Handels GmbH (4) | **4.990** | 4.553 |
| AEH (1) (3) | **2.822** | 313 |
| Anadolu Bilişim Hizmetleri A.Ş. (2) (4) | **612** | 1.088 |
| Mutena Maltery (5) | **-** | 8.248 |
| Other | **222** | 794 |
| | **8.646** | 14.996 |

### b) Transactions with Related Parties

### i) Purchases of Goods and Other Charges

| | **2010** | 2009 |
|---|---|---|
| Efes Pilsen Spor Kulübü | **42.000** | 33.000 |
| Oyex Handels GmbH (4) | **26.729** | 26.932 |
| Anadolu Vakfı | **23.128** | 22.261 |
| AEH (1) (3) | **15.828** | 12.824 |
| Anadolu Bilişim Hizmetleri A.Ş. (2) (4) | **12.642** | 12.673 |
| Çelik Motor Ticaret A.Ş. (4) | **11.123** | 10.060 |
| Mutena Maltery (5) | **5.321** | 7.727 |
| Efes Turizm İşletmeleri A.Ş. (4) | **5.203** | 3.452 |
| AEH Münih (4) | **3.557** | 4.476 |
| Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. (1) | **1.142** | 1.145 |
| Other | **2.906** | 2.894 |
| | **149.579** | 137.444 |

**(1)** Related party of Yazıcılar Holding A.Ş., a shareholder
**(2)** Non-current financial investment of the Group
**(3)** The shareholder of the Group
**(4)** Related party of AEH, a shareholder
**(5)** Included in the consolidation by using the full consolidation method starting from August 2010.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 37. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

### b) Transactions with Related Parties (continued)

### ii) Financial Income / (Expense), Net

| | **2010** | 2009 |
|---|---|---|
| Alternatifbank (2) (4) | **7.384** | 12.839 |
| AEH (1) (3) | **22** | 1.183 |
| Other | **(125)** | - |
| | **7.281** | 14.022 |

### iii) Other Income / (Expense), Net

| | **2010** | 2009 |
|---|---|---|
| Anadolu Bilişim Hizmetleri A.Ş. (2) (4) | **237** | 263 |
| Anadolu Restaurant İşl. Ltd. Şti. (4) | **210** | 65 |
| Alternatifbank (2) (4) | **193** | 80 |
| Other | **393** | 580 |
| | **1.033** | 988 |

**(1)** Related party of Yazıcılar Holding A.Ş., a shareholder
**(2)** Non-current financial investment of the Group
**(3)** The shareholder of the Group
**(4)** Related party of AEH, a shareholder
**(5)** Included in the consolidation by using the full consolidation method starting from August 2010.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))





## NOTE 37. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

### b) Transactions with Related Parties (continued)

### iv) Director's remuneration

Dividends paid to Board of Directors of Anadolu Efes are amounting to TRL17.739 and TRL12.324 as of December 31, 2010 and 2009, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors in the current year are as follows

| | **2010** | 2009 |
|---|---|---|
| Short-term employee benefits | **12.269** | 10.688 |
| Post-employment benefits | **449** | 316 |
| Other long term benefits | **733** | 1.130 |
| Termination benefits | **-** | - |
| Share-based payments | **-** | - |
| | **13.451** | 12.134 |

## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank borrowings, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. Besides, The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments can be identified as foreign currency risk, credit risk, interest rate risk, price risk and liquidity risk. The board/management reviews and agrees policies for managing each of these risks. The Group also monitors the market price risk arising from all financial instruments. Related policies can be summarized as follows:

### a) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreements. Total outstanding amount of IRS agreements was USD25,1 million as of December 31, 2010 (December 31, 2009 – USD25,1 million).

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### a) Interest Rate Risk (continued)

The Group's financial instruments sensitive to interest rate risk is as follows:

| | **2010** | 2009 |
|---|---|---|
| **Financial instruments with fixed interest rate** | | |
| Financial assets | | |
| Financial assets at fair value through profit or loss | **953.205** | 1.038.185 |
| Financial liabilities | **310.317** | 232.892 |
| | | |
| **Financial instruments with floating interest rate** | | |
| Financial liabilities | **1.452.699** | 1.624.463 |

At December 31, 2010, if interest rate on the Group's foreign currency denominated borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit before tax and minority interest for the period ended March 31, 2011, which is the following reporting period, would be:

| | **2010** | 2009 |
|---|---|---|
| | | |
| Change in USD denominated borrowing interest rate | **2.815** | 2.685 |
| Change in EURO denominated borrowing interest rate | **318** | 754 |
| Change in Other denominated borrowing interest rate | **104** | 285 |
| | | |
| Total | **3.237** | 3.724 |

### b) Foreign Currency Risk

Foreign currency risk arises from the EURO and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's functional currency. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of December 31, 2010 and 2009 are presented below:

| Foreign Currency Position Table | | | | | | |
|---|---|---|---|---|---|---|
| 2010 | | | | | | |
| | Total TRL Equivalent (Functional Currency) | Thousand USD | TRL Equivalent | Thousand Euro | TRL Equivalent | Other Foreign Currency TRL Equivalent |
| 1. Trade Receivables and Due from Related Parties | 12.219 | 4.453 | 6.885 | 489 | 1.002 | 4.332 |
| 2a. Monetary Financial Assets (Cash and cash equivalents included) | 66.718 | 26.871 | 41.542 | 2.959 | 6.063 | 19.113 |
| 2b. Non- monetary Financial Assets | - | - | - | - | - | - |
| 3. Other Current Assets and Receivables | 6.915 | 50 | 77 | 1.488 | 3.049 | 3.789 |
| **4. Current Assets** | **85.852** | **31.374** | **48.504** | **4.936** | **10.114** | **27.234** |
| 5. Trade Receivables and Due from Related Parties | - | - | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - | - | - |
| 6b. Non-monetary Financial Assets | - | - | - | - | - | - |
| 7. Other | - | - | - | - | - | - |
| **8. Non-Current Assets** | **-** | **-** | **-** | **-** | **-** | **-** |
| **9. Total Assets** | **85.852** | **31.374** | **48.504** | **4.936** | **10.114** | **27.234** |
| 10.Trade Payables and Due to Related Parties | (75.043) | (3.750) | (5.798) | (32.280) | (66.145) | (3.100) |
| 11.Short- term Borrowings and Current Portion of Long- term Borrowings | (505.118) | (297.179) | (459.439) | (22.292) | (45.679) | - |
| 12a. Monetary Other Liabilities | (4.982) | (706) | (1.092) | (276) | (565) | (3.325) |
| 12b. Non-monetary Other Liabilities | - | - | - | - | - | - |
| **13. Current Liabilities** | **(585.143)** | **(301.635)** | **(466.329)** | **(54.848)** | **(112.389)** | **(6.425)** |
| 14. Trade Payables and Due to Related Parties | - | - | - | - | - | - |
| 15. Long-Term Borrowings | (436.370) | (227.759) | (352.116) | (41.118) | (84.254) | - |
| 16 a. Monetary Other Liabilities | (1.833) | (1.186) | (1.833) | - | - | - |
| 16 b. Non-monetary Other Liabilities | - | - | - | - | - | - |
| **17. Non-Current Liabilities** | **(438.203)** | **(228.945)** | **(353.949)** | **(41.118)** | **(84.254)** | **-** |
| **18. Total Liabilities** | **(1.023.346)** | **(530.580)** | **(820.278)** | **(95.966)** | **(196.643)** | **(6.425)** |
| **19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position** | **-** | **-** | **-** | **-** | **-** | **-** |
| **19a. Total Hedged Assets** | **-** | **-** | **-** | **-** | **-** | **-** |
| **19b. Total Hedged Liabilities** | **-** | **-** | **-** | **-** | **-** | **-** |
| **20. Net Foreign Currency Asset / (Liability) Position** | **(937.494)** | **(499.206)** | **(771.774)** | **(91.030)** | **(186.529)** | **20.809** |
| **21. Monetary Items Net Foreign Currency Asset / (Liability) Position** | **(944.409)** | **(499.256)** | **(771.851)** | **(92.518)** | **(189.578)** | **17.020** |
| **22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position** | **-** | **-** | **-** | **-** | **-** | **-** |
| **23.Total value of Hedged Foreign Currency Assets** | **-** | **-** | **-** | **-** | **-** | **-** |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### b) Foreign Currency Risk (continued)

Foreign Currency Position Table

2009

| | Total TRL Equivalent (Functional Currency) | Thousand USD | TRL Equivalent | Thousand Euro | TRL Equivalent | Other Foreign Currency TRL Equivalent |
|---|---|---|---|---|---|---|
| 1. Trade Receivables and Due from Related Parties | 12.203 | 3.644 | 5.487 | 825 | 1.783 | 4.933 |
| 2a. Monetary Financial Assets (Cash and cash equivalents included) | 172.818 | 48.041 | 72.335 | 38.421 | 83.001 | 17.482 |
| 2b. Non- monetary Financial Assets | - | - | - | - | - | - |
| 3. Other Current Assets and Receivables | 3.741 | 74 | 112 | 173 | 374 | 3.255 |
| **4. Current Assets** | **188.762** | **51.759** | **77.934** | **39.419** | **85.158** | **25.670** |
| 5. Trade Receivables and Due from Related Parties | - | - | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - | - | - |
| 6b. Non-monetary Financial Assets | - | - | - | - | - | - |
| 7. Other | - | - | - | - | - | - |
| **8. Non-Current Assets** | **-** | **-** | **-** | **-** | **-** | **-** |
| **9. Total Assets** | **188.762** | **51.759** | **77.934** | **39.419** | **85.158** | **25.670** |
| 10.Trade Payables and Due to Related Parties | (76.315) | (5.642) | (8.495) | (30.586) | (66.075) | (1.745) |
| 11 Short- term Borrowings and Current Portion of Long- term Borrowings | (512.407) | (317.936) | (478.716) | (15.596) | (33.691) | - |
| 12a. Monetary Other Liabilities | (4.393) | (604) | (910) | (362) | (783) | (2.700) |
| 12b. Non-monetary Other Liabilities | - | - | - | - | - | - |
| **13. Current Liabilities** | **(593.115)** | **(324.182)** | **(488.121)** | **(46.544)** | **(100.549)** | **(4.445)** |
| 14. Trade Payables and Due to Related Parties | (933) | - | - | (432) | (933) | - |
| 15. Long-Term Borrowings | (595.039) | (209.343) | (315.208) | (129.533) | (279.831) | - |
| 16 a. Monetary Other Liabilities | - | - | - | - | - | - |
| 16 b. Non-monetary Other Liabilities | - | - | - | - | - | - |
| **17. Non-Current Liabilities** | **(595.972)** | **(209.343)** | **(315.208)** | **(129.965)** | **(280.764)** | **-** |
| **18. Total Liabilities** | **(1.189.087)** | **(533.525)** | **(803.329)** | **(176.509)** | **(381.313)** | **(4.445)** |
| **19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position** | **-** | **-** | **-** | **-** | **-** | **-** |
| **19a. Total Hedged Assets** | **-** | **-** | **-** | **-** | **-** | **-** |
| **19b. Total Hedged Liabilities** | **-** | **-** | **-** | **-** | **-** | **-** |
| **20. Net Foreign Currency Asset / (Liability) Position** | **(1.000.325)** | **(481.766)** | **(725.395)** | **(137.090)** | **(296.155)** | **21.225** |
| **21. Monetary Items Net Foreign Currency Asset / (Liability) Position** | **(1.004.066)** | **(481.840)** | **(725.507)** | **(137.263)** | **(296.529)** | **17.970** |
| **22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position** | **-** | **-** | **-** | **-** | **-** | **-** |
| **23.Total value of Hedged Foreign Currency Assets** | **-** | **-** | **-** | **-** | **-** | **-** |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of December 31, 2010 and 2009 is as follows:

| | 2010 | 2009 |
|---|---|---|
| Total Export | **115.196** | 98.606 |
| Total Import | **519.773** | 509.818 |

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2010 and 2009:

| Foreign Currency Position Sensitivity Analysis | | | | |
|---|---|---|---|---|
| | 2010 | | | |
| | Income / (Loss) | | Equity | |
| | Increase of the foreign currency | Decrease of the foreign currency | Increase of the foreign currency | Decrease of the foreign currency |
| **Increase / decrease in the USD against TRL by 10%:** | | | | |
| USD denominated net asset / (liability) | (77.177) | 77.177 | 112.810 | (112.810) |
| USD denominated hedging instruments(-) | - | - | - | - |
| **Net effect in USD** | **(77.177)** | **77.177** | **112.810** | **(112.810)** |
| **Increase / decrease in the EURO against TRL by 10%:** | | | | |
| EURO denominated net asset / (liability) | (18.653) | 18.653 | 2.190 | (2.190) |
| EURO denominated hedging instruments(-) | - | - | - | - |
| **Net effect in EURO** | **(18.653)** | **18.653** | **2.190** | **(2.190)** |
| **Increase / decrease in the other foreign currencies against TRL by 10%:** | | | | |
| Other foreign currency denominated net asset / (liability) | 2.081 | (2.081) | - | - |
| Other foreign currency hedging instruments(-) | - | - | - | - |
| **Net effect in other foreign currency** | **2.081** | **(2.081)** | **-** | **-** |
| **TOTAL** | **(93.749)** | **93.749** | **115.000** | **(115.000)** |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))





## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### b) Foreign Currency Risk (continued)

| Foreign Currency Position Sensitivity Analysis | | | | |
|---|---|---|---|---|
| | 2009 | | | |
| | Income / (Loss) | | Equity | |
| | Increase of the foreign currency | Decrease of the foreign currency | Increase of the foreign currency | Decrease of the foreign currency |
| Increase / decrease in the USD against TRL by 10%: | | | | |
| USD denominated net asset / (liability) | (72.540) | 72.540 | 105.876 | (105.876) |
| USD denominated hedging instruments(-) | - | - | - | - |
| Net effect in USD | (72.540) | 72.540 | 105.876 | (105.876) |
| Increase / decrease in the EURO against TRL by 10%: | | | | |
| EURO denominated net asset / (liability) | (29.616) | 29.616 | 2.130 | (2.130) |
| EURO denominated hedging instruments(-) | - | - | - | - |
| Net effect in EURO | (29.616) | 29.616 | 2.130 | (2.130) |
| Increase / decrease in the other foreign currencies against TRL by 10%: | | | | |
| Other foreign currency denominated net asset / (liability) | 2.123 | (2.123) | - | - |
| Other foreign currency hedging instruments(-) | - | - | - | - |
| Net effect in other foreign currency | 2.123 | (2.123) | - | - |
| | | | | |
| TOTAL | (100.033) | 100.033 | 108.006 | (108.006) |

### c) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### c) Liquidity Risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities on the consolidated balance sheet as of December 31, 2010 and 2009;

| **2010** | **Carrying value** | **Contractual undiscounted payment (=I+II+III+IV)** | **Less than 3month (I)** | **Between 3-12 month (II)** | **Between 1-5 year (III)** | **More than 5 year (IV)** |
|---|---|---|---|---|---|---|
| Financial Liabilities | 1.764.496 | 1.822.992 | 454.346 | 556.589 | 812.057 | - |
| Trade Payable and due to related parties | 261.978 | 261.978 | 221.390 | 38.678 | 1.910 | - |
| Liability for put option | 128.113 | 128.113 | - | 126.279 | 1.834 | - |
| | **2.154.587** | **2.213.083** | **675.736** | **721.546** | **815.801** | **-** |

| 2009 | Carrying value | Contractual undiscounted payment (=I+II+III+IV) | Less than 3month (I) | Between 3-12 month (II) | Between 1-5 year (III) | More than 5 year (IV) |
|---|---|---|---|---|---|---|
| Financial Liabilities | 1.857.385 | 1.939.770 | 689.223 | 270.582 | 979.965 | - |
| Trade Payable and due to related parties | 249.875 | 249.902 | 203.607 | 41.152 | 5.143 | - |
| Liability for put option | 92.210 | 92.210 | - | - | 92.210 | - |
| | 2.199.470 | 2.281.882 | 892.830 | 311.734 | 1.077.318 | - |

### d) Price Risk

This is a combination of currency, interest and market risks which the Group manages through natural hedges that arise from offsetting the same currency receivables and payables, interest bearing assets and liabilities. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

### e) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by limiting transactions with specific counterparties and continually assessing the creditworthiness of the counterparties.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))






## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### e) Credit Risk (continued)

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group also obtains guarantees from the customers when appropriate.

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2010 and 2009 are disclosed as below:

| Current Year | Receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | | | |
| | Due from related parties | Due from third parties | Due from related parties | Due from third parties | Deposits | Derivative Instruments | Other |
| **Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)** | **337** | **518.251** | **-** | **9.244** | **992.299** | **-** | **73.361** |
| - Maximum credit risk secured by guarantees | - | 318.290 | - | - | - | - | - |
| A. Net carrying amount of financial assets that are neither past due nor impaired | 337 | 477.987 | - | 9.244 | 992.299 | - | - |
| B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired | - | - | - | - | - | - | - |
| C. Net carrying amount of financial assets past due but not impaired | - | 38.733 | - | - | - | - | - |
| - Under guarantee | - | 6.208 | - | - | - | - | - |
| D. Net carrying amount of financial assets impaired | - | 1.531 | - | - | - | - | - |
| - past due (gross carrying value) | - | 16.597 | - | - | - | - | - |
| - impaired (-) | - | (15.066) | - | - | - | - | - |
| - Net carrying amount of financial assets under guarantee | - | 1.531 | - | - | - | - | - |
| - not past due (gross carrying value) | - | - | - | - | - | - | - |
| - impaired (-) | - | - | - | - | - | - | - |
| - Net carrying amount of financial assets under guarantee | - | - | - | - | - | - | - |
| E. Off- balance sheet items which include credit risk | - | - | - | - | - | - | 73.361 |

| Current Year | Trade Receivables | Other Receivables | Deposits | Derivative Instruments | Other |
|---|---|---|---|---|---|
| **Past due between 1-30 days** | **23.853** | **-** | **-** | **-** | **-** |
| **Past due between 1-3 months** | **9.126** | **-** | **-** | **-** | **-** |
| **Past due between 3-12 months** | **3.308** | **-** | **-** | **-** | **-** |
| **Past due for more than 1 year** | **2.446** | **-** | **-** | **-** | **-** |

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### e) Credit Risk (continued)

| Prior Year | Receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | | | |
| | Due from related parties | Due from third parties | Due from related parties | Due from third parties | Deposits | Derivative Instruments | Other |
| Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E) | 810 | 421.539 | - | 6.771 | 1.071.525 | - | 65.750 |
| - Maximum credit risk secured by guarantees | - | 245.455 | - | 74 | - | - | - |
| A. Net carrying amount of financial assets that are neither past due nor impaired | 810 | 371.686 | - | 6.771 | 1.071.525 | - | - |
| B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired | - | - | - | - | - | - | - |
| C. Net carrying amount of financial assets past due but not impaired | - | 48.007 | - | - | - | - | - |
| - Under guarantee | | 6.908 | - | - | - | - | - |
| D. Net carrying amount of financial assets impaired | - | 1.846 | - | - | - | - | - |
| - past due (gross carrying value) | - | 15.713 | - | - | - | - | - |
| - impaired (-) | - | (13.867) | - | - | - | - | - |
| - Net carrying amount of financial assets under guarantee | - | 1.846 | - | - | - | - | - |
| - not past due (gross carrying value) | - | - | - | - | - | - | - |
| - impaired (-) | - | - | - | - | - | - | - |
| - Net carrying amount of financial assets under guarantee | - | - | - | - | - | - | - |
| E. Off- balance sheet items which include credit risk | - | - | - | - | - | - | 65.750 |

| Prior Year | Trade Receivables | Other Receivables | Deposits | Derivative Instruments | Other |
|---|---|---|---|---|---|
| Past due between 1-30 days | 21.425 | - | - | - | - |
| Past due between 1-3 months | 13.411 | - | - | - | - |
| Past due between 3-12 months | 6.901 | - | - | - | - |
| Past due for more than 1 year | 6.270 | - | - | - | - |






## NOTE 38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### f) Capital Risk Management

The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

## NOTE 39. FINANCIAL INSTRUMENTS

### Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The optimum fair value of a financial instrument is the quoted market value, if any.

The financial assets and liabilities which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates. The following methods and assumptions were used to estimate the fair value of each class of financial instrument of the Group for which it is practicable to estimate a fair value:

### i) Financial Assets

The fair values of certain financial assets carried at cost in the consolidated financial statements, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

### ii) Financial Liabilities

Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

(Currency - Unless otherwise indicated thousands of Turkish Lira (TRL))




## NOTE 39. FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows

Level 1: Market price valuation techniques for the determined financial instruments traded in markets

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

| **Current Year** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| | | | |
| **Financial assets at fair value** | | | |
| Share certificates | **36.702** | **-** | **-** |
| Investment funds | **1.260** | **-** | **-** |
| **Financial liabilities at fair value** | | | |
| Interest rate swap | **-** | **596** | **-** |
| Options | **-** | **-** | **128.113** |

| Prior Year | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| | | | |
| Financial assets at fair value | | | |
| Share certificates | 34.240 | - | 5.075 |
| Investment funds | 1.753 | - | - |
| Financial liabilities at fair value | | | |
| Interest rate swap | - | 1.488 | - |
| Options | - | - | 90.425 |

### Derivative Financial Instruments, Risk Management Objectives and Policies

Derivative financial instruments are initially measured at cost. After initial recognition, derivatives are measured at fair value. Structured forward buy-sell contracts and interest rate swap agreements are the main derivative financial instruments of the Group, which are effective to avoid the occurrence of foreign currency and interest rate risks from the operational and financial activities. Since the conditions for the hedge accounting in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” are not met, hedge accounting is not applicable for these derivative financial instruments.

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreements. Total outstanding amount of IRS agreements was USD25,1 million as of December 31, 2010 (December 31, 2009 – USD25,1 million). The fair value difference related to the agreement amounting to TRL224 (December 31, 2009 – TRL587) has been recorded in consolidated income statement as loss from derivative financial instruments.






## NOTE 40. SUBSEQUENT EVENTS

**a)** In accordance with the amendment in the Articles of Association, in Extraordinary General Meeting of EBI held on February 10, 2011, it has been decided to release each member of the Supervisory Board from his duties as member of the Supervisory Board of EBI and to discharge each member of the Supervisory Board from his respective liability for his supervision on the EBI's management.

**b)** CCİ has applied for the cancellation of the admission of its Global Depository Receipts to listing on the Official List and trading on the London Stock Exchange's main market for listed securities due to limited trading volumes in recent years. The last day of listing and trading will be April 1, 2011 and Global Depository Receipts will continue to be traded on Over the Counter basis starting from April 2, 2011.

**c)** In January 2010, CCİ's Board of Directors approved the refinancing of USD360 million existing Club Loan maturing in March 2013 and refinancing the maturing facilities of CCİ and its subsidiaries in 2011 as well as to finance new borrowing needs by 3 year USD600 million financing, which has a bullet payment at maturity. USD425 million of the loan will be utilised by CCİ and the remaining part will be utilised by CCİ's fully consolidated subsidiaries, The Coca-Cola Bottling Company of Jordan Ltd, J.V. Coca-Cola Almaty Bottlers LLP and CCI International Holland BV. CCİ will guarantee the subsidiary facilities.

**d)** CCİ's Board of Directors approved the purchase of 100% shares of SSG Investment Limited (SSG), who owns 40% shares of CC Beverage Limited (CCBL) that produces, sells and distributes Coca-Cola products in Northern Iraq and 50% share of JV Dubai who owns 60% shares of CCBL from The Coca Cola Export Corporation (TCCEC) by CCI Holland. In accordance with the regulations in relevant countries, upon payment of a total of USD36.90 million, the referred SSG and JV Dubai shares have been registered to CCI Holland as of March 9, 2011. Consequently, the Group's share in JV Dubai and CCBL has been increased to 50,26%.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