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

Efes Breweries International N.V. and its Subsidiaries

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

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Auditors' *Report*

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

AUDITORS' REPORT

Introduction

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

Scope

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

Opinion

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

Amsterdam, March 28, 2006

for Ernst & Young Accountants
C.N.J. Verhart

Consolidated *Balance Sheet*

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

ASSETS

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

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

LIABILITIES AND EQUITY

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

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

Consolidated *Income Statement*

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

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

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Consolidated *Statement of Changes in Equity*

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

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

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

Consolidated *Cash Flow Statement*

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

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

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

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

1. General

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

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

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

Nature of Activities of the Company/Group

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

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

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2005 and December 31, 2004 were as follows:

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

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

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

(iii) Refer to Note 3 for detailed information.

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

Environments and Economic Conditions of Subsidiaries

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

2. Summary of Significant Accounting Policies

General

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

Basis of Preparation

The Company maintains its books and records in accordance with the requirements of the Netherlands' civil code. The subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the regulations of the countries in which they operate. The consolidated financial statements have been prepared from financial statements of the Company and its subsidiaries and presented in accordance with IFRS in U.S. Dollars. In December 2000, ERIC and Efes Productie adopted a plan of liquidation and as a result changed their basis of accounting, from the going-concern basis to a liquidation basis.

Foreign Currency Translation

The Company is domiciled in the Netherlands. The Group transacts most of its business in U.S. Dollars, loans granted by the Company are denominated in U.S. Dollars, and contributions to the capital of the subsidiaries are denominated in U.S. Dollars and dividends from subsidiaries are received in U.S. Dollars.

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

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

The assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date. The income statements of foreign subsidiaries are translated at the exchange rates existing at the dates of the transactions or a weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of the equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the income statement as a component of the gain or loss on disposal.

Each entity within the Group translates its foreign currency transactions and balances into its functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognised in the income statement in the period in which they arise.

Goodwill arising on the acquisition of a foreign entity is treated as an asset of the acquiring company and is translated and recorded at the rate of exchange ruling at the balance sheet date.

Basis of Consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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

The purchase method of accounting is used for acquired businesses. Subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

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

Investments in Joint Venture

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

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

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

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

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

Cash and Cash Equivalents

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

Trade and Other Receivables

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

Inventories

Inventories, including work-in-process are valued at the lower of cost and net realizable value, after provision for obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by weighted average and first in first out methods. For processed inventories, cost includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory has been fully written off.

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

Investments in Securities

Investments classified as available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by alternative valuation methods are measured at cost. The carrying amounts of such investments are reviewed at each balance sheet date for impairment.

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

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Land is not depreciated.

Depreciation which is calculated on straight-line basis method over the estimated useful life of the assets is as follows:

Buildings	10-40 years
Infrastructure	5-40 years
Machinery and equipment	5-15 years
Vehicles	5-10 years
Furniture and Fixtures	3-15 years
Other tangible assets	2-14 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Cash generating units are the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognized.

The residual value of assets, useful life and depreciation methodologies are reviewed, and adjusted if appropriate, at each financial year end.

Intangible Assets

Goodwill

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

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

Goodwill is stated at cost less any impairment in value.

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

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

Other Intangible Assets

Other intangible assets acquired separately from a business are capitalized at cost which is the fair value at the date of acquisition. Other intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if the fair value can be measured reliably on initial recognition. Other intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred.

Following the initial recognition, other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Other intangible assets which are identified to have a finite useful life are amortised on a straight-line basis over the periodically reviewed best estimate of useful lives and assessed for impairment whenever there is an indication that the assets may be impaired. The carrying values of other intangible assets which are identified to have an indefinite useful life are not amortised but reviewed for impairment annually and when events or changes in circumstances indicate that the carrying value may not be recoverable.

The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised on a straight-line basis over 1 to 5 years.

Recognition and Derecognition of Financial Instruments

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when the contractual rights to receive cash flows from the asset expire or the Group transfers the contractual rights to receive cash flows together with the risks of the asset or assumes a contractual obligation to pay the cash flows from a financial asset to one or more recipients under an additional agreement.

The Group derecognizes a financial liability when and only when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another liability from the same lender on substantially different terms or if the terms of the existing financial liability are substantially modified, such exchange or modification is treated as derecognition of the existing liability and the recognition of the new liability.

Borrowings

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

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Borrowing Costs

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

Leases

The Group as Lessee

Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating Lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Provisions

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

Revenue

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

Income Tax

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

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to such grants, and that the grants will be received. They are recognised to income over the period to match them with the related costs that they are intended to compensate. Income relating to government grants is recognised as a deduction from the appropriate expense.

Subsequent Events

Post-year-end events that provide additional information about the Company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate (adjusting events), are reflected in the accompanying consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

Use of Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Segment Reporting

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

3. Changes in Group's Organization

For the year 2005

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

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

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

For the year 2004

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

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

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

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

4. Cash and Cash Equivalents

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

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

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

5. Trade and Other Receivables

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

6. Inventories

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

7. Prepayments and Other Current Assets

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

8. Property, Plant and Equipment

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

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

2) Equipment under finance lease

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

2) Impairment losses

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

9. Intangible Assets

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

10. Investments in Securities

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

Mutena Maltery (11.09%) is carried at cost, since it does not have a quoted market price in an active market and its fair value cannot be reliably measured by alternative valuation methods.

11. Trade and Other Payables

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

12. Borrowings

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

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

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

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

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

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

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

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

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

13. Other Non-Current Liabilities

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

14. Share Capital

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

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

Movement in share capital

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

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

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

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

The details of the capital increases are as follows:

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

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

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

15. Earnings per Share

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

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

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

16. Cost of Sales

Cost of sales comprised the following expenses:

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

17. Selling and Marketing Expenses

Selling and marketing expenses are analyzed as follows:

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

18. General and Administrative Expenses

General and administrative expenses include the following:

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

19. Other Operating Income / (Expense)

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

20. Personnel Expenses and Average Number of Employees

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

The average number of employees for the years was:

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

21. Depreciation and Amortisation Expenses

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

22. Financial Income / (Expense)

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

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

23. Income Taxes

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

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

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

24. Deferred Taxes

Components of deferred tax assets and liabilities are as follows:

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

Deferred tax arises on the above in the following circumstances:

- property, plant and equipment: accelerated tax depreciation lead to tax bases lower than carrying amounts;
- buildings and other investments (available-for-sale and trading investments) have different tax bases and carrying amounts because revaluation is only done for accounting purposes. In the case of buildings carried at revalued amounts and of available-for-sale investments, deferred tax is taken directly to equity (except when revaluation increase or decrease is recognised in income);
- inventories may have carrying amounts lower than tax bases due to the elimination of unrealized profits on intercompany sales;
- employee benefits expenses, and provisions are not tax deductible until payments are made;
- deferred charges are in some countries allowed to be fully deducted in the period in which they are incurred whereas they may be charged to income over a longer period;
- some provisions may not be tax deductible in some countries until a payment is made to settle the obligation;
- fair value adjustments upon acquisition of a subsidiary may impact all of the above captions.

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

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

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

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

25. Notes to Cash Flow Statements

Cash flows from acquisition and disposal of subsidiaries:

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

The cash outflow on acquisition is as follows:

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

26. Financial Instruments

Financial Risk Management

Credit risk

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

Interest rate risk

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

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

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

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

Foreign exchange risk

Foreign currencies play a significant role in the economies of the territories where the most of the subsidiaries of the Company are operating. The significant part of cash outflows related to financing activities as well as some part of accounts payable balances are hard currency denominated, while cash inflows are primarily denominated in national currencies. Consequently, any significant decline in the value of the measurement currencies of the subsidiaries against U.S. Dollars may have a negative effect on the subsidiaries' financial position and results of their operations.

The subsidiaries generally do not hedge their foreign currency risks. The governments of these countries have established strict currency controls, which place restrictions on the conversion of national currencies into hard currencies and establish requirements for conversion of hard currency sales to national currencies.

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

Liquidity risks

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

Fair Values

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

The fair values of short-term and long-term leasing obligations approximate their carrying values since they are denominated in foreign currencies and revalued at year-end exchange rates.

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

27. Leases

Lessee - Finance Lease

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

The following is an analysis of assets under finance leases:

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

Lessee - Operating Lease

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

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

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

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

28. Segment Reporting

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

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

29. Related Party Balances and Transactions

For the purposes of the consolidated financial statements, the shareholders of the Company and their associates and the companies, which are identified to be controlled by / associated with them, are referred to as related parties.

1) Balances with Related Parties

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

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

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

2) Transactions with Related Parties

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

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

(1) The ultimate shareholder of the Company

(2) Related party of Anadolu Efes

(3) Company's investment

3) Emoluments of the Board of Directors

a) The remuneration of executive board of USD 272 (2004 - USD 340) and supervisory board of USD 89 (2004 - USD 72) were included in personnel expenses.

b) No shares are held by the members of directors of the Company.

c) There are no share options granted to the directors of the Company.

d) No loans have been granted to the directors of the Company.

30. Commitments and Contingencies

Obligation to complete the production facilities

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

Put options

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

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

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

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

Tax and legal matters

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

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

31. Subsequent Events

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

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

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

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