Consolidated Financial Statements Together With Independent Auditors' Report December 31, 2004

Efes Breweries International N.V. and its Subsidiaries

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Independent Auditors' Report

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

INDEPENDENT AUDITORS' REPORT

Introduction

We have audited the consolidated financial statements of Efes Breweries International N.V., Amsterdam, the Netherlands, for the year ended December 31, 2004 which comprise the balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and the related notes 1 to 29. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the company as at December 31, 2004 and of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards.

Amsterdam, March 29, 2005

Ernst & Young

Ernst & Young Accountants

Consolidated Balance Sheet

As at December 31, 2004

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

ASSETS

	Notes	**2004**	2003
Current assets			
Cash and cash equivalents	4	**134,668**	32,677
Trade and other receivables	5	**28,366**	17,700
Due from related parties	28	**3,384**	4,616
Inventories	6	**47,999**	37,798
Prepayments and other current assets	7	**19,613**	15,351
Total current assets		**234,030**	108,142
Non-current assets			
Investments in securities	10	**1,756**	1,754
Property, plant and equipment	8	**315,910**	267,639
Intangible assets	9	**69,164**	65,266
Deferred tax assets	23	**5,765**	3,361
Prepayments and other non-current assets		**3,816**	2,442
Total non-current assets		**396,411**	340,462
Total assets		**630,441**	448,604

The accompanying policies and explanatory notes on pages 57 through 86 form an integral part of these financial statements.

LIABILITIES AND EQUITY

	Notes	2004	2003
Current liabilities			
Trade and other payables	11	**44,483**	30,890
Due to related parties	28	**13,478**	13,751
Income tax payable		**567**	491
Short-term borrowings	12	**30,154**	32,769
Current portion of long-term borrowings	12	**19,284**	12,960
Total current liabilities		**107,966**	90,861
Non-current liabilities			
Long-term borrowings-net of current portion	12	**53,471**	71,534
Deferred tax liability	23	**12,900**	12,087
Other non-current liabilities		**1,596**	1,277
Total non-current liabilities		**67,967**	84,898
Minority interest		**73,144**	53,781
Equity			
Issued capital	13	**156,921**	124,630
Share premium	13	**101,626**	21,567
Currency translation reserve		**30,886**	16,537
Legal reserves and accumulated profit/(deficit)		**91,931**	56,330
Total equity		**381,364**	219,064
Total liabilities and equity		**630,441**	448,604

The accompanying policies and explanatory notes on pages 57 through 86 form an integral part of these financial statements.

Consolidated Income Statement

For the year ended December 31, 2004

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

	Notes	**2004**	2003
Sales		**398,531**	264,119
Cost of sales	15	**(207,018)**	(136,322)
Gross profit		**191,513**	127,797
Selling and marketing expenses	16	**(88,292)**	(59,052)
General and administrative expenses	17	**(44,832)**	(32,880)
Profit from operations		**58,389**	35,865
Financial income/(expense)	20	**1,852**	(1,268)
Other (expense)/income	21	**(4,113)**	29,342
Profit before tax		**56,128**	63,939
Income tax	22	**(13,615)**	(8,150)
Profit after tax		**42,513**	55,789
Minority interest		**(6,912)**	(2,663)
Net profit		**35,601**	53,126
Earnings per share (in full U.S. Dollars)			
Basic	14	**0.28**	0.44
Diluted	14	**0.28**	0.44

The accompanying policies and explanatory notes on pages 57 through 86 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2004
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

	Share Capital	Share Premium	Currency Translation Reserve	Legal Reserves and Accumulated Profit (Deficit)	Total
Balance at January 1, 2003	121,641	18,671	8,581	3,204	152,097
Issue of share capital (Note 13)	2,989	2,896	-	-	5,885
Currency translation reserve	-	-	9,486	-	9,486
Recognition of currency translation due to dilution at Efes Moscow (Note 3, 21)	-	-	(1,530)	-	(1,530)
Net profit for the year	-	-	-	53,126	53,126
At December 31, 2003	124,630	21,567	16,537	56,330	219,064
Issue of share capital (Note 13)	**32,291**	**80,059**	**-**	**-**	**112,350**
Currency translation reserve	**-**	**-**	**14,349**	**-**	**14,349**
Net profit for the year	**-**	**-**	**-**	**35,601**	**35,601**
At December 31, 2004	**156,921**	**101,626**	**30,886**	**91,931**	**381,364**

The accompanying policies and explanatory notes on pages 57 through 86 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended December 31, 2004

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

	2004	2003
Cash flows from operating activities		
Profit before tax	**56,128**	63,939
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on dilution	**(470)**	-
Gain on sale of subsidiaries and investment in securities	**-**	(25,265)
Recognition of currency translation due to dilution at Efes Moscow	**-**	(1,530)
Depreciation and amortisation	**36,185**	24,051
Provision for bad debt	**287**	439
Provision for inventories	**1,585**	1,185
Income recognised from reversal of provision for bad debt	**(106)**	(82)
Income recognised from reversal of provision for inventories	**(35)**	(224)
Impairment in property, plant and equipment	**5,025**	-
Reserve for vacation pay liability	**839**	102
Provision for other assets	**722**	46
Foreign exchange loss raised on loans	**1,362**	1,379
Loss from disposal of property, plant and equipment	**376**	421
Interest income	**(698)**	(208)
Interest expense	**5,937**	5,161
Net income adjusted for non-cash items	**107,137**	69,414
(Increase)/decrease in inventories	**(8,983)**	(14,674)
(Increase)/decrease in trade receivables	**(9,691)**	(3,664)
(Increase)/decrease in due from related parties	**1,232**	378
Increase/(decrease) in trade and other payables	**9,530**	2,688
Increase/(decrease) in due to related parties	**(273)**	6,358
(Increase)/decrease in other current assets	**(5,344)**	(858)
(Increase)/decrease in other non-current assets	**(1,374)**	(805)
Increase/(decrease) in other non-current liabilities	**(211)**	(392)
Taxes paid	**(14,753)**	(9,036)
Interest received	**839**	317
Interest paid	**(6,708)**	(5,523)
Net cash provided by operating activities	**71,401**	44,203
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	**(52,235)**	(43,066)
Proceeds from sale of property, plant and equipment	**901**	1,099
Proceeds from the sale of investment in securities	**-**	1,938
Acquisition of subsidiary, net of cash acquired	**(15,688)**	(45,302)
Capital increases of subsidiaries from minority shareholders	**4,826**	2,258
Dividends paid to minority shareholders	**(904)**	-
Net cash used in investing activities	**(63,100)**	(83,073)
Cash flows from financing activities		
Net decrease in short-term debt	**(3,461)**	1,584
Proceeds from long-term debt	**379**	47,230
Repayment of long-term debt	**(12,500)**	(18,503)
Proceeds from issuance of share capital	**32,291**	2,989
Increase in share premium	**80,059**	2,896
Net cash provided by financing activities	**96,768**	36,196
Currency translation differences	**(3,078)**	(3,623)
Net increase in cash and cash equivalents	**101,991**	(6,297)
Cash and cash equivalents at beginning of year	**32,677**	38,974
Cash and cash equivalents at end of year	**134,668**	32,677

The accompanying policies and explanatory notes on pages 57 through 86 form an integral part of these financial statements.

Notes to Consolidated Financial Statements

For the year ended December 31, 2004
(Currency - Thousands of U.S. Dollars unless otherwise indicated)

1. General

Efes Breweries International N.V. (the Company) was incorporated in the Netherlands on October 2, 1996. The registered office address of the Company is located at Strawinskylaan 633, 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 were 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, 2004 and December 31, 2003 were as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting rights %	
			December 31, 2004	December 31, 2003
ZAO Moscow-Efes Brewery (Efes Moscow)	Russia	Production and marketing of beer	**71.00**	71.00
OAO Amstar (Amstar) (*) (***)	Russia	Production of beer	**71.00**	71.00
ZAO Efes Entertainment (Efes Entertainment) (*)	Russia	Entertainment	**60.35**	60.35
CJSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and marketing of beer	**100.00**	100.00
Interbrew Efes Brewery S.A (Interbrew Efes) (**)	Romania	Production of beer	**49.99**	49.99
Efes Ukraine Brewery (Efes Ukraine) (***)	Ukraine	Production and marketing of beer	**58.91**	51.00
Efes Vitanta Moldova Brewery S.A. (Efes Vitanta) (***)	Moldova	Production and marketing of beer, soft drinks, low alcoholic drinks and mineral water	**96.50**	96.50
Efes Weifert Brewery d.o.o (Efes Weifert) (***)	Serbia & Montenegro (Serbia)	Production and marketing of beer	**62.85**	62.85
Efes Zajecar Brewery d.o.o (Efes Zajecar) (***)	Serbia	Production and marketing of beer	**64.40**	-
Efes Commerce d.o.o Belgrade (Efes Commerce) (***)	Serbia	Production and marketing of beverages	**100.00**	100.00
Efes Romania Industrie Si Comert S.A. (ERIC)	Romania	Distribution of Beer	**99.996**	99.996
Efes Productie S.R.L. (Efes Productie)	Romania	Distribution of Beer	**69.70**	69.70
Euro-Asian Brauerein Holding GmbH (Euro Asian)	Germany	Investment Company	**100.00**	100.00

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

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

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

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.

Basis of Preparation

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

Measurement Currency, Reporting Currency and Translation Methodology

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

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

Measurement Currencies of the Subsidiaries:

		December 31, 2004	December 31, 2003
	Local Currency	**Measurement Currency**	Measurement Currency
Efes Moscow	RUR	RUR	RUR
Amstar	RUR	RUR	RUR
Efes Entertainment	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	-
Efes Commerce	YUM	YUM	YUM
ERIC	ROL	ROL	ROL
Efes Productie	ROL	ROL	ROL
Euro Asian	EUR	USD	USD

The assets and liabilities of foreign subsidiaries are translated 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 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.

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

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

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

Interbrew Efes 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 of the Company's proportion of the joint venture revenue, costs, assets and liabilities. An assessment of interests in joint ventures is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

Foreign Currency Transactions

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

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

Cash and Cash Equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise 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 uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Inventories

Inventories, including work-in-process are valued at the lower of cost and net 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 investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by alternative valuation methods are measured at cost. The carrying amounts of such investments are reviewed at each balance sheet date for impairment.

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

Property, Plant and Equipment

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

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate 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.

Intangible Assets

Goodwill

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

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

In addition, starting from January 1, 2005, goodwill acquired in a business combination prior to 31 March 2004 is not to be amortised and to be tested for impairment annually, irrespective of whether there is any indication that it may be impaired.

Other Intangible Assets

Other intangible assets acquired separately from a business are capitalized at cost. 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, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. 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. Other intangible assets are amortised on a straight-line basis over the best estimate of their useful lives.

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

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

Borrowings

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

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

Gains and losses are recognised in 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 estimated useful life of the asset.

Operating Lease

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

Provisions

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

Revenue

Revenue is recognised 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 goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be 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 if 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 company 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 Company 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 company's sales.

3. Changes in Group's Organization

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 has increased from 51.00% to 58.91% and the Company has recognised a gain on dilution of USD 470 in the consolidated income statement.

In 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 acquisition costs 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).

For the year 2003

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

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

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

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

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

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

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

4. Cash and Cash Equivalents

	2004	2003
Cash on hand	**71**	59
Banks accounts (including short-term time deposits)	**134,483**	32,585
Other	**114**	33
Cash and cash equivalents per consolidated cash flow statement	**134,668**	32,677

Loans utilized by Efes Ukraine of USD 3,260, by Efes Karaganda of USD 2,750 and utilized by Rostov Beverage CJSC (Rostov Beverage-a related party) of USD 7,569 as of December 31, 2004 are secured with the same amount of cash at banks (Refer to Note 12)(2003-USD 17,505).

Time deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest between 3% and 4.5%.

5. Trade and Other Receivables

	2004	2003
Accounts Receivable	**31,844**	18,977
Others	**27**	41
Less: provision for doubtful accounts	**(3,505)**	(1,318)
Total	**28,366**	17,700

6. Inventories

	2004	2003
Raw materials	**29,668**	21,424
Finished goods	**3,606**	3,980
Work-in-process	**4,735**	3,931
Others	**15,847**	12,642
Less reserve for obsolescence	**(5,857)**	(4,179)
Total	**47,999**	37,798

7. Prepayments and Other Current Assets

	2004	2003
Advances given to suppliers	**8,973**	6,044
VAT deductible	**6,732**	5,886
Prepaid expenses	**1,212**	522
Other receivables	**3,518**	2,957
Less provision for other receivables	**(822)**	(58)
Total	**19,613**	15,351

8. Property, Plant and Equipment

	Land	Buildings	Infrastructure	Machinery and Equipment	Furniture and Vehicles	Other Tangible Assets	Construction in Progress	2004 Total	2003 Total
Cost									
January 1, 2004	692	101,130	9,552	212,462	10,659	9,337	11,441	**355,273**	231,887
Additions	-	219	47	2,120	965	1,315	46,698	**51,364**	41,854
Disposals	(304)	(286)	(341)	(3,689)	(2,233)	(281)	(18)	**(7,152)**	(2,744)
Addition through subsidiary acquired	-	10,224	-	16,877	2,771	-	2,261	**32,133**	58,194
Currency translation difference	145	6,794	458	16,308	(248)	737	512	**24,706**	26,082
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**	355,273
Accumulated Depreciation and Impairment Losses									
January 1, 2004	-	17,384	2,550	59,903	4,635	3,162	-	**87,634**	41,848
Depreciation for the year	-	3,975	297	23,548	1,769	1,729	-	**31,318**	21,637
Impairment losses		1,281	537	3,040	-	167	-	**5,025**	-
Disposals	-	(280)	(191)	(3,456)	(1,759)	(189)	-	**(5,875)**	(1,224)
Addition through subsidiary acquired	-	5,351	-	8,855	1,494	-	-	**15,700**	19,163
Currency translation difference	-	1,027	97	5,563	(299)	224	-	**6,612**	6,210
December 31, 2004	**-**	**28,738**	**3,290**	**97,453**	**5,840**	**5,093**	**-**	**140,414**	87,634
Net book value	**2,799**	**94,955**	**7,173**	**186,552**	**8,108**	**6,119**	**10,204**	**315,910**	267,639

As of December 31, 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).

1) Equipment under finance lease

The cost of property, plant and equipment held under finance lease is USD 8,825 and USD 8,547 and has a net book value of USD 6,147 and USD 6,763 as at December 31, 2004 and 2003, respectively (Refer to Note 26).

2) Borrowing costs

Property, plant and equipment include borrowing costs incurred in connection with the construction of certain assets. The gross amounts of borrowing costs capitalized as property, plant and equipment amounted to USD 20 and USD 587 as of December 31, 2004 and 2003, respectively were calculated over the long-term borrowings by taking their interest rates into account.

3) Impairment losses

In 2004, USD 5,025 impairment loss was recognised (2003-Nil)(Refer to Note 21) of which USD 4,400 of the impairment loss was related to Efes Ukraine and the remaining USD 625 was related to other subsidiaries. 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 is estimated to be USD 4,400 lower and such loss has been recognised as an impairment loss of property, plant and equipment in the consolidated income statement for the year ended December 31, 2004.

9. Intangible Assets

	Goodwill	Other intangible assets	**2004 Total**	2003 Total
Cost				
January 1	69,957	2,490	**72,447**	7,943
Additions	5,015	891	**5,906**	62,105
Addition through subsidiary acquired	-	-	**-**	417
Currency translation difference	2,897	170	**3,067**	1,982
December 31	77,869	3,551	**81,420**	72,447
Accumulated amortisation and impairment losses				
January 1	6,424	755	**7,179**	4,388
Amortisation for the year	3,795	1,072	**4,867**	2,414
Addition through subsidiary acquired	-	-	**-**	298
Currency translation difference	131	79	**210**	81
December 31	10,350	1,906	**12,256**	7,181
Net book value	67,519	1,645	**69,164**	65,266

10. Investments in Securities

	2004	2003
ZAO Mutena Maltery (Mutena Maltery)	**1,511**	1,511
Others	**245**	243
Total – non-current	**1,756**	1,754

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.

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

11. Trade and Other Payables

	2004	2003
Trade accounts payable	**26,593**	19,507
Taxes payable other than income tax	**8,231**	5,276
Accrued expenses	**2,408**	1,017
Other short-term payables	**7,251**	5,090
Total	**44,483**	30,890

12. Borrowings

	2004	2003
Current		
Bank borrowings		
(including current portion of long-term borrowings)	**48,189**	42,734
Finance lease liabilities	**1,249**	1,099
Loan from Interbrew International B.V.	**-**	1,896
	49,438	45,729
Non-current		
Bank borrowings	**49,990**	66,993
Finance lease liabilities	**3,481**	4,541
	53,471	71,534
Total borrowings	**102,909**	117,263

As of December 31, 2004, USD 73,167 (2003 – USD 99,981) 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 6,010.
- 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:

	2004	2003
Bank borrowings		
Non-current		
USD and EURO denominated borrowings	**Libor + (2.95%-3.65%)**	Libor + (2.95%-4.10%)
	-	-
Current		
USD and Euro denominated borrowings	**Libor + (0.5%-4.1%)**	Libor + (0.5%-4.1%)
	1.0%-6.25%	1.0%-7.0%
Other currency denominated borrowings	**8.0%-18.0%**	13.0%-18.0%
Loan from Interbrew International B.V.	-	Libor + (3.0%)
Finance lease liabilities	**6.0%-8.3%**	6.0%-8.3%

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

	2004	2003
2004	**-**	11,861
2005	**18,035**	17,820
2006	**17,417**	17,397
2007	**17,469**	17,358
Thereafter	**15,104**	14,418
	68,025	78,854

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

	2004	2003
Next 1 year	**1,721**	1,648
1 to 5 years	**4,050**	5,467
After 5 years	**905**	956
Total minimum lease obligations	**6,676**	8,071
Interest	**(1,946)**	(2,431)
Present value of minimum obligations	**4,730**	5,640

13. Share Capital

	2004	2003
	Number of shares	Number of shares
Common shares, par value of EUR 1		
Authorized	250,000,000	136,140,000 (*)
Issued and outstanding	148,000,000	122,323,800 (*)

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.

(*) Number of shares as of December 31, 2003, 2002 and for the year ended December 31, 2003 have been adjusted to give effect to 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.

Movement in share capital

The movement of the share capital of the Company during 2004 and 2003 is as follows:

	2004		2003	
	Number of shares	USD	Number of shares	USD
At January 1,	122,323,800 (*)	124,630	119,510,300 (*)	121,641
Shares issued	25,676,200	32,291	2,813,500 (*)	2,989
At December 31	148,000,000	156,921	122,323,800 (*)	124,630

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 were 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 were also floated during the public offering.

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

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**
March 2003	2,813,500 (*)	2,989	2,896

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

	2004	2003
Anadolu Efes	**70.22%**	84.96%
Public	**29.78%**	-
International corporate investors	-	15.04%
Total	**100.00%**	100.00%

14. 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:

	2004	2003
Net profit attributable to ordinary shareholders	**35,601**	53,126
Weighted average number of ordinary shares	**127,810,769**	121,676,300 (*)
EPS (in full U.S. Dollars)	**0.28**	0.44

(*) Number of shares as of December 31, 2003 and 2002 have been adjusted to give effect to 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.

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

15. Cost of Sales

Cost of sales comprised the following expenses:

	2004	2003
Inventory used	**151,097**	102,418
Depreciation on property, plant and equipment	**22,454**	15,594
Personnel expenses	**10,791**	6,902
Repair and maintenance expenses	**6,344**	3,763
Amortisation of intangible assets	**43**	34
Other expenses	**16,289**	7,611
Total expenses	**207,018**	136,322

16. Selling and Marketing Expenses

Selling and marketing expenses are analyzed as follows:

	2004	2003
Marketing and advertising expenses	**40,293**	29,644
Distribution expenses	**21,215**	12,906
Personnel expenses	**12,235**	7,931
Depreciation on property, plant and equipment	**6,023**	3,659
Amortisation of intangible assets	**68**	16
Other expenses	**8,458**	4,896
Total expenses	**88,292**	59,052

17. General and Administrative Expenses

General and administrative expenses include the following:

	2004	2003
Personnel expenses	**15,356**	9,860
Taxes and duties	**5,371**	4,082
Consulting and legal fees and other business services	**4,987**	3,076
Amortisation of intangibles	**4,756**	2,364
Management fees and technical assistance	**3,522**	4,396
Depreciation on property, plant and equipment	**2,841**	2,384
Rent expense	**1,107**	680
Insurance expenses	**972**	996
Bad debt provision	**287**	439
Other expenses	**5,633**	4,603
Total expenses	**44,832**	32,880

18. Personnel Expenses and Average Number of Employees

	2004	2003
Wages and salaries	**32,144**	21,171
Other social expenses	**6,238**	3,522
Total expenses	**38,382**	24,693

The average number of employees for the years was:

	2004	2003
Russia	**1,448**	1,406
Moldova	**848**	813
Kazakhstan	**684**	696
Serbia and Montenegro (*)	**701**	310
Ukraine	**168**	240
Romania	**133**	139
The Netherlands	**3**	2
	3,985	3,606

(*)Efes Zajecar in Serbia and Montenegro was acquired in 2004. Therefore the average number of employees in 2003 has not been included.

19. Depreciation and Amortisation Expenses

	2004	2003
Property, plant and equipment		
Cost of sales	**22,454**	15,594
Selling and marketing	**6,023**	3,659
General and administrative	**2,841**	2,384
Sub-total depreciation expense	**31,318**	21,637
Intangible assets		
Cost of sales	**43**	34
Selling and marketing	**68**	16
General and administrative	**4,756**	2,364
Sub-total amortisation expense	**4,867**	2,414
Total depreciation and amortisation expenses	**36,185**	24,051

20. Financial Income / (Expense)

	2004	2003
Interest income	**698**	208
Foreign currency exchange gains	**7,899**	4,880
Total financial income	**8,597**	5,088
Interest expense on borrowings	**(5,409)**	(4,765)
Interest expense on finance lease	**(528)**	(396)
Other financial expense	**(808)**	(1,195)
Total financial expense	**(6,745)**	(6,356)
Net financial income / (expense)	**1,852**	(1,268)

Net financial expense for the years ended December 31, 2004 and 2003 is stated net of government grants received in the amount of approximately USD 261 and USD 249, respectively.

21. Other Income / (Expense)

	2004	2003
Impairment of property, plant and equipment (Refer to Note 8)	**(5,025)**	-
Income on sale of soda drinks	**2,716**	1,950
Cost of sale of soda drinks	**(2,400)**	(1,805)
Management fee income	**1,244**	1,136
Provision for obsolete inventory	**(1,585)**	(1,185)
Gain on dilution (Refer to Note 3)	**470**	-
Loss on disposal of property, plant and equipment	**(376)**	(421)
Gain on sale of participation(Refer to Note 3,10)	**-**	25,265
Recognition of currency translation due to sale of participation (Refer to Note 3)	**-**	1,530
Dividend income	**91**	242
Other income	**752**	2,630
Total other income/(expenses)	**(4,113)**	29,342

22. Income Taxes

	2004	2003
Current tax expense	**(15,525)**	(10,002)
Deferred tax income/(expense) relating to the origination and reversal of temporary differences	**1,910**	1,852
Total income tax	**(13,615)**	(8,150)

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

	2004	2003
Consolidated profit before tax and minority interest	**56,128**	63,939
Permanent differences between IFRS and statutory results	**(1,941)**	(25,737)
Tax effect of loss making subsidiaries	**10,183**	7,620
Add non deductible expenses	**6,881**	3,742
Taxable profit	**71,251**	49,564
Tax calculated at the Company's tax rate of 34,5% in 2004 and 2003	**(24,581)**	(17,099)
Impact of different tax rates in other countries	**7,468**	4,893
Utilization of previously unused tax losses	**352**	915
Income tax exemption	**1,236**	1,289
	(15,525)	(10,002)
Tangible asset valuation, net	**(692)**	(995)
Intangible asset valuation, net	**(58)**	7
Tax loss carried forward	**2,701**	2,534
Accruals	**156**	1,645
Others	**(197)**	(1,339)
Total income tax	**(13,615)**	(8,150)

23. Deferred Taxes

Components of deferred tax assets and liabilities are as follows:

	Assets		Liabilities		Net	
	2004	2003	**2004**	2003	**2004**	2003
Accruals	**3,491**	3,147	**-**	-	**3,491**	3,147
Inventory	**327**	210	**391**	(295)	**718**	(85)
Tax loss carried forward	**8,021**	5,167	**-**	-	**8,021**	5,167
Prepayments	**-**	-	**(271)**	(413)	**(271)**	(413)
Tangible assets	**-**	-	**(17,378)**	(15,616)	**(17,378)**	(15,616)
Intangible assets	**-**	58	**-**	-	**-**	58
Other	**630**	476	**(2,346)**	(1,460)	**(1,716)**	(984)
	12,469	9,058	**(19,604)**	(17,784)	**(7,135)**	(8,726)
Net deferred income tax liability					**(12,900)**	(12,087)
Deferred income tax asset - tax loss carried forward					**5,765**	3,361
					(7,135)	(8,726)

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 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)**

24. Notes to Cash Flow Statements

Cash flows from acquisition and disposal of subsidiaries:

	2004	2003
	Acquisition	Acquisition
Cash and cash equivalents	**65**	6,924
Trade receivables	**1,156**	4,009
Inventories-net	**2,768**	6,884
Other current assets	**405**	1,252
Investments	**1**	234
Property, plant and equipment-net	**16,433**	39,031
Intangible assets-net	**-**	119
Deferred tax assets	**212**	454
Other non-current asset	**-**	45
Trade and other payables	**(1,569)**	(3,514)
Short-term loans	**(335)**	(5,045)
Current portion of Long-term borrowings	**-**	(450)
Long-term loans	**(778)**	(8,941)
Deferred tax liability	**-**	(1,004)
Other current liabilities	**(1,655)**	(8,431)
Other non-current liabilities	**(531)**	-
Fair value of net assets	**16,172**	31,567
Net assets acquired	**10,415**	27,822
Goodwill	**5,015**	60,303
Acquired minority shares of Efes Ukraine	**323**	-
Acquired minority shares of Efes Moscow	**-**	8,775
Total purchase consideration	**15,753**	96,900

The cash outflow on acquisition is as follows:

Net cash acquired with subsidiary	**(65)**	(6,924)
Fair value of the shares of Efes Moscow	**-**	(44,674)
Total purchase consideration	**15,753**	96,900
Net cash outflow	**15,688**	45,302

25. Financial Instruments

Financial Risk Management

Credit risk

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

Interest rate risk

The Group mainly enters into LIBOR based contracts in its financial borrowings. As of December 31, 2004, 10% of the Group's long-term debt was at fixed rates (2003 - 10%).

The weighted average effective interest rates which are calculated from different types of currencies, as at December 31, 2004 are as follows:

Fixed rate bank loans	6.9%
Floating rate bank loans	3.0%
Fixed leasing	7.8%

Foreign exchange risk

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

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

Net foreign currency liability position of the Company as of December 31, 2004 is approximately USD 16 million (2003 – USD 85 million).

Liquidity risks

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Group within the normal terms of trade. To manage this risk the Group periodically assesses the financial viability of customers.

Fair Values

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

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

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

26. 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:

	2004	2003
Buildings	**4,322**	4,072
Machinery and equipment	**3,477**	3,688
Other tangible assets	**1,026**	787
Accumulated depreciation	**(2,678)**	(1,784)
Net book value	**6,147**	6,763

Lessee - Operating Lease

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

In October 1995 and in May 1996, Interbrew Efes concluded an operating lease agreement with Ploiesti City Hall for the land beneath the factory's premises rented for a period of 49 years. Rent expense consists of the basic expense of USD 40 for the year ended December 31, 2004. As of December 31, 2004, prepayment for the lease agreement is as follows:

	2004	2003
Prepaid lease for less than one year	**83**	83
Prepaid lease for more than one year	**1,609**	1,435
	1,692	1,518

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.

27. Segment Reporting

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

	Russia		Others		Consolidated	
	2004	2003	**2004**	2003	**2004**	2003
Total Assets	**263,136**	215,551	**367,305**	233,053	**630,441**	448,604
Sales	**305,548**	201,401	**92,983**	62,718	**398,531**	264,119
Purchase of property, plant and equipment	**38,205**	23,677	**14,030**	19,389	**52,235**	43,066

28. Related Party Balances and Transactions

For the purposes of the consolidated financial statements, the shareholders of the Company and their associates and the companies, which are identified 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, 2004, which are separately classified in the consolidated balance sheets are as follows:

Due from related parties	**2004**	2003
Anadolu Efes (1)	**-**	218
Efes Holland Technical Management Consultancy N.V. (Efes Holland) (2)	**2,390**	944
Coca-Cola Bottlers Kazakhstan Almaty (Coca-Cola Almaty) (2)	**738**	1,132
Coca-Cola Bishkek Bottlers C.J.S.C (Coca-Cola Bishkek) (2)	**168**	217
Mutena Maltery (3)	**88**	209
Interbrew Efes	**-**	1,896
Total	**3,384**	4,616

Due to related parties	**2004**	2003
Efes Holland (2)	**8,619**	6,767
Mutena Maltery (3)	**3,188**	3,249
Rostov Beverage (2)	**1,079**	773
Oyex Handels Gmbh (2)	**374**	340
Anadolu Efes (1)	**164**	23
Coca-Cola Almaty (2)	**50**	75
Efes Invest (2)	**4**	-
Efpa (2)	**-**	64
Anadolu Efes TMC (2)	**-**	2,460
Total	**13,478**	13,751

2) Transactions with Related Parties

The most significant transactions with related parties during the year ended December 31, 2004 are as follows:

- Management and license fee expense to Efes Holland (2) amounted to USD 2,984.
- Management fee income from Efes Holland (2) amounted to USD 1,244.
- Interest expense to Rostov Beverage (2) amounted to USD 411.
- Sale of beer to Coca-Cola Almaty (2) amounted to USD 6,516.
- Sale of beer to Coca-Cola Bishkek (2) amounted to USD 726.
- Interest expense on loan from Anadolu Efes (1) amounted to USD 91.
- Processing services from Mutena Maltery (3) amounted to USD 4,691.
- Purchase of materials from Oyex Handels Gbmh (2) amounted to USD 889.
- Purchase of soda drinks from Coca-Cola Almaty (2) amounted to USD 2,425.
- Rendering services from Coca-Cola Almaty (2) amounted to USD 165.
- Purchase of other materials from Coca-Cola Almaty (2) amounted to USD 46.
- Purchase of beer from Anadolu Efes (1) amounted to USD 475.
- Purchase of other materials from Anadolu Efes (1) amounted to USD 231.
- Dividend income from Mutena Maltery (3) amounted to USD 140.
- Heating and water services charged to Mutena Maltery (3) amounted to USD 557.
- Sale of beer to Efes Pazarlama (2) amounted to USD 236.

(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 247 and supervisory board of 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.

29. Commitments and Contingencies

Obligation to complete the production facilities

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

Put options

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

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

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

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

Tax and legal matters

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

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

"Annual Report prepared under the requirements of the Netherlands' Civil Code" forms an integral part of this report. Therefore for further information, the readers of this report may refer to such report in addition to the Articles of Association, Supervisory Board Charter,Board of Management Charter, Audit Committee Charter, Selection and Appointment Committee Charter, Remuneration Committee Charter, Insider Trading Rules, CG Summary, and Arrangement of Whistleblowers which are avaliable on EBI's website at www.efesholland.nl.