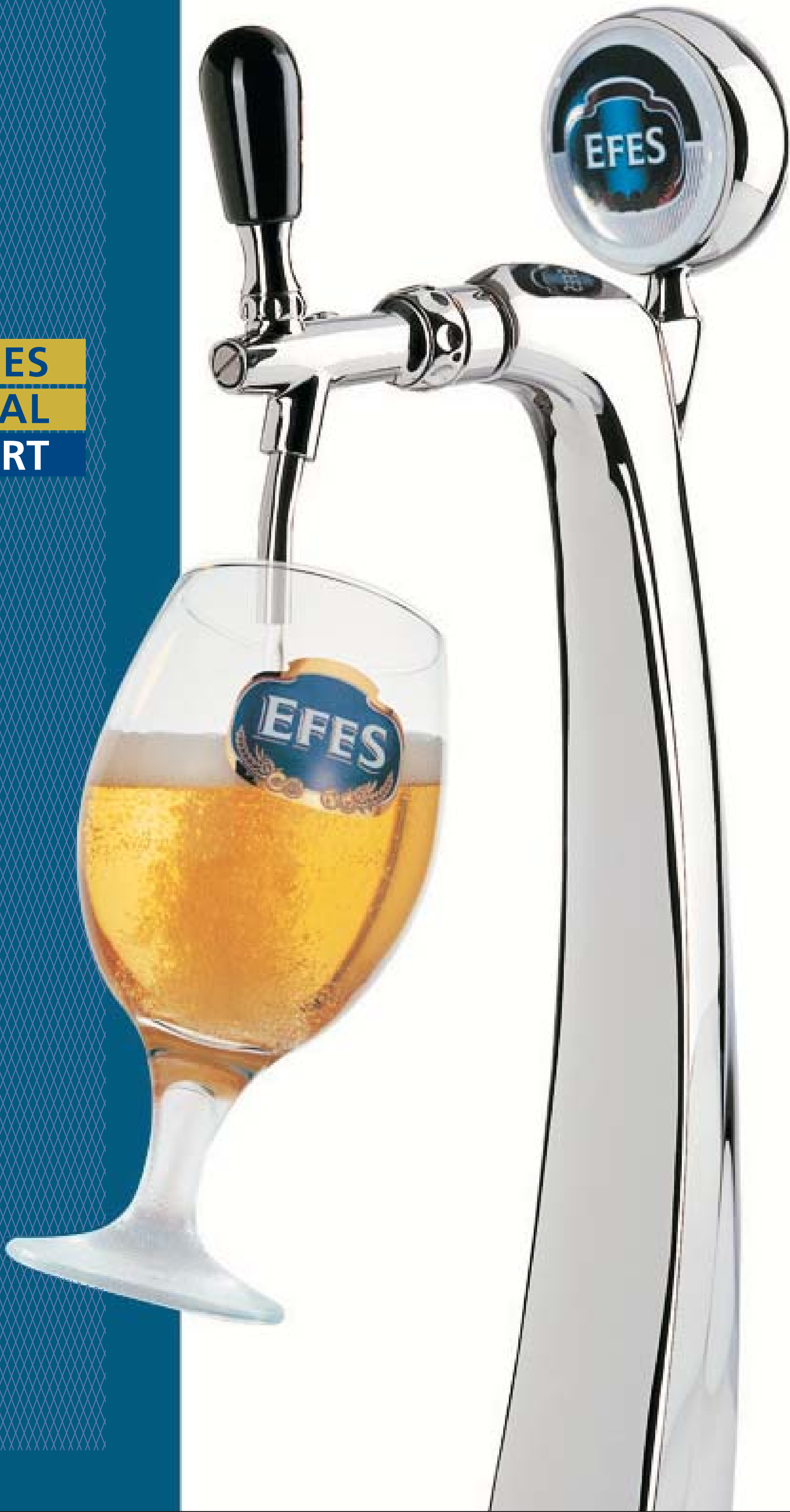
EFES BREWERIES INTERNATIONAL
ANNUAL REPORT
2007



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EFES
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PREMIUM BEER
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General **Overview**

Efes Breweries International N.V. ("EBI") has a strong presence in the countries where it operates across a wide geography that consists of Russia, the Commonwealth of Independent States ("CIS") and South Eastern Europe. EBI is registered in the Netherlands and listed in the London Stock Exchange ("EBID") with a free float of approximately 30%.

Commencing its operations in 1996, EBI operates with 10 breweries across Russia, Moldova, Kazakhstan and Serbia with a total annual brewing capacity of 24.6 million hectoliters ("mhl") and an annual malt production capacity of 139,000 tonnes as of end of 2007. In early 2008, EBI announced that it entered Georgia through the acquisition of the leading brewer in the market with 0.6 mhl annual brewing capacity and that it set up a joint venture with Heineken to jointly invest in the Uzbekistan beer market.

Following the completion of the acquisition in Georgia, EBI currently has 12 breweries with an aggregate capacity of 25.2 mhl

Operational geography of EBI includes some of the largest or fastest growing beer markets in Eurasia with improving macroeconomic trends. Consequently, increasing purchasing power as well as the low base of per capita beer consumption, indicate a significant potential for further growth in these markets. In order to meet the increasing demand in its operating markets, EBI increases the capacities of its existing brewing facilities, establishes additional breweries through strategic acquisitions or greenfield projects and expands its distribution network.

EBI is a majority owned subsidiary of Anadolu Efes Biracılık ve Malt Sanayii A.Ş.("Anadolu Efes"), the leading beverage company in Turkey listed in the Istanbul Stock Exchange (AEFES.IS). Anadolu Efes, together with its direct and indirect subsidiaries and affiliates, produces, markets and sells beer, malt, soft drinks and bottled water across Turkey, Southeast Europe, Russia, the CIS countries and the Middle East. All beer operations of Anadolu Efes outside of Turkey are conducted by EBI. Anadolu Efes comprises the beverage division of the Anadolu Endüstri Holding A.Ş. ("Anadolu Group"), one of Turkey's leading conglomerates. Anadolu Group operates with principal interests in the beverage, automotive, finance, fast service restaurants, writing instruments and office supplies sectors through partnership and joint ventures with a number of international corporations like Coca-Cola, Heineken, Samsung, Isuzu, Itochu, Lombardini, Faber-Castell and McDonald's.

At a **Glance**

Key Statistical Data on EBI

		2007	2006	% Change
Income Statement				
Net Sales	m USD	836	639	31%
Operating Profit	m USD	81	55	45%
Operating Profit Margin		9.6%	8.7%	
Depreciation and Amortization (Including Amortization of Goodwill)	m USD	73	57	27%
Net Income	m USD	37	21	82%
Net Income Margin		4.5%	3.2%	
EBITDA	m USD	156	113	39%
EBITDA Margin		18.7%	17.6%	
Balance Sheet				
Cash& Cash Equivalents at the end of the year	m USD	59	164	-64%
Total Assets	m USD	1,684	1,529	10%
Shareholder's Equity	m USD	863	763	13%
Total Financial Debt	m USD	546	472	16%
Net Financial Debt/ EBITDA	multiple	3.12	2.73	
Other Data				
Beer Sales Volumes	m hectoliters	13.3	11.7	14%
Capital Expenditure (Gross)	m USD	165	611	-73%
Earning per Share	m USD	0.18	0.13	
Average Number of Employees	Number	4,416	4,872	-9%

Note 1: Interbrew Efes Brewery in which Efes Breweries International held 50% stake until August 2006, is accounted for by using proportionate consolidation until the date of disposal and not included in the financial statements of Efes Breweries International thereafter.

Note 2: EBITDA here means earnings before interest (financial income/(expense) — net), tax, depreciation and amortisation, minus minority interest, and as applicable, minus gain on holding activities, plus loss on sale of PPE disposals, provisions, reserves and impairment.

Note 3: 1 Hectoliter=100 liters

Note 4: Capital expenditure means cash used in the purchase of property, plant and equipment and intangible assets and cash used for the acquisition of subsidiaries (net of cash acquired).

Note 5: Earnings per Share 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.


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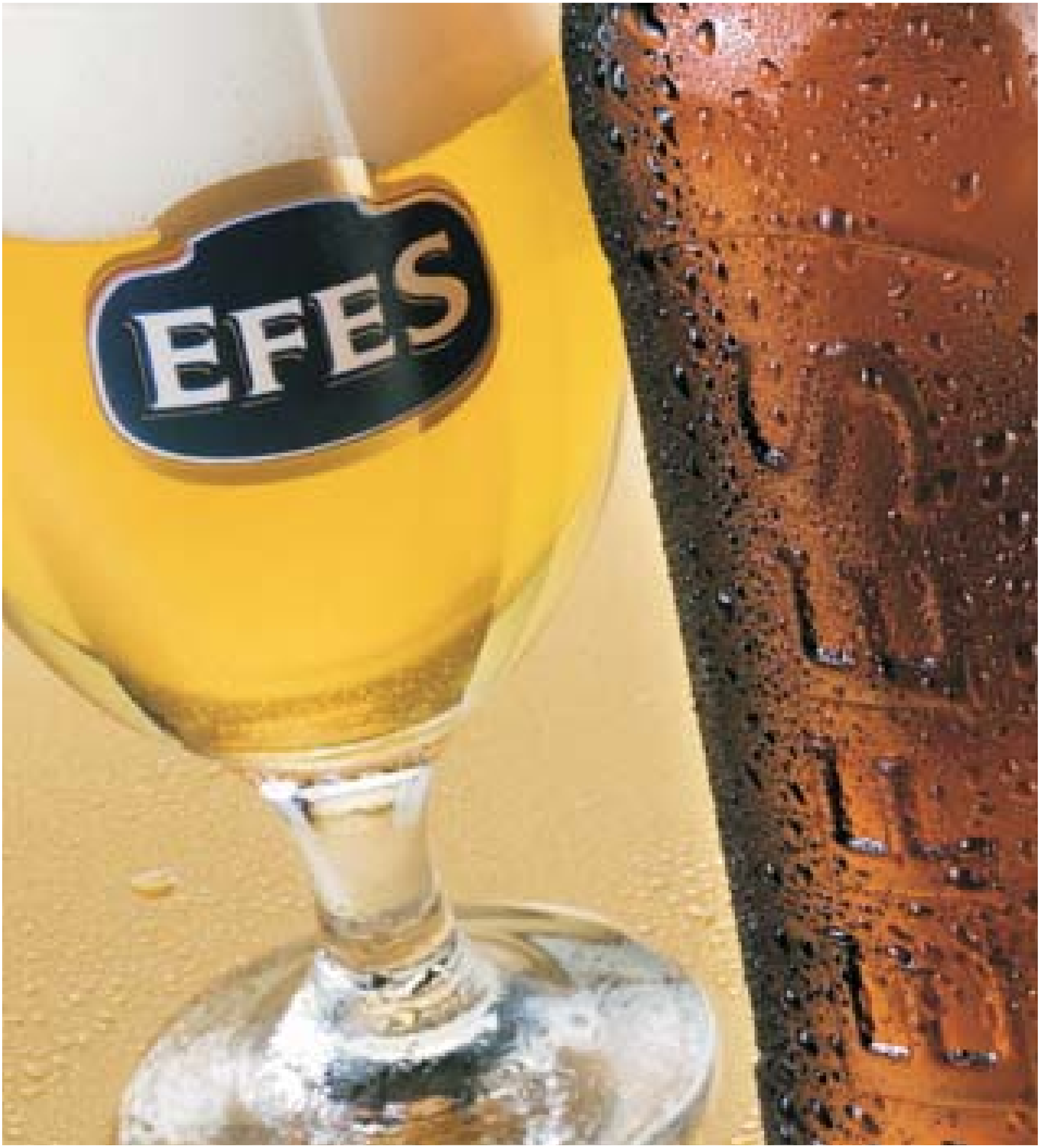
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Letter to **Shareholders**

Our Valued Shareholders,

We completed a very challenging year with increasing commodity prices and concerns on global recession and inflation.

We are very glad to report today the satisfactory results that we obtained in 2007 through our dynamic execution of our strategies as well as effective cost based management.

Our Valued Shareholders,

Our effective management enabled us to leverage our fast, flexible and focused organization to continue our growth momentum.

On a consolidated basis, EBI increased its sales volume to 13.3 mhl in 2007 by recording a 13.8% growth year-on-year.

As you may recall; in order to solidify our market position and to increase our production capacity in the intensely competitive Russian beer market, we acquired Krasny Vostok Brewing Group in February 2006. Also in August 2006 we disposed our 50% shareholding in our Romanian Joint Venture, based on a decision to re-allocate this capital to our other, fastest growing businesses. Adjusting for these transactions, on a like-for-like basis, our sales volume recorded 17% growth in 2007.

In 2007, our consolidated net sales revenue reached USD 836.2 million by increasing 30.9% over previous year and our consolidated EBITDA grew by 38,5% over 2006 and reached USD 156.0 million. Likewise, our EBITDA margin also expanded from 17.6% in 2006 to 18.7% in 2007. The dynamic top line growth is a function of effective price management, returnable vs. non-returnable product portfolio management and weakening of USD against the local currencies in our operating geographies. On the other hand, our profitability expansion is driven primarily by optimization of our marketing expenses owing to our brand portfolio rationalization in Russia and economies of scale.

Our Valued Shareholders,

Russia is today the third largest beer market in the world. Our company continues its operations in Russia as the fourth largest player in the market. We increased our sales volume by 20.1% in 2007 and reached 10.4 million hectoliters in Russia against an estimated market growth of around 16%. This strong market growth in Russia was assisted by the favorable weather conditions and continuing positive shift towards beer primarily in less saturated regional markets. Consequently, our market share inreased to 8.8% in 2007 from 8.5% a year ago.

In Russia "Beliy Medved", "Stary Melnik" and "Gold Mine Beer", the main volume drivers in 2007, accounted for more of 60% of our total sales volume in this market. The draught beer in bottle, "Stary Melnik iz Bochonka" was introduced to the market in 2007 and rewarded with EFFIE "Brand of the year 2007" in the nomination for beer in Russia.

The Mexican brand "SOL", which we brew under license in Russia since early 2007, also positively contributed to our share in the premium segment in Russia.

We are also very proud to report that following the decision of the Council of the Union of Russian Brewers, our company in Russia was awarded with the "2007 Amber Star" the highest award for the development of beer industry in Russia in the nomination "Successful formation of business reputation".

As end of 2007, we have five breweries in Russia with an aggregate capacity of 20.1 million hectoliters as well as four malteries with a total capacity of 139,000 tonnes per annum.

In Kazakhstan we increased our sales volume by 45.8% over the previous year and recorded 1.3 mhl sales volume in 2007. Our volume growth in Kazakhstan in 2007 was ahead of the estimated market growth of approximately 15%, thereby resulting in a market share appreciation to 25.7% as of December 2007 from 18.7% in December 2006.

As of end of 2007, we are the second largest brewer operating two breweries with total annual brewing capacity of 2.1 mhl in Kazakhstan.

In Moldova, our total sales volume including soft drinks has reached 1.2 mhl in 2007 and grew by 3.3% over 2006. As we announced in February 2007; we sold our soft drink brands "Viva" and "Real" to The Coca-Cola Company, thereby focusing merely on our core beer business. Accordingly our beer only volume growth in 2007 was 14.0% over 2006, ahead of market growth. Therefore our market share in Moldova increased to 70.9% in 2007 from 66.1% a year ago.

We operate one brewery in Moldova with an annual capacity of 0.9 mhl.

Serbia was the only market where our sales volume declined in 2007. We realized 0.5 mhl sales volume in 2007 in Serbia, indicating a decline of 5.1% over previous year. Our market share in Serbia was 11.2% as of December 2007 versus 11.0% in December 2006. We are currently the third largest brewer in the Serbian market.

Our Valued Shareholders,

Our achievements in 2007 which exceed the targets, indicates our determined approach to drive profitable growth in the coming years. In addition to dynamic organic growth we also capitalize on strategic expansion opportunities to further increase the value of our business. In line with this strategy, in February 2008, we acquired Lomisi Ltd. ("Lomisi") in Georgia. Lomisi is the leading brewer in the Georgian beer market with an estimated market share of 42% by volume in 2007, up from 35% in 2006.

In January 2008, we also announced our intention to collaborate with Heineken in the Kazakh and Serbian beer markets. The collaboration entails our taking over Heineken's brewing business and management of the combined business in Kazakhstan and similarly Heineken's management of the combined businesses in Serbia. Accordingly we will own 72% of the combined business in Kazakhstan and Heineken will own 72% of the combined business in Serbia. We believe this collaboration will enable ourselves to command much stronger competitive positions in Kazakhstan and Serbia.

On the other hand, in January 2008, we signed an agreement with Heineken to establish a Joint Venture to jointly invest in the Uzbek beer market through acquisition of breweries. Accordingly we will have 60% and Heineken will have 40% share in the JV, whereas we will also have the management control. We are very excited to access the dynamic Uzbek market with Heineken as a strong ally. We believe this structure will enable us to best capitalize on the future growth potential of the Uzbek market.

Our Valued Shareholders,

We anticipate 2008 to be another challenging year, as evidenced by the development in the first couple months.

In spite of the challenges, our primary goal includes outperforming the volume growth of our operating markets and increasing our revenues ahead of our sales volume in 2008. We believe that our operational efficiencies along with our effective strategic execution will also mitigate the negative impact of increasing raw material and packaging costs as well as increasing inflationary pressures.

The strategic steps we took in line with our vision of being a strong independent regional brewer brought successful results in 2007. We will continue to evaluate every value adding opportunity to further drive the value of our business. We would like to thank our employees for their proven determinism and high performance. We would also like to express our gratitude to our valued shareholders on behalf of the Supervisory Board and the Board Management for their continuous support for our efforts.

Best Regards,

Tuncay Özilhan
Chairman of the Supervisory Board

Alejandro Jimenez
CEO and Chairman of the Board of Management

Chronology

1996 EBI founded in the Netherlands.

Efes Karaganda Brewery ("Efes Kazakhstan") was acquired through privatization by Anadolu Efes with an annual brewing capacity of 0.40 mhl.

1997 Joint venture with the government of the City of Moscow to develop a maltery and a brewery.

1998 Commercial production started in Romania.

Renovation of Efes Kazakhstan completed.

1999 Moscow Efes Brewery ("MEB"), the first green-field modern brewery in Moscow, established in partnership with the European Bank for Reconstruction and Development ("EBRD") and the government of the City of Moscow, commenced production with 1.5 mhl of annual brewing capacity.

"Stary Melnik" launched in Russia.

Production started in the malt production facility in Moscow-Russia adjacent to MEB.

2000 Romanian Efes Brewery restuctured as a 50%-50% JV with InBev, "Interbrew Efes Brewery", ("Efes Romania") established.

2002 Doubling of capacity in MEB to 3.0 mhl - 2 years ahead of schedule.

Efes Kazakhstan was acquired from Anadolu Efes by EBI.

EBI, increased its capital thereby allocating 15% of the capital to selected foreign institutional investors through a private placement in order to provide external funding to further accelerate its rapidly growing operations.

Launch of leading German brand "Warsteiner Premium Verum" produced under licence in Russia.

2003 Acquisition of the Vitanta Intravest S.A. ("Efes Moldova"), the leader of the Moldovan beer market, located in Chisinau-Moldova with 0.8 mhl of annual brewing capacity.

Production commenced in Rostov, the new green-field brewery in Russia with 1.0 mhl of annual brewing capacity.

Production commenced in the brand new brewery in Almaty-Kazakhstan with 0.6 mhl of annual brewing capacity.

Acquisition of the Amstar Brewery located in Ufa, in the Urals region of Russian Federation, with 1.2 mhl of annual brewing capacity.

Acquisition of the Pancevo Brewery in Serbia, located on the outskirts of Belgrade ("Efes Weifert") with 0.4 mhl of annual brewing capacity.

2004 Production capacity of MEB increased to 4.5 mhl.

Acquisition of the second brewery in Serbia, located in Zajecar ("Efes Zajecar") with 1.0 mhl of annual brewing capacity.

Initial Public Offering of EBI and listing of GDRs in the London Stock Exchange with a free float of approx. 30%.

2005 Launch of the Czech brand, "Zlatopramen", produced under licence in Russia.

Total beer production capacity of EBI increased to 11.8 mhl following the capacity increases in its Ufa and Rostov plants in Russia to 2.0 mhl and 1.2 mhl, respectively, and in Chisinau plant in Moldova to 0.9 mhl.

2006 Acquisition of the Krasny Vostok Brewing Group ("KV Group") in Russia completed with 10.0 mhl of annual brewing and 93.000 tonnes of annual malt production capacities.

Acquisition of the 19.9% minority shares in MEB completed, increasing the effective ownership of EBI in MEB to 90.9%.

Launch of "Bavaria Premium" and "Bavaria Malt" produced under licence in Russia.

Total beer production capacity of EBI increased to 23.8 mhl following the capacity increases in Russia to 20.2 mhl and in Kazakhstan to 1.3 mhl.

EBI's 50% stake in Efes Romania was sold to Inbev.

Capital increase by USD300 million through a Rights Issue, in which both Anadolu Efes and EBI's public minority shareholders participated.

Launch of Mexican beer "SOL" produced under licence in Russia.

2007 Mr. Alejandro Jimenez has been appointed as the new CEO and the Chairman of the Board of Management of EBI.

Efes Moldova's soft drink brand called "Viva" as well as "Real" brand of bottled water was sold to The Coca-Cola Company.

2008 EBI and Heineken International B.V ("Heineken") established a joint venture to jointly invest in the Uzbek beer market through acquisition of breweries. Accordingly EBI and Heineken has 60% and 40% shares in the joint venture, respectively, whereas EBI also has the management control.

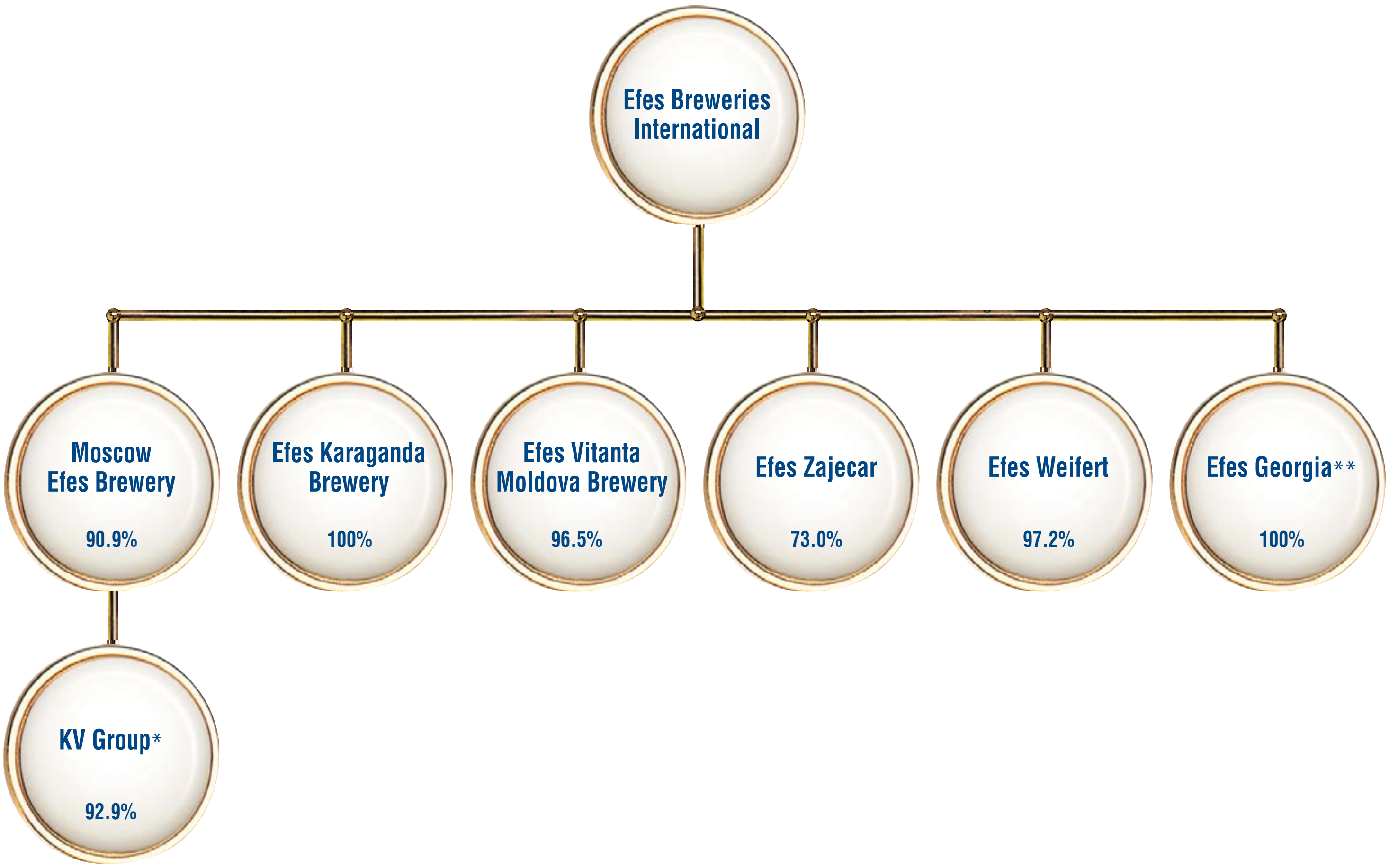
EBI and Heineken announced their intention to collaborate in the Kazakh and Serbian beer markets.

Acquisition of the leading brewer in Georgia, Lomisi Ltd. ("Lomisi"), with two breweries, 0.6 mhl aggregate production capacity and 42% market share as of end of 2007.

Restructuring of EBI's Russian business initiated, whereby the KV Group will become a subsidiary of MEB.

COMPANY PROFILE

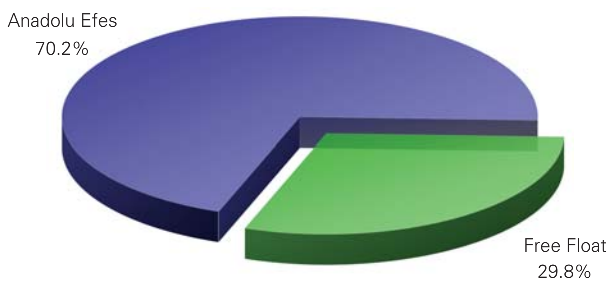
Shareholding & Group Structure



* EBI sold all of its shares in Krasny Vostok Brewing Group, representing 92.9% of the voting shares to Moscow Efes Brewery in March 2008.

** EBI acquired 100% of Lomisi Ltd. in Georgia in February 2008.

- Anadolu Efes owns 70.2% share in EBI and the remaining 29.8% is publicly held.
- GDRs (EBID), each representing 5 ordinary shares of EBI, are traded in the London Stock Exchange ("LSE")




EFES

Operating **Territories**

RUSSIA
5 Breweries,
4 Malteries,
1 Preform production facility
Capacity: 20.2 mhl brewing capacity, 139,000 tonnes malt production capacity
Per capita consumption: 75 lt.
Market share: 9%
Market position: 4th
Population: 141,7 million

KAZAKHSTAN
2 Breweries,
Capacity: 2.1 mhl brewing capacity,
Per capita consumption: 34 lt.
Market share: 26%
Market position: 2nd
Population: 15,1 million

MOLDOVA
1 Brewery
Capacity: 0,9 mlh brewing capacity
Per capita consumption: 32 lt.
Market share: 71%
Market position: 1st
Population: 4,2 million

SERBIA
2 Breweries
Capacity: 1,4 mhl brewing capacity
Per capita consumption: 64 lt.
Market share: 11%
Market position: 3rd
Population: 10,5 million

GEORGIA
2 Breweries
Capacity: 0.55 mhl brewing capacity
Per capita consumption: 19 lt.
Market share: 42%
Market position: 1st
Population: 4,7 million

Efes Breweries International's Operating Markets & Production Facilities

Supervisory **Board**

Left to right | Mr. Sir David Logan, Mr. Dr. Ali Tigrel, Mr. Tuncay Özilhan, Mr. Gauthier de Biolley, Mr. Christos - Alex Komninos

Tuncay Özilhan
(Chairman of the Supervisory Board)

Mr. Özilhan, born in 1947, graduated from Istanbul University, Faculty of Economics and received his MBA degree from Long Island University in the United States. He has assumed such responsibilities as General Director of Erciyas Biracılık (brewery), General Coordinator of the Anadolu Endüstri Holding Beer Group, and General Coordinator of the Anadolu Endüstri Holding. Mr. Tuncay Özilhan was appointed as the CEO of the Anadolu Group in 1984 and continues in this position today. Mr. Özilhan also serves as the Chairman of the Board of Directors of Efes Pazarlama, Tarbes, CCI, Alternatifbank, Adel Kalemcilik and Ülkü Kırtasiye. Besides Honorary Consul of the Republic of Estonia, Mr. Özilhan served as the President of TÜSIAD (Turkish Industrial and Businessmen's Association) for three years between 2001 and 2003 and also is the President of the Efes Pilsen Sports Club.

Gauthier de Biolley
Member of the Supervisory Board

Mr. de Biolley is the Managing Partner of Eiger Ventures, an advisory and investment firm focusing on international business development. Between 2000 and 2006, Mr. de Biolley worked at In Bev, firstly serving as Senior Vice President External Growth, where he led the team in charge of strategy and execution of all M&A transactions worldwide, and thereafter as head of the business unit comprising the markets of France, Holland, Spain and Cuba. Prior to joining InBev, he held several executive positions at Artal and in international development with utilities leader Veolia, and he developed a management consulting experience with Genrho and Strategic Planing Associates. He is a member of the Supervisory Board of Sedlmayr Grund und Immobilien KGaA, a real estate company based in Muenchen, Germany. He studied Law and Economics at Université de Louvain, Belgium and attended the Stanford Directors Program.

Dr. Ali Tigrel
Member of the Supervisory Board

Dr. Ali Z. Tigrel is a graduate of the Imperial College of Science, Technology, Medicine and Management and holds M.Sc. and Ph.D. degrees in chemical engineering. Dr. Tigrel has 15 years of experience in the Turkish Petrochemical Corporation (PETKIM) at various levels, serving as chairman of the Board of Directors between 1989-1991. Dr. Tigrel served in State Planning Organization between 1984-1991 at various levels; as director of foreign investment department (1984-85), director-general of economic planning directorate (1985-87) and finally Undersecretary & CEO (1988-91). He left the public sector in 1991 and between 1991-1993 served as an advisor to Koç Holding in addition to providing consultancy services to other local and international companies. In 1993, Dr. Tigrel was appointed as ambassador-at-large and chief advisor to the Prime Minister for EU Affairs. He was assigned as chairman of the EU Coordination Council which supervised Turkey's preparations for the Customs Union. Dr. Tigrel retired from public service in 1996 and established his own consultancy business. Dr. Tigrel is the chairman and principal shareholder of TCI Consultancy Inc. in Ankara. He is also the founder and chairman of ATM International Consultancy Inc. in Istanbul. He is also a board member of Nortel Networks Netaş A.Ş. and advisor to the board of Alternatif Bank A.Ş.

Christos -Alex Komninos
Member of the Supervisory Board

Mr. Komninos, a Chemical Engineer, is a graduate of the Technical University of Istanbul (I.T.U.), Turkey. Mr. Komminos joined 'Hellenic Bottling Company' in 1972 and until 1987 he held various positions in the Company. From 1987 to 1990 he was appointed Managing Director in 'The Coca-Cola bottlers Ireland' (a subsidiary of Hellenic Bottling). In 1990 he returned to Greece and in 1995 he became the Chief Executive of Hellenic Bottling, position held until 2000. From 2000 to 2003 he was appointed Chairman and C.E.O. of 'Papastratos Cigarette Manufacturing Company'. After the acquisition of the 'Papastratos Company' by 'Philip Morris S.A.' he joined voluntarily the 'Athens 2004 - Olympic Games Organizing Committee' as the Head of Opening and Closing Ceremonies. Since 2005 and up to date, he holds the position of the Executive Vice President of both 'Shelman S.A.' (wood company) and ELMAR S.A. (shipping company).

Sir David Logan
Member of the Supervisory Board

Sir Logan joined EBI in 2004. Formerly a member of the British Diplomatic Service, Sir David was British Ambassador to Turkey between 1997 and 2001. He also worked at the British Embassy in Ankara between 1965 and 1969. Between 1989 and 1992 Sir David was minister at the British Embassy in Moscow and between 1995 and 1997 Minister at the British Embassy in Washington. He was Assistant Under Secretary of State for Defence Policy between 1994 and 1995 and for Central and Eastern Europe between 1992 and 1994. He was Director of the Centre for studies in Security and Diplomacy at Birmingham University between 2002 and 2007. He is also a Non-Executive Director of European Nickel plc and an Independent Director of the Magnitogorsk Iron and Steel Company.

Committees and Supervisory Board:
Remuneration Committee members

Chairman : Mr. Sir Logan
Members : Mr. Ozilhan
Mr. Komninos

Selection & Appointment Committee members

Chairman : Mr. Ozilhan
Members : Mr. Sir.Logan
Mr. Komninos

Audit Committee members

Chairman : Mr. de Biolley
Member : Mr. Dr.Tigrel

Internal Auditor : Mr.Öztürk
External Auditor : Ernst & Young
Advisor to the Comittee : Mr. Uysal

Corporate Governance Committee members

Chairman : Mr. Komninos
Members : Mr. Sir Logan
Mr. de Biolley

Board of **Management**
Chief Operating Officer & Company Secretary

Left to right | Ms. Nathalie Peters (Company Secretary), Mr. Serdar Bölükbaşı (Chief Operating Officer), Mr. Alejandro Jimenez, Mr. Hurşit Zorlu, Mr. Demir Şarman
** Mr. Carlos P.M. Roelofs not present in the picture*

Alejandro Jimenez

Chief Executive Officer (CEO) & Chairman of the Board of Management

Mr. Jimenez started his career in 1973 at The Coca-Cola Company and he held various top management positions since 1981; as Region Director-Central America, Region Director-Caribbean, Vice President and Director of Marketing Operations- Latin America at The Coca-Cola Company. In 1991 he was appointed as the President and CEO at Panamco Mexico which was the largest subsidiary of PANAMCO, largest bottler in Latin America and second largest bottler in the world, and in 1994 as the President, COO and Member of the Board of Directors at PANAMCO where he resumed this responsibility until 2001. Mr. Jimenez was serving as a management consultant for the consumer goods companies in Mexico until February 2007, when he was appointed as the Chief Executive Officer (CEO) and Chairman of the Board of Management of EBI. Mr. Jimenez has a Bachelor of Science degree in Chemical Engineering from University of Texas.

Hurşit Zorlu

Member of the Board of Management

Mr. Zorlu began his career in Anadolu Efes in 1984 as a Marketing Specialist. Between 1988 and 2000 he served as Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director. He was appointed as the Chief Financial Officer & Investor Relations Director of Anadolu Efes in December 2000 and resumed this responsibility until April 2008, when he was appointed as the Chief Financial Officer of Anadolu Group. Before joining Anadolu Efes, he worked for Toz Metal and Turkish Airlines. Mr. Zorlu has a Bachelor of Science degree in Economics from Istanbul University.

Demir Şarman

CFO & Member of the Board of Management

Mr. Sarman, joined Anadolu Efes in 1997, and currently serves as a member of the Board of Management and Chief Financial Officer of EBI. Mr. Şarman is also a member of the board of directors of Efes Kazakhstan, Efes Russia, Efes Moldova, Efes Serbia, AETMC and EHTMC. Mr. Şarman is a Certified Public Accountant (CPA) and prior to joining Anadolu Efes, served as a senior auditor for Arthur Andersen in Turkey.

Carlos P.M. Roelofs

Member of the Board of Management

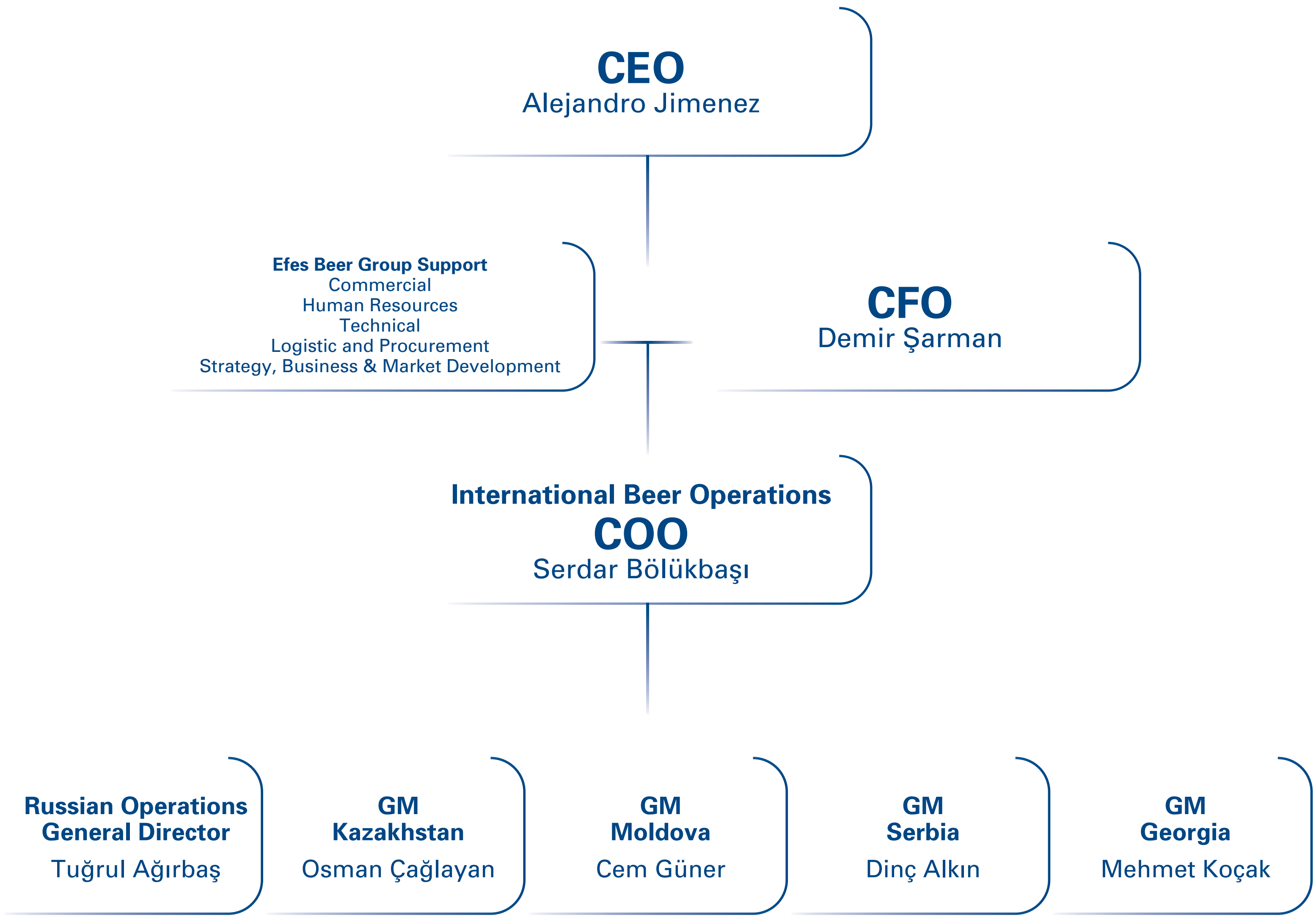
Carlos P.M. Roelofs was appointed on June 1, 2006 as CEO of Fortis Intertrust, the Netherlands. From 1992 up to 1997, he has worked in Baker & McKenzie Law Office in Amsterdam. Later on, he was employed as a Director of Mees Pierson Intertrust and was amongst others, responsible for the setup in this period of Mees Pierson Management Services in Denmark between 1998 and 2001. Starting from 2001, Mr. Roelofs was employed as a Director of Axa Schade N.V. up to 2002. From 2002 to 2004 he was employed as CEO of First Alliance Trust. He studied law and graduated from University of Amsterdam and has an MBA degree from Nyenrode University.

Serdar Bölükbaşı

Chief Operating Officer - International Beer Operations

Mr. Bölükbaşı began his career in Anadolu Efes in 1984 as Budgeting and Finance Specialist. Then, he worked as Project Development Manager from 1990 to 1994, Marketing Coordinator from 1994 to 1998, General Manager of Efes Pazarlama from 1998 to 1999, General Director of Turkey Beer Division from 1999 to 2005 and of Russia & CIS Countries COO from 2005 to 2007. Mr. Bölükbaşı has been working as International Beer Operations COO effective October 1st, 2007. Mr. Bölükbaşı has a Bachelor of Science degree in Economics from Middle East Technical University. He has also completed the professional management program at the Ohio State University.

Organization Structure

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OPERATIONS

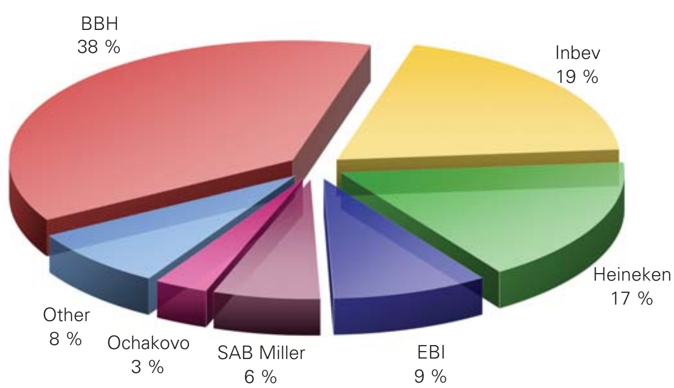
Efes **Russia**

Russia is the third largest beer market in the world with its total annual consumption of 105.5 mhl in 2007. Annual per capita beer consumption of 75 liters is estimated to increase to 100 liters within the next five years with growth mainly stemming from Southern, Eastern and Far Eastern regions. Due to the rising per capita income levels and shifting consumer preferences from hard liquor towards beer, Russian beer market achieved 15% CAGR between 1996-2007 (Canadean, 2007). As a result, Russian beer market attracted some of the major global brewers and currently more than 90% of the Russian beer market is shared by international brewers.

EBI started its operations in Russia with one brewery in Moscow and 1.5 mhl annual brewing capacity in 1999. As of end of 2007, EBI has 5 breweries in Moscow, Ufa, Rostov, Kazan and Novosibirsk with aggregate annual production capacities of 20.2 mhl of beer and 139,000 tonnes of malt.

In 2007, EBI maintained its 4th position in the Russian beer market with a market share by volume of 9% (AC Nielsen,December 2007).

Market Share by Volume



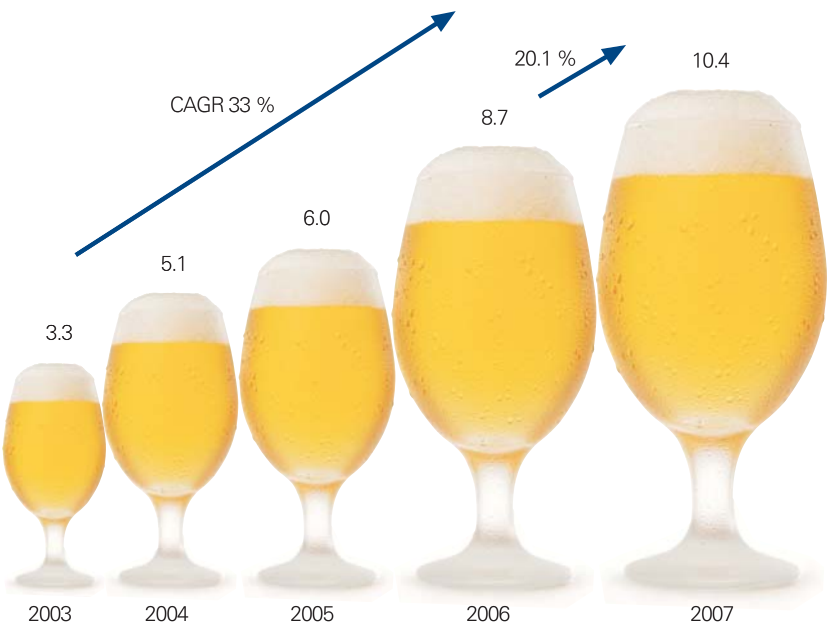
Source: AC Nielsen, December 2007

Following the acquisition of the KV Group in early 2006 and the completion of the integration by end of 2006, EBI further streamlined its business in Russia in 2007. Accordingly, EBI gained further competitive advantage in order to best capitalize on the growth opportunities in the market. In addition to eliminating future capacity constraints, KV Group acquisition also strengthened EBI's foothold in the Volga and emerging Eastern regions, also allowing for significant cross-brewing potential. The four malt production facilities with a total production capacity of 139,000 tonnes per annum, suffices to a large extent EBI's annual malt requirement in Russia, the main ingredient of beer. This in turn provides an effective control over its cost base against price volatility of barley in 2007. The same competitive advantage is also apparent in the pre-form production capacity of 1.3 million units per day, providing Efes Russia with the key raw material used for PET bottles in Russia.

As part of EBI's strategy to capitalize on the synergies associated with being available in developing beer market segments, EBI established itself as a strong player in all segments of the Russian beer market, with a diverse product portfolio including licensed brands in the premium and super premium segments. Mexican brand "**SOL**" was introduced in the Russian beer market in early 2007 and positioned in the super premium segment alongside the German "**Warsteiner**" brand. In the premium segment EBI has a strong presence through "**Bavaria**" and "**Efes**", in addition to its other brands; "**Zlatopramen**" and "**Amsterdam Navigator**". In EBI's brand portfolio "**Stary Melnik**" is positioned in the upper mainstream segment, "**Sokol**" in the lower mainstream segment and "**Beliy Medved**", "**Gold Mine Beer**", "**Krasny Vostok**" and "**Zhigulevskoe**" in the economy segment.

In Russia "**Beliy Medved**", "**Stary Melnik**" and "**Gold Mine Beer**" were the main volume drivers in 2007, collectively accounting to more than 60% of total sales volume. The draught beer in bottle, "**Stary Melnik iz Bochonka**" was introduced to the market in 2007, which was very well received to result in further market share gain for the brand and finally became the "Best Launch" of the year by achieving the maximum incremental value share 9 months after launch. In addition, "**Stary Melnik iz Bochonka**" has won one of the most prestigious international awards in the field of building brands - EFFIE "Brand of the year 2007" in the nomination for Beer in Russia.

Volume Development mhl



Russian operations delivered 78% of EBI's consolidated sales volume in 2007. In Russia, EBI's sales volume increased by 20.1% and reached 10.4 mhl. Like-for-like sales volume growth, calculated by including the first two month sales volume of the KV Group in 2006 was realized as 17.1%.

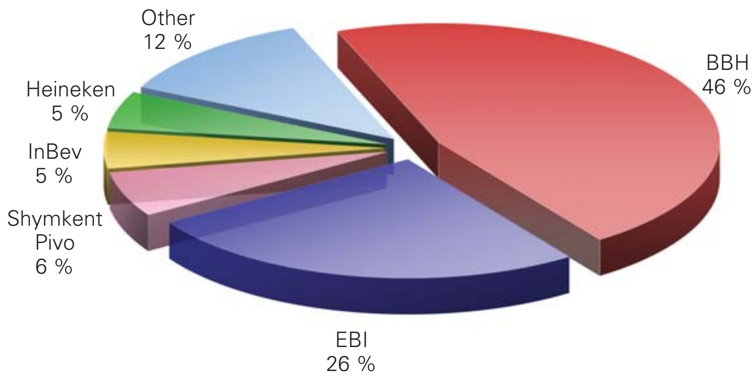
Efes **Kazakhstan**

Kazakhstan is a rapidly growing beer market. The low per capita consumption of 34 liters compared to Western Europe average of 74 liters, indicate further growth potential assisted also with favorable demographics and developing macroeconomic factors. Kazakh beer market is expected to achive 10% CAGR within the next five years (Canadean, 2007).

Commencing its operations with the acquisition of the Karaganda Brewery in 1996 and establishment of Almaty Brewery in 2003, EBI operates two breweries with a total annual brewing capacity of 2.1 million hectoliters as of end of 2007, up from 1.3 million hectoliters in 2006.

EBI is the second largest brewer in Kazakhstan. EBI's brand portfolio currently consists of nine brands, appealing to different segments:

Market Share by Volume



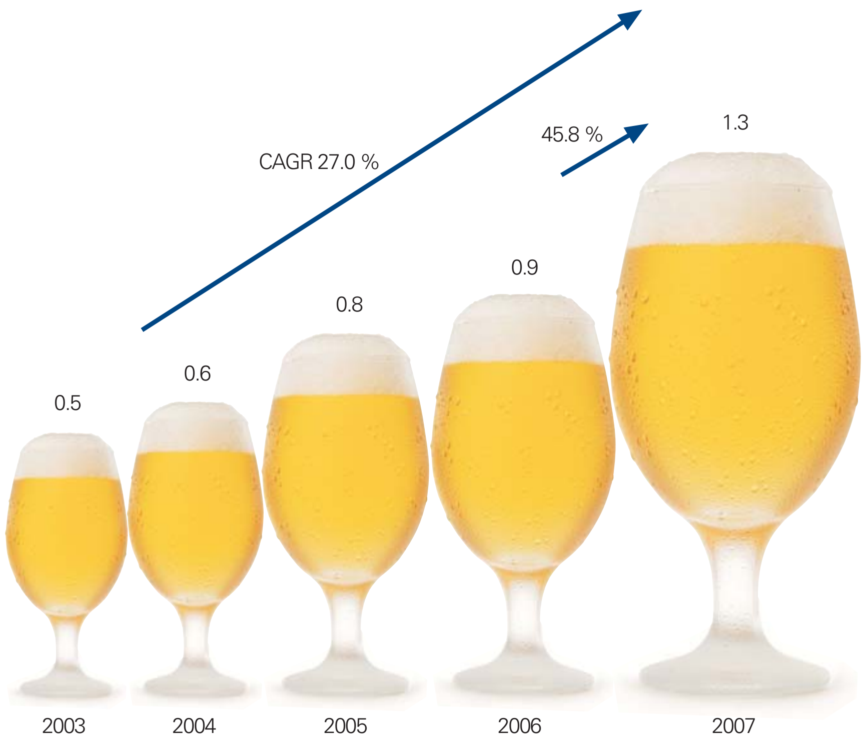
Source: AC Nielsen December 2007

"**Karagandinskoe**" and "**Beliy Medved**" are sold as lower mainstream brands, "**Stary Melnik**" is sold as upper mainstream brand, "**Sokol**", "**Efes**" and "**Amsterdam Navigator**" are sold as premium brands while "**Warsteiner**", "**Sol**" and "**Bavaria Premium**" are sold as super premium brands.

In 2007, EBI's sales volume in Kazakhstan increased organically by 45.8% over the previous year, outperforming the estimated market growth of 15% and reached 1.3 mhl.

Accordingly EBI's market share increased to 26% in 2007 from 19% by the end of 2006 (AC Nielsen, December 2007).

Volume Development mhl



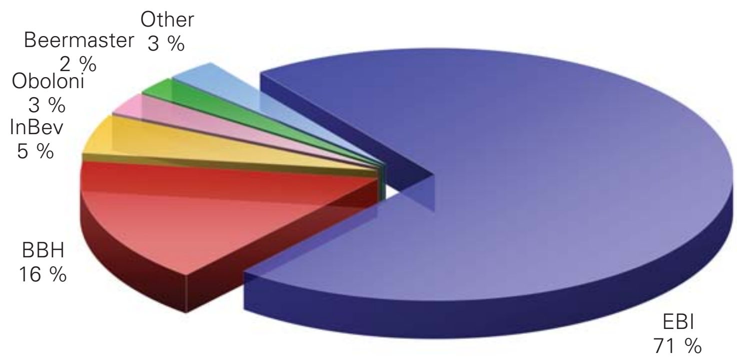
Efes **Moldova**

With its low average per capita beer consumption, Moldova beer market is an attractive market which has achieved 17% CAGR within the last 10 years and is expected to further grow by 9% compounded annually until 2012 (Canadean, 2007).

EBI's beer only volume growth in 2007 was 14,0% over 2006. As announced by EBI on February 21st 2007, EBI sold its soft drink brands "Viva" and "Real" to The Coca-Cola Company, thereby focusing merely on its core beer business. In 2007 total sales volume in Moldova, including soft drinks, reached 1.2 mhl and grew by 3.3% in 2007 over the previous year.

EBI is the leading brewer in Moldova with 71% market share by volume in December 2007, up from 66% a year ago (AC Nielsen).

Market Share by Volume

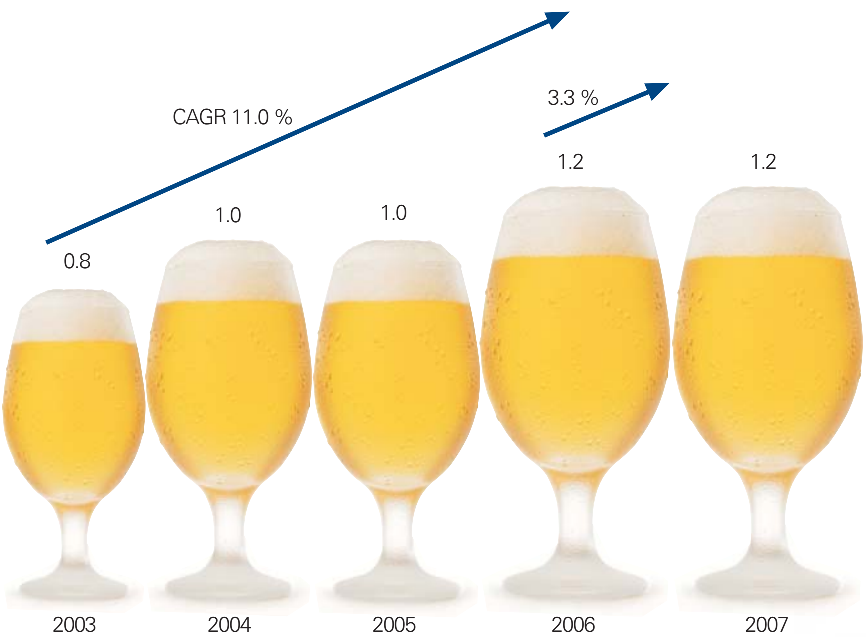


Source: AC Nielsen December 2007

As of end of 2007 EBI operated one brewery in Moldova with an annual brewing capacity of 0.9 mhl.

Currently; EBI produces and sells six brands of beer positioned in mainstream and premium segments; "**Chisinau**" is sold as a mainstream brand, "**Vitanta**", "**Stary Melnik**" and "**Sokol**" are sold as premium brands, and "**Efes**" and "**Warsteiner**" are sold as super premium brands.

Volume Development mhl

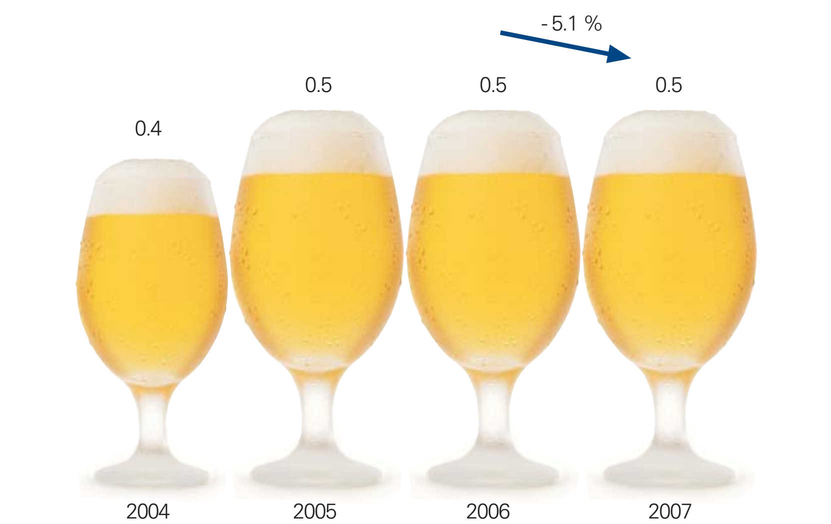


Efes **Serbia**

EBI entered the Serbian beer market in 2003 with the acquisition of The Pancevo Brewery ("Efes Weifert") in the outskirts of Belgrade and in 2004 acquired the Zajecar Brewery ("Efes Zajecar").

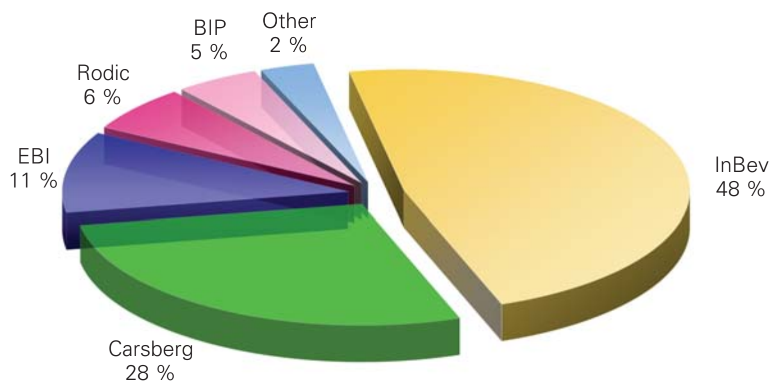
EBI produces and sells seven different brands, "**Efes**" which is positioned in the international premium segment, "**Weifert**" in the mainstream segment and "**Pils Plus**", "**Standard**", "**Grom**" and "**Zajecarsko**" in the economy segment. In addition, EBI also sells "**Miller Genuine Draft**" which is positioned in the imported premium segment.

Volume Development



As of end of 2007, EBI was the 3rd largest brewer in Serbia, with a market share of 11% by volume (AC Nielsen, December 2007). In 2007, EBI's sales volume in Serbia was 0.5 mhl, indicating a 5.1% decline compared to previous year.

Market Share by Volume



Source: AC Nielsen December 2007

RECENT DEVELOPMENTS

Recent **Developments**

January

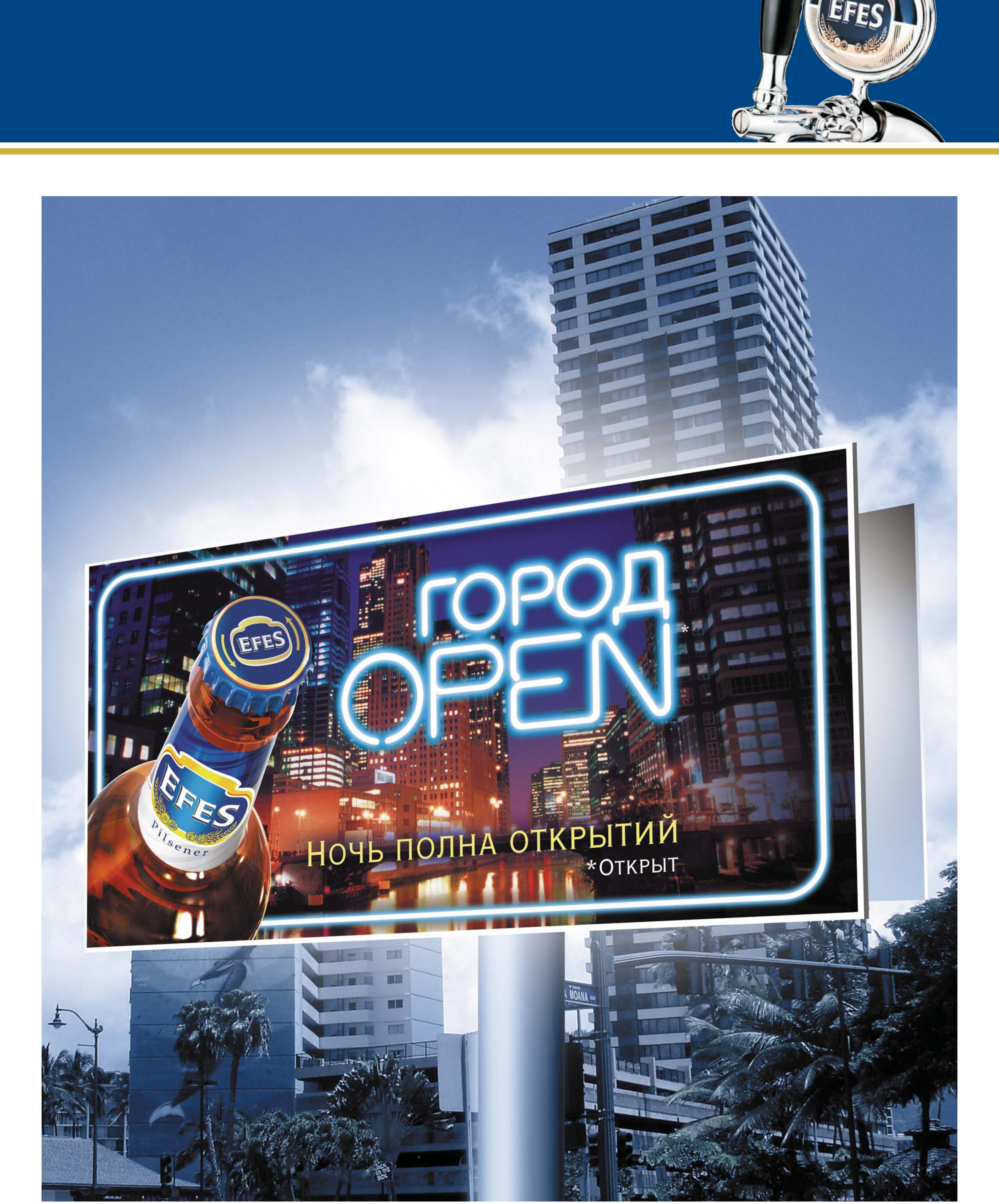
• **EBI and Heineken** established a Joint Venture ("JV") to jointly invest in the **Uzbek beer market** through acquisition of breweries in January 2007. Accordingly EBI and Heineken will have 60% and 40% shares in the JV, respectively, whereas EBI will also have the management control.

Uzbekistan has an estimated 2007 population of 27 million where the beer market is estimated to have grown by 27% on a compounded annual basis between 2001 and 2007. However the current per capita beer consumption is estimated to be only 11 liters. Currently neither EBI nor Heineken have beer production in Uzbekistan.

• EBI and Heineken announced their intention to collaborate in the Kazakh and Serbian beer markets. The collaboration entails EBI's taking over Heineken's brewing business and management of the combined business in Kazakhstan and similarly Heineken's management of the combined businesses in Serbia. Accordingly EBI will own 72% of the combined business in Kazakhstan and Heineken will own 72% of the combined business in Serbia. In each market, the balance will be held by the other party.

February

• EBI acquired 100.0% of Lomisi Ltd. ("Lomisi") in Georgia. Lomisi is the leader in the Georgian beer market with an estimated market share of 42% by volume in 2007, up from 35% in 2006. Lomisi has a total annual brewing capacity of approximately 0.55 mhl and operates two breweries in Alkhagori and Natakhtari. It produces six brands of beer, including "Natahktari", an upper mainstream brand, "Lomisi", a lower mainstream brand and premium segment brands "Kubicek" and "3D". In addition to the brewing operations, Lomisi also has a soft drink operation in Georgia. Georgian beer market has grown 16% on a compounded annual basis between 2002 and 2007. However current per capita consumption is estimated to be only 19 liters, suggesting a significant future growth potential. Georgia has an estimated 2007 population of approximately 4.7 million.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ГОРОД
OPEN*
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EFES
Pilsener
НОЧЬ ПОЛНА ОТКРЫТИЙ
*ОТКРЫТ

CORPORATE GOVERNANCE

Corporate Governance in the Netherlands

On January 1, 2004 the Dutch Corporate Governance Code ("the Code") entered into force for all companies whose registered office is in the Netherlands and whose shares or depositary receipts for shares are officially listed on a government-recognized stock exchange. The Code is referred to in article 391 section 4 of Book 2 of the Dutch Civil Code. The Code is based on the principle accepted in the Netherlands that a company is a long-term form of collaboration between the various parties involved. The Code has as starting points that good entrepreneurship, including integrity and transparency of decision-making by the management board, and proper supervision thereof, including accountability for such supervision, are two pillars on which good corporate governance rests.

The Code is also based on national and international best practices in corporate governance and contains principles and best practice provisions covering the management board, the supervisory board, the shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement.

In general these provisions create a set of standards governing the conduct of management board and supervisory board members and shareholders. Non-application of the Code may occur in certain circumstances. However, companies subject to the Code have to explain why they do not comply with certain provisions. Explanations for non-compliance need to be inserted in the annual report and each substantial change in the corporate governance structure needs to be explained to and approved by the General Meeting of Shareholders.

Corporate Governance and EBI

As of listing on October 21, 2004 EBI became subject to the Code. Though global depositary receipts representing shares in the capital of EBI were listed in the London Stock Exchange, EBI is subject to the Dutch Code because it is incorporated and registered in the Netherlands. EBI acknowledges the importance of corporate governance and has implemented most of the best practice provisions of the code in its corporate governance structure. In line with the Code, the Supervisory Board appointed from its members a Remuneration Committee, an Audit Committee and a Selection and Appointment Committee. Each of these committees is subject to internal regulations. In 2006 the Supervisory Board established in addition a Corporate Governance Committee. For further information about the committees, please see the paragraph "Committees" in the Supervisory Board chapter.

Also internal regulations are adopted for both the Management Board and the Supervisory Board. Included are rules for transactions that can be qualified as a transaction with a conflict of interest as defined in the Corporate Governance Code for members of the Management Board and the Supervisory Board respectively.

EBI entered into related party transactions as mentioned in clause III.6.4 of the Code, but these transactions were agreed on an at arm's length basis. Also internal rules regulating shareholdings of Supervisory Board members in Dutch listed companies have been drawn up, in order to prevent conflicts of interest.

Compliance of EBI with the Code

As mentioned before, non-application of the Code may occur but should be explained.

The following is a description of the material deviations of the Code.

Best practice provision III.1.21 stipulates that the Supervisory Board consists of independent members except for one member. Mr. Tuncay Ozilhan is considered as this one dependant member.

Best practice provision III.4.2 states that the chairman of the Supervisory Board may not be a former member of the Board of Management. EBI does not comply with this provision and believes that it is in the best interest of EBI to maintain Mr. Ozilhan as Chairman of the Supervisory Board due to his extensive knowledge of EBI's business.

Best practice provision II.1.1 of the Code stipulates that members of the Board of Management are appointed for a maximum period of four years. As members of the Board of Management are appointed by the General Meeting of Shareholders, according to common practice the Articles of Association of EBI provide that the term of appointment of a member of the Board of Management will end at the closing of the first General Meeting of Shareholders to be held in the fourth year following the year the member of the Board of Management is appointed.


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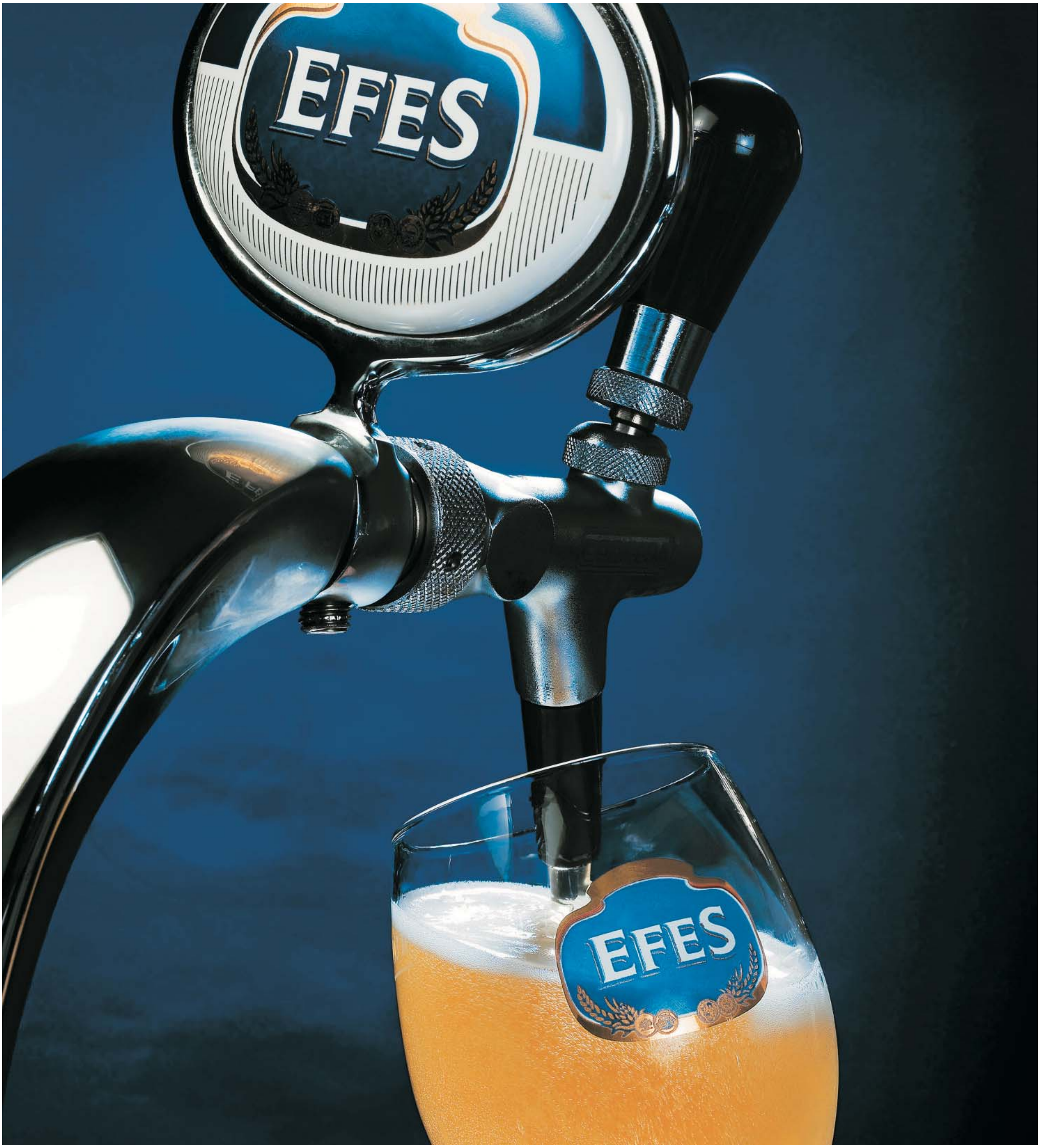
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REPORT OF THE SUPERVISORY BOARD

Functioning and strategy of the Supervisory Board

The Supervisory Board supervises the policies of the Board of Management as well as the general course of EBI's affairs and business. The Supervisory Board also advises the Board of Management. In performing their duties members of the Supervisory Board must serve the interests of EBI and its business enterprise as well as the interests of all of EBI's stakeholders.

The Supervisory Board has adopted Supervisory Board Rules that regulate in detail its tasks and responsibilities. Pursuant to the Supervisory Board Rules, members of the Supervisory Board are in principle appointed for a maximum term of four years. Upon expiry of the term of appointment, a Supervisory Board member can be re-appointed provided that the maximum term of being a member does not exceed three terms or twelve years, as the case may be. The General Meeting is entitled to appoint members of the Supervisory Board. The Supervisory Board is entitled to make a non-binding nomination for each vacancy. Within the Supervisory Board, the Selection and Appointment Committee prepares the proposal for a nomination.

The Supervisory Board consisted of the following members in 2007:
Mr. Tuncay Ozilhan, Chairman
Sir David Logan
Mr. Ali Tigrel
Mr. Alex -Christos Komninos
Mr. Gauthier de Biolley

In order to see CVs of the Supervisory Board Members please refer to “Company Profile” section ”Supervisory Board” (pg: 18).The rota plan is published on the website of EBI.

Independence of Supervisory Board Members

The Code prescribes that the Supervisory Board consists of independent persons, except for one. EBI considers it important to maintain an adequate number of persons on the Supervisory Board with knowledge of EBI's business. In order to comply with the code EBI has gradually replaced its members of the Supervisory Board except for the chairman, Mr. Ozilhan.

Meetings

The Supervisory Board had seven regular meetings in the year 2007 with the members of the Board of Management being present. All meetings were attended by at least four of the five members of the Supervisory Board and no member was frequently absent. The Supervisory Board also met on its own. Two meetings were held in Istanbul in the offices of the Efes Beverage Group, one meeting was held in Moscow, Russia and the other meetings were held in Amsterdam in the Netherlands.

Evaluation of the functioning of Supervisory Board

Topics of the meetings of the Supervisory Board included, but not limited to:

- EBI's general strategy, including strategic business plans;
- EBI's financial performance and financial developments;
- Corporate Governance
- The performance and internal division of tasks of the Board of Management;
- Operational development of EBI's subsidiaries;
- Discussion of business development projects as well as new investments and acquisitions;
- EBI’s human resources strategy and management, and
- The Supervisory Board's own performance.

In addition to these topics special attention was paid in 2007 to export activities, procurement, monitoring the Cost Benchmarking Project, malt business conditions, an investment in Georgia and oppurtunities for Belarus, as well as a joint venture in Uzbekistan and a strategic collaboration in Kazakhstan and Serbia.

Committees

In line with the Code, the Supervisory Board has created three standing committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. In addition the Supervisory Board established a Corporate Governance Committee. The committees are appointed by the Supervisory Board from among its own members.

I. Audit Committee

Pursuant to the rules governing the Audit Committee, the Audit Committee is comprised of two Supervisory Board members and meets at least twice a year. The Audit Committee is chaired by Mr. Gauthier de Biolley and the other member is Mr. Ali Tigrel.

Pursuant to the rules governing it the Audit Committee supervises, monitors and advises the Board of Management on risk management and control systems, annual reports, on the provision of financial information and on the role and functioning of the internal audit department amongst other issues. The CFO was invited to attend the meetings, as well as the external and the internal auditors. The Audit Committee is obliged to hold a meeting at least once a year with the external auditor of EBI without any of the members of the EBI Board of Management and the internal auditors being present.

In 2007 the Audit Committee met five times, where amongst other things the work plan of the internal auditor, the internal audit and financial statements were discussed. The Audit Committee met once with the external auditors of EBI in 2007 without the Board of Management present.

II. Selection and Appointment Committee

Pursuant to the rules governing the Selection and Appointment Committee, this committee is composed of a minimum of two members. Effective as of August 23, 2004, this Committee is chaired by Mr. Tuncay Ozilhan. The other members are Sir David Logan and Mr. Alex-Christos Komninos.

The Selection and Appointment Committee prepares selection criteria and appointment procedures for members of the Board of Management and the Supervisory Board. It also prepares and makes proposals for (re-)appointments.

The Selection and Appointment Committee met once in 2007. The composition and functioning of the Board of Management and the Supervisory Board was discussed. In the beginning of 2007 Mr. Alejandro Jimenez was appointed as member of the Board of Management when Mr. Ahmet Boyacioglu retired.

III. Corporate Governance Committee

In 2006 the Supervisory Board established a Corporate Governance Committee with the purpose to monitor the compliance of EBI with the Dutch Corporate Governance Code and to inform the Supervisory Board on this topic. The Corporate Governance Committee met twice in 2007 in fulfilment of this remit. The areas which the Corporate Governance Committee addressed were:

1- Independency of Supervisory Board members;

2- Number of Supervisory Board members;

3- Chart of Authority; and

4- Conflict of interest.

The Corporate Governance Committee is comprised of three Supervisory Board members and is chaired by Mr. Alex-Christos Komninos. The other members are Sir David Logan and Mr. Gauthier de Biolley.

IV. Remuneration Committee

The Remuneration Committee is comprised of three Supervisory Board members and meets at least twice a year. Effective as of 23 August 2004, the Remuneration Committee is chaired by Sir David Logan. The other members are Mr. Tuncay Özilhan and Mr. Alex-Christos Komninos.

Pursuant to the rules governing the Remuneration Committee, this Committee prepares proposals to be presented to the Supervisory Board concerning the general Remuneration Policy for the members of the Board of Management, of the General Meeting of shareholders of EBI for approval.

On 27 May 2005, the General Meeting of Shareholders approved and adopted the Remuneration Policy which was drafted by the Remuneration Committee. During 2007 this Remuneration Policy has been reviewed and evaluated and the Remuneration Committee endorsed the existing Remuneration Policy.

The Remuneration Committee also monitors the individual remuneration of each of the members of the Board of Management and checks whether they are in line with the general Remuneration Policy as adopted by the General Meeting of Shareholders. In addition, the Remuneration Committee prepares the annual Supervisory Board remuneration report on the application of the adopted Remuneration Policy.

In 2007, the Remuneration Committee met twice to discuss and prepare proposals to the Supervisory Board for the remuneration of Management Board members and to discuss the remuneration and talent development of senior management in general.

Remuneration Policy of EBI

The Remuneration Policy of EBI was approved by the General Meeting of Shareholders of EBI held on 27 May, 2005.

The aim of the remuneration policy of EBI is to attract and retain talented members of the Board of Management and to achieve this aim with due observance of best practice corporate governance principles.

Elements of the Remuneration Package

The total remuneration packages of the members of the Board of Management consist of one or more of the items below, depending on the duties and responsibilities of each member:

I. Base salary, determined according to the inflation rate of each year and individual performance level.

II. Cash bonus, based on base salary or in case of non-residents, based on a pre-determined fixed amount and linked to the individual contribution to the achievement of EBI's annual targets.

III. Other benefits.


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Bere
Chișinău
BLONDĂ
FABRICAT ÎN MOLDOVA
fondat 1873
min. 4,5% vol.

At the end of each year, the base salary of each Management Board member is evaluated and adjusted for the subsequent year in the light of his or her performance scores and taking into account inflation.

The remuneration structure as adopted by the General Meeting of Shareholders on 27 May, 2005, has been maintained in the general Remuneration Policy in 2007. As a corporate policy, EBI does not provide loans to members of the Board of Management. EBI is of the opinion that the remuneration packages of its current members of the Board of Management are in line with the principles of the Corporate Governance Code. Proposals for the remuneration of any new members of the Board of Management after adoption of the general Remuneration Policy are made by the Remuneration Committee in line with this policy. This was done in 2007.

Besides the base salary, members of the Board of Management are eligible to receive cash annual bonuses according to (a) the degree of realization of the targets of EBI, or Key Performance Indicators (KPIs) as explained below, and (b) individual performance. The first element, the degree of realization of targets of EBI, is derived from the "Strategic Business Plan". This plan sets the targets for the coming year and has to be approved by the Supervisory Board. Based on the Strategic Business Plan, KPIs are identified for the year. Each KPI is awarded a relative weight for the evaluation of total performance. In this way the targets of the Company are precisely made clear to the Board of Management in advance. Each year, KPI weights are re-examined and revised if needed. If a Strategic Business Plan is revised during a calendar year, the new targets and KPIs are notified to the members of the Board of Management by the Supervisory Board.

The ratio of these two components in total annual salaries was as follows in 2007:

o Non-variable component (80%)

o Variable component (20%)

It is envisaged that these ratios should remain the same in subsequent years. The factors determining the variable component of salaries do not include comparisons with peer group companies.

Other benefits granted to a member of the Board of Management may comprise a company car, a mobile telephone, rent contribution and health insurance contribution. One or more of these benefits may be included in the remuneration package, subject to the job description and responsibilities within EBI of the Board of Management member.

Management Board members have no right to options, shares, or other variable remuneration components which are not performance related. There are no current pension schemes in the Netherlands. Further there are no standard arrangements for early retirement of members of the Management Board.

Term of Management Board Contracts

The type of the employment contracts of the individual members of the Management Board is an employment contract for an indefinite period of time. The employment contracts of Mr. Jimenez and Mr. Zorlu are regulated in accordance with Turkish Labor Law, while the employment contract of Mr. Sarman is drafted in accordance with Dutch Labor Law. The services of Mr. Roelofs were rendered through a special assignment service contract. Terms of notice of termination, dismissal and redundancy terms vary according to seniority and in accordance with the applicable laws governing the employment and assignment contracts.

For the members of the Management Board whose contracts are being drafted and governed according to Turkish law, dismissal and redundancy payment clauses are structured according to Turkish Labor Law. For the member of the Management Board who is employed in accordance with Dutch law, the aforementioned clauses are structured according to Dutch Labor Law.

Remuneration 2007

In order to give an impression of the application of the remuneration elements I, II and III described above, the remuneration packages of the members of the Board of Management in 2007 were made up as follows:

Messrs. Jimenez and Zorlu : element (I) and (II) and some items of element (III);
Mr. Sarman: elements (I), (II) and (III);
Mr. Roelofs: fixed directorship fee, to be considered as element (I).

It is intended to maintain this application of the company's remuneration policy for the members of the Board of Management in 2008.

In 2007, the members of the Supervisory Board and the Management Board received a total gross remuneration of USD 174 thousand (2006 - USD125 thousand) and USD 578 thousand (2006 - USD284 thousand), respectively.

The "Annual Report prepared under the requirements of the Netherlands' Civil Code" forms an integral part of this report. Therefore the readers of this report may refer to aforementioned report which is available on EBI's website where also the Articles of Association, the Supervisory Board Charter, Board of Management Charter, Audit Committee Charter, Selection and Appointment Charter, Remuneration Committee Charter, Insider Trading Rules, Corporate Governance Summary and Arrangement of Whistleblowers can be found (www.efesinternational.com).

The Articles of Association

EBI is listed on the London Stock Exchange since October 2004. The Articles of Association are available on EBI's web site at www.efesinternational.com.

24 April 2008
On behalf of the Supervisory Board:
Tuncay Özilhan
Chairman of the Supervisory Board

BOARD OF MANAGEMENT

Board of Management

I. Functioning and strategy of the Board of Management

Pursuant to Dutch law and pursuant to the Articles, the Board of Management is responsible for the overall management of EBI. The Board of Management has adopted Board of Management Rules that regulate in detail its tasks and responsibilities. The Board of Management acts under the supervision of the Supervisory Board. Pursuant to the Articles, members of the Board of Management are appointed for a maximum term of four years, provided that the term of appointment will end at the closing of first general meeting of shareholders in the fourth year following the year of appointment. Pursuant to the Board of Management Rules, a member of the Board of Management can be re-apppointed for another four year term after the expiration of the first four year term. New members of the Board of Management are appointed by the General Meeting. The Supervisory Board is entitled to make a non-binding nomination for each vacancy. Within the Supervisory Board, the Selection and Appointment Committee makes the proposal for a nomination. The Board of Management currently consists of the following four members: Mr. Alejandro Jimenez, Chairman, Mr. Hurşit Zorlu, Mr. Demir Şarman and Mr. Carlos P.M. Roelofs.

In order to see CVs of Members of Board of Management please refer to "Company Profile" section "Board of Management, Chief Operating Officer & Company Secretary" (pg:20)

II. New Appointments

Mr. Alejandro Jimenez was appointed to the Board of Management in 2007, replacing Mr. Ahmet Boyacıoğlu.

III. Meetings

The Board of Management meets at least once a month and besides whenever one or more of the members have requested a meeting. In 2007, all resolutions were passed with unanimous vote. Pursuant to the Articles, several transactions require the approval of the Supervisory Board. In 2007, all resolutions of Board of Management were approved by the Supervisory Board.

IV. Evaluation of the functioning of the Board of Management

Topics of the meetings of the Board of Management included, among other items:

- EBI's general strategy;
- EBI's day-to-day financial operations;
- Planning and monitoring the marketing strategy of EBI;
- Assissting and supervising the operations of EBI's subsidiaries;
- Investigating and executing of business development progress as well as investments and acquisitions;
- The performance and internal division of tasks of the Board of the Management.

In addition to these topics The Board of Management concentrated on procurement, monitoring the Cost Benchmarking Project, malt business conditions and export activities in 2007. The Board of Management was also occupied by an investment in Georgia and opportunities for Belarus as well as joint venture in Uzbekistan and a strategic collaboration for Kazakhstan and Serbia. Other significant topics of the year 2007 were restructuring of Russian operations and sale of soft drink trademarks in Moldova.

Operational Review

Sales Volumes

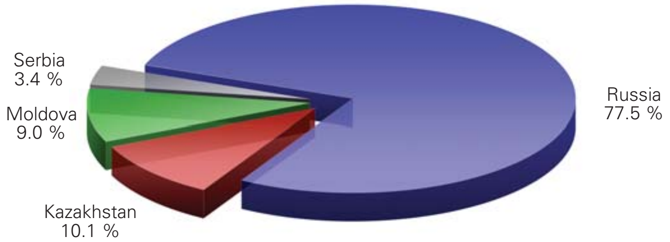
EBI's consolidated sales volume reached 13.3 million hectoliters ("mhl") in 2007, by growing 13.8% over the previous year. To provide a better comparison; if the 2006 sales volumes were presented on a like-for-like basis, whereby

- o the sales volume in the first two months of 2006 of the Krasny Vostok Brewing Group ("KV Group"), which EBI acquired in February 2006 is included and
- o the sales volume of Interbrew Efes Brewery ("Efes Romania"), EBI's 50% operating subsidiary in Romania, in which EBI disposed its shareholding in August 2006, is excluded from 2006 results,

EBI's like-for-like sales volume growth in 2007 was 17.0%.

Sales Volume Development mhl

Geographical Breakdown of Sales Volume* mhl



pre consolidation adjustments

In Russia, EBI's sales volume increased by 20.1% in 2007 and reached 10.4 mhl. Like-for-like sales volume growth by including the first two month sales volume of the KV Group to 2006 results was 17.1%. The strong market growth in Russia was assisted by the favorable weather conditions and the continuing positive shift towards beer primarily in less saturated regional markets. EBI's sales volume growth in 2007 was ahead of the estimated market growth of app. 16% in the year, resulting in market share appreciation to 8.8% as of December 2007 (up from 8.5% in December 2006- AC Nielsen).

In Kazakhstan, EBI increased its sales volume by 45.8% over the previous year and recorded 1.3 mhl sales volume in 2007. EBI's volume growth in Kazakhstan in 2007 was ahead of the estimated market growth of app. 15%, thereby resulting in a market share appreciation to 25.7% as of December 2007 from 18.7% in December 2006 (AC Nielsen).

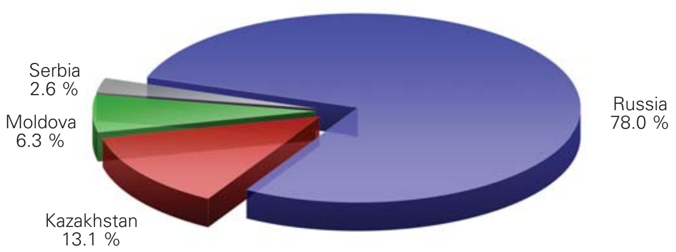
In 2007 total sales volume in Moldova, including soft drinks, reached 1.2 mhl and grew by 3.3% over 2006. As announced by EBI on February 21st, 2007, EBI sold its soft drink brands "Viva" and "Real" to The Coca-Cola Company, thereby focusing merely on its core beer business. Accordingly, EBI's beer only volume growth in 2007 was 14.0% over 2006, ahead of market growth. Therefore, EBI's market share in Moldova increased to 70.9% as of end of 2007 from 66.1% a year ago (MEMRB).

Serbia was the only market where EBI's sales volume declined in 2007. EBI realized 0.5 mhl sales volume in 2007 in Serbia, indicating a decline of 5.1% over previous year. EBI's market share in Serbia was 11.2% as of December 2007 versus 11.0% in December 2006. EBI is currently the third largest brewer in the market (AC Nielsen).

Net Sales

Net Sales Revenue Development m USD

Geographical Breakdown of **Net Sales Revenue***



** On a consolidated basis*

In Russia EBI's net sales revenue increased by 30% in 2007 over the previous year. Revenue growth, which was ahead of volume growth, was achieved through effective price management of the economy segment brands which were important volume drivers and was also positively impacted by local currency price increases combined with positive foreign currency impact (strengthening of the Ruble against USD) in the period.

In Kazakhstan net sales revenue increased by 85% in 2007 over the previous year. The significant increase in net sales revenue, on top of the strong volume growth in the period, is mainly attributable to the increased average price as a result of the switch from returnable to non-returnable bottles in 2007 as well as the local currency price increases and strengthening of Kazakh Tenge vs USD in the period.

In Moldova net sales revenue increased by 24% in 2007 over the previous year. The revenue growth, which was ahead of the volume growth, is the result of local currency price increases and positive foreign currency impact. The revenue growth was also positively impacted by the exclusion of lower priced soft drink brands in 2007.

In Serbia net sales revenue increased by 21% in 2007 over the previous year, despite the contraction in sales volume in the period, which reflects our strategic decision to focus on balanced volume and profitability. The revenue growth was assisted by the local currency price increases, positive brand mix and strengthening of Serbian Dinar versus USD in the period.

Profitability

In 2007, EBI's consolidated gross profit increased by 20.7% over 2006 and reached USD 374.1 million. Despite the absolute growth in the gross profit, gross profit margin contracted from 48.5% in 2006 to 44.7% in 2007. The contraction is primarily due to the global increase of malt and malting barley prices and also the negative impact of packaging mix in Kazakhstan, due to the switch from returnable bottles to non-returnable bottles.

Due to the increase in raw material costs globally, the ability to supply own malt requirements is gaining significant importance. Currently EBI operates 4 malteries with an annual production capacity of 139,000 tonnes in Russia. In order to ensure a more effective management of its cost base in 2008, EBI currently is in the process of increasing the aggregate capacity of its malteries in Russia to become self-sufficient in the supply of this major raw material. In addition, EBI also has a pre-form production facility in Russia, with a capacity of 1.3 million units per day, which also is an important asset in terms of more effectively controlling the packaging costs, especially given the increased share of PET products in Russia.

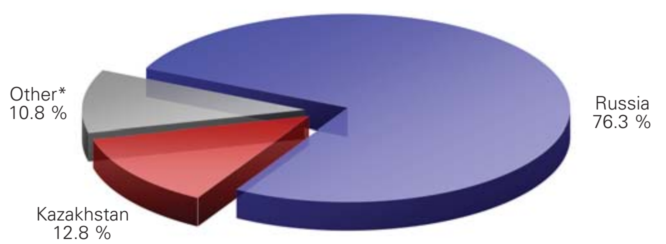
In 2007 EBI's profit from operations increased by 45.4% over the previous year and reached USD 80.6 million. Operating expenses as a percentage of net sales revenue in 2007 decreased with respect to 2006 mainly due to further streamlining of business after the KV Group acquisition in 2006 in Russia, such as rationalization of the brand portfolio

in this market and optimization of cross brewing. As a result of the operational efficiencies driven, the contraction in the gross profit margin was more than offset and EBI delivered an improved profit from operations margin of 9.6% in 2007 vs. 8.7% in 2006.

Accordingly, in 2007 EBI's consolidated EBITDA increased by 38.5% over the previous year and reached USD 156.0 million. Consolidated EBITDA margin also increased from 17.6% in 2006 to 18.7% in 2007. The increase in EBITDA margin was achieved in spite of a challenging operating environment in 2007.

EBITDA Development m USD

Geographical Breakdown of **EBITDA**



** Other includes Moldova, Serbia and Headquarter Adjustments*

EBI's net income increased by 81.8% in 2007 compared to 2006 and reached USD 37.5 million. In addition to better operating profitability, lower net interest expenses as a percentage of net sales revenue despite higher level of indebtedness positively affected the net income.

Net Financial Debt

As of 31.12.2007, EBI had a net financial debt of USD 487.5 million. The increase in net financial debt, which was USD 307.7 million as of 31.12.2006, is to a great extent due to the increase in bank borrowings and decrease in cash in order to finance the USD 127.7 million of capital expenditure in 2007. Capex in 2007 is attributable to the capacity increase in Kazakhstan from 1.3 mhl per annum in 2006 to 2.1 mhl per annum in 2007 on top of annual maintenance capex as well as the initiation of capex for 2008 in the fourth quarter of 2007. Net financial debt is also impacted by increased inventory at the year end, which is due to the early procurement of certain raw materials, including malting barley for the following year.

Acquisitions, Disposals and Capex

In February 2007, Efes Moldova, sold its soft drink brand called "Viva" as well as "Real" brand of bottled water to The Coca-Cola Company.

In October 2007, EBI acquired 6.25% of Efes Weifert through takeover bid process for a total cash consideration of USD 3,144 million.

In addition, EBI increased the annual brewing capacity in Kazakhstan to 2.1 mhl from 1.3 mhl in previous year.

Marketing

EBI views its brand portfolio as a key asset, as management believes the image of a brand and its message are essential elements in a consumer's choice of beer. EBI seeks to have a brand portfolio that comprehensively covers the principal beer segments in which it operates, principally the premium, mainstream and economy segments. EBI focuses on those segments in its operating markets that offer growth in sales without prejudicing profitability. Management believes that local positioning of its brands is a key element in facilitating better understanding of, and responses to, the needs of local consumers. With respect to the Efes brand, marketing efforts are coordinated with the marketing strategy of Anadolu Efes and are aimed at reinforcing the image of the brand as a premium international beer. EBI focuses on capitalising on the synergies associated with being available in developing beer market segments. Depending on the specific markets these may include the most profitable and/or fastest growing segments as well as the largest segments in the beer markets in which EBI operates. Each operating company funds all marketing activities within its territory, both in respect of the Efes licensed brand and its local brands.

EBI markets its brands extensively in each of its operating markets (Russia, Kazakhstan, Moldova and Serbia) through a broad range of marketing channels, including, among others, television, billboard and radio advertising and consumer promotions. EBI also sponsors high profile sports, music festivals and other special events, thereby giving broad exposure to the local brands and to the Efes brand. Sponsorships include the promotion in certain Territories of the "Efes Pilsen" basketball team by the Anadolu Efes, which ranks number one in terms of total number of championships won in the Turkish basketball league and has enjoyed consistent success in the European Championships. In Russia, Efes Russia also promotes the "Stary Melnik" brand through sponsorship of the national football (soccer) team. In addition to sports sponsorships, the Operating Companies sponsor cultural events such as music concerts, which attract widespread media attention and reach a broad base of consumers.

The operating companies also organise on-premise promotional activities, conduct regular point-of-sale visits, and arrange special promotions for key accounts.

Efes Beer Group Support

EBI receives management support from the Efes Beer Group ("EBG") and the benefit of administrative services including the provision of management systems, strategic planning and procurement services (such as assistance in the selection of raw materials and ensuring that sufficient supplies of any required raw materials are available, which includes the procurement of raw materials from abroad in the event that raw materials are not available through customary domestic channels). EBI also receives from the EBG marketing, distribution and sales services, (including assistance with customer service, statistical analysis and market research and assistance in developing and evaluating established and new markets), human resources management services and training. The relationship between EBI, its operating subsidiaries and EBG are formalised through certain long-term management support agreements.

Forecast for the Next Year

Despite the 13% CAGR of the consumption in the beer markets during the past 10 years in the territories in which EBI operates, per capita beer consumption levels, which is below comparable averages along with the increasing disposable income levels are expected to contribute to the expected 5% further annual growth in EBI's operating markets in the next 5 years (CAGR 2007-2012E/ Canadean). EBI is committed to deliver organic volume growth ahead of the projected growth of its operating markets while delivering strong top line growth, with a focus on improved

profitability. In addition when feasible, EBI may seize strategic expansion opportunities in existing and new compatible markets in Eurasia.

EBI expects 2008 to be another challenging year, primarily as a result of worldwide input cost inflation. The impact of the increase in the raw material and packaging costs will be apparent at the gross profit line, while EBI expects to offset this negative impact to a certain extent by price increases ahead of inflation and the increasing operational efficiencies. These efficiencies are expected to be derived primarily from the optimization of marketing expenses due to the now completed brand portfolio rationalization in Russia and economies of scale.

In 2008 EBI plans to deliver an absolute EBITDA growth albeit with a lower margin primarily as a result of timing differences between our expected price increases and cost reduction initiatives versus the increase in raw material costs and therefore such reduction in profitability may vary quarter on quarter.

Risk Profile

The following presentation analyses significant strategic, operational, financial and regulatory risk factors. The information does not purport to be exhaustive and is not listed in order of priority. Additional risks and uncertainties not presently known to EBI, or that EBI currently deems immaterial, could also have an adverse effect on its business.

Strategic risks

Political Instability

Since the dissolution of the Soviet Union, the countries where EBI operates (the "Territories" and each a "Territory") have implemented market-based economic reforms, although the approach to, extent of, and rate of implementing such reforms has varied.

Although in recent years there has been a general improvement in economic indicators, there can be no assurance that the political and economic reforms necessary to complete the transition from centrally-planned to market-based economies in the Territories will continue to be implemented. The political system of each of the Territories is susceptible to periods of instability resulting from reform, social and ethnic unrest and rapid changes in government policies, any of which could have a material adverse effect on the activities of EBI.

Economic Deterioration or Instability

The governments of the Territories have at times implemented policies of economic reform and stabilisation. These policies have, for example, involved liberalising prices, reducing defence expenditure and subsidies for state-owned enterprises, privatising state-owned enterprises, reforming the tax and bankruptcy systems, and introducing legal structures designed to permit private, market-based activities and foreign trade and investment. At the same time depending on the improvements in the macroeconomic conditions of the countries in these territories, the level of average disposable income in the Territories have improved. Given the high correlation between average disposable income and per capita consumption in developing markets, changes in the macroeconomic conditions could have substantial impact on the beer market in EBI's territories.

Restrictions on Beer Advertising, Sales or Consumption

The implementation of restrictions on, or the prohibition of, beer advertising in the mass media or certain sales channels could have a material adverse effect on the results of operations of EBI. For example, in August 2004, Russia passed legislation placing restrictions on beer advertising. Those restrictions include, among other things, a ban on the broadcasting of beer commercials on television and radio between 7 a.m. and 10 p.m., a prohibition on the promotion of beer as being "crucial in achieving success in sports and personal life" and a prohibition on the use of images of people or animals on beer advertising. The provisions of the new law took effect on 5 September 2004, with the exception of the restriction on the use of images of people or animals, which became effective on 1 January 2005. There is also a risk that Russia may impose licensing obligations on distributors and sellers of beer which may also have a material adverse effect on EBI's results of operations. Kazakhstan has also imposed a complete prohibition, which became effective on 1 January 2004, on alcohol advertising in the mass media. As a result of this legislation, growth in each of those beer markets could be materially adversely affected, and new product development could become more challenging, which could have a material adverse effect on

EBI. In addition, in April 2005, Russia passed legislation which among other things, places restrictions on the sale and consumption of beer in certain public places (including sports and cultural organisations) and imposes a minimum age of 18 years on the purchase of alcoholic beer. Although EBI's management believes that such legislative changes in Russia have not yet materially affected its operations, financial condition, or results, there cannot be any assurance that these or any other changes will not have such an effect in the future.

Operational risks

Business Growth

Management expects that, in line with trends in Western Europe and other parts of the world, consolidation of the beer industry will continue and even accelerate in the Territories. EBI's ability to participate in the consolidation of the beer industry in the countries in which it operates, in order to benefit from further economies of scale, better satisfy customer needs and compete effectively against other international brewers, will depend upon its ability to assess, and to adjust its rate of expansion in accordance with, demand for beer products within the Territories and other parts of the CIS, the Balkans and Eastern Europe. Although to date EBI has been able to manage successfully the growth of its business, if EBI is unable to manage growth effectively, including, among other things, by finding qualified management or deploying and replicating its business model and technical infrastructure, its business or financial condition could be materially adversely affected.

Acquisitions and Business Integration

EBI's strategy includes growth through acquisitions. In making decision to acquire a business, EBI makes certain judgments as to the future prospects of the business and its integration into EBI's business based on the findings of due diligence process. Such judgments relate to the future growth and stability of the economy, the stability of the government, positive and negative consumer trends towards consumption of beer and soft drinks in the country, the introduction of new or increased competition in the market, fluctuations in exchange rates, the introduction of new laws, regulations, taxes or duties and other factors specific to country. In addition, the integration of an acquired business into EBI's business and financial organisation is a significant process which covers a wide range of areas including

technical, sales, operational, financial, information technology, human resources and legal integration in order to achieve the alignment of the acquired business with EBI's operations. Whilst integrations to date have been progressed in line with Management's expectations, any negative effect of such factors could materially adversely affect the performance of the acquired business and that of EBI.

Financial risks

Cash Generation and External Financing

The planned development of EBI's business and implementation of its proposed investment programme are dependent on EBI's ability to generate sufficient cash flow from its operations and to obtain bank or other debt financing on acceptable terms to finance such programme. Although EBI's current investment programme consists principally of capital expenditures necessary to maintain and effect moderate capacity increases at its existing operations, EBI is constantly evaluating acquisition opportunities that would require significant additional resources. If EBI is not successful in generating sufficient cash flow or obtaining sufficient capital to fund its planned expenditures, it may need to raise additional equity finance or some or all of its planned investments may be significantly delayed or abandoned. Any such delay or abandonment could have a material adverse effect on EBI.

Fluctuations in the Exchange Rates

EBI operates through its subsidiaries in Territories and U.S. Dollar is the functional and presentation currency of the group. Foreign currencies play a significant role in the economies of the Territories. 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 of the Territories. Consequently, any significant decline in the value of the measurement currencies of the subsidiaries against U.S. Dollars could have a negative effect on the subsidiaries' financial position and results of their operations.

Regulatory risk

Exchange Controls and Repatriation Restrictions

As a result of legislation in force in some of the Territories relating to investments by foreign companies, there are limits on the ability of some of the operating subsidiaries to convert local currency into U.S. dollars (and other hard currencies) or vice versa. The inability of, or restrictions on the ability of, the operating subsidiaries to convert local currency into U.S. dollars could restrict their ability to pay suppliers in their currency of choice, to pay dividends and impede or restrict operating subsidiaries with present or future indebtedness from making interest or principal payments in respect of such indebtedness. If any such further restrictions were imposed, they would have a material adverse effect on EBI.

Legal System

Risks associated with the legal systems of the Territories include, to varying degrees (i) inconsistencies between and among laws including tax legislation, presidential decrees, edicts, and governmental and ministerial orders and resolutions; (ii) conflicting local, regional and federal rules and regulations; (iii) the lack of judicial or administrative guidance on interpreting the applicable rules; (iv) the untested nature of the independence of the judiciary and its immunity from economic or political influences; (v) the relative inexperience of jurists, judges and courts in interpreting recently enacted legislation and complex commercial arrangements; (vi) a high degree of discretion on the part of governmental authorities; (vii) variability in the interpretation and application of tax laws and regulations by the respective tax authorities and (viii) a lack of binding judicial precedents. Such immaturity of legal systems, processes and practice could adversely affect EBI's business or financial condition.

Tax Environment

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the EBI operates continue to evolve as the governments manage 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. Although management believes that it has paid or accrued all taxes that are applicable, these facts create tax risks in the territories in which EBI operates substantially more than typically found in countries with more developed tax systems.

Excise Duties and Other Taxes on Beer

As a part of regulation of the beer industry, the beer sales in the territories are subject to taxation and government surcharges that include excise and value-added taxes, which from time to time changes. Imposition of, or increases in, excise or other taxes on beer could negatively affect the brewing industry with increased prices for consumers. Reduced consumption of beer in any of the Territories could have a material adverse effect on EBI.

Internal Risk Management

Internal risk management principally enables EBI to run its operations effectively, to keep the reliability of the financial reporting and to comply with laws and regulations. Internal risk management consists of several interrelated components and is an integrated part of the management process. The internal risk management and control systems are considered to ensure a reasonable level of assurance, although such systems can never provide absolute assurance. EBI continuously reviews and adopts its internal risk management and control systems to respond to the changing risk profile and dynamic growth.

Strategic Business Planning is a key element to monitor the achievement of business objectives. The approved strategic business plans of the operations set the operational and financial objectives. Such objectives include key performance indicators which provide the basis to monitor actual performance compared to the targets. The procedures of internal control systems which are designed to provide reasonable assurance for the successful flow of activities such as sales, production, marketing, supply chain and finance are already in place or are being improved.

EBI prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by European Union. Operations prepare their financial reports based on EBI's accounting policies and presentation standards. EBI operates in different countries, environments and cultures which bring varying degrees of risk and uncertainty. Due to the nature and size of the business, EBI employs a multi-layered internal control structure. Local management, under the guidance of the Board of Management, is responsible for implementing, operating and monitoring an effective internal control system, which is designed to provide reasonable assurance on integrity of the information processing, preventing loss of resources, achieving the business objectives and fair presentation of financial reporting. The Board of Management, under the supervision of the Supervisory Board and in particular its Audit Committee, oversees the effectiveness of internal risk management.

Investor Relations Function

EBI undertakes an active investor relations programme with its shareholders and the wider financial community since its listing in October 2004. The Company immediately announces the important operational developments through news releases as they occur and also gives presentations following the release of its results for existing shareholders, potential institutional investors and financial analysts. EBI also attends international conferences for the institutional investors.

All news releases announced publicly as well as copies of the presentations given are made available on EBI's website at www.efesinternational.com together with other information including but not limited to operations, financial performance and corporate governance.

During 2007, in addition to around 292 face-to-face contacts, including the conferences, with individual and institutional investors, shareholders and analysts, other various forms of communication have been utilized to convey and discuss the operating results and performance of EBI as well as other developments within the period. In 2007, EBI presented its results quarterly through conference calls with institutional investors and financial analysts. In 2007, EBI attended fifteen conferences organized abroad, some of which are attended together with Anadolu Efes.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements
Together With Auditors' Report
December 31, 2007

Efes Breweries International N.V.
and its Subsidiaries

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

Table of **Contents**

Auditor's **Report**

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

Report on the 2007 consolidated financial statements

We have audited the accompanying consolidated financial statements 2007 of EFES Breweries International N.V., Amsterdam, which comprise the consolidated balance sheet as at December 31, 2007, the statement of income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Board of Management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of EFES Breweries International N.V. as at December 31, 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Board of Management is consistent with the consolidated financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, April 24, 2008

for Ernst & Young Accountants

signed by C.N.J. Verhart

Consolidated **Balance Sheet**

As at December 31, 2007
(Currency - Thousands of U.S. Dollars unless otherwise indicated)

ASSETS

	Notes	2007	2006
Current assets			
Cash and cash equivalents	4	**58,526**	163,861
Trade and other receivables	5	**88,140**	49,630
Due from related parties	29	**8,161**	3,475
Inventories	6	**188,041**	97,913
Prepayments and other current assets	7	**59,840**	56,422
Total current assets		**402,708**	371,301
Non-current assets			
Available-for-sale investments	10	**1,521**	1,575
Property, plant and equipment	8	**726,490**	628,550
Intangible assets	9	**536,949**	514,969
Deferred tax assets	24	**13,806**	10,699
Prepayments and other non-current assets		**2,942**	2,246
Total non-current assets		**1,281,708**	1,158,039
Total assets		**1,684,416**	1,529,340

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of these consolidated financial statements.

LIABILITIES AND EQUITY

	Notes	2007	2006
Current liabilities			
Trade and other payables	11	**225,773**	145,770
Due to related parties	29	**23,339**	22,148
Income tax payable		**5,008**	1,694
Short-term borrowings	12	**188,609**	138,156
Current portion of long-term borrowings	12	**14,822**	22,294
Total current liabilities		**457,551**	330,062
Non-current liabilities			
Long-term borrowings-net of current portion	12	**342,598**	311,108
Deferred tax liability	24	**10,912**	12,260
Other non-current liabilities	13	**346**	103,886
Total non-current liabilities		**353,856**	427,254
Equity			
Issued capital	14	**237,488**	237,488
Share premium	14	**319,318**	319,318
Currency translation reserve	14	**138,794**	75,520
Retained earnings		**167,837**	130,367
Equity attributable to equity holders of the parent		**863,437**	762,693
Minority interests		**9,572**	9,331
Total equity		**873,009**	772,024
Total liabilities and equity		**1,684,416**	1,529,340

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of these consolidated financial statements.

Consolidated **Statement of Income**

For the year ended
December 31, 2007
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

	Notes	2007	2006
Revenue		**836,235**	638,929
Cost of revenue	16	**(462,100)**	(328,843)
Gross profit		**374,135**	310,086
Selling and marketing expenses	17	**(209,214)**	(180,613)
General and administrative expenses	18	**(94,819)**	(73,801)
Other operating income	19	**16,187**	5,840
Other operating expense	19	**(5,738)**	(6,127)
Profit from operations		**80,551**	55,385
Financial income	22	**11,348**	14,453
Financial expense	22	**(40,272)**	(41,007)
Profit before tax		**51,627**	28,831
Income tax	23	**(14,280)**	(7,419)
Profit after tax		**37,347**	21,412
Attributable to:			
Equity holders of the parent company		**37,470**	20,608
Minority interests		**(123)**	804
		37,347	21,412
Earnings per share (in full U.S. Dollars)			
Basic	15	**0.18**	0.13
Diluted	15	**0.18**	0.13

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of these consolidated financial statements.

Consolidated **Statement of Changes in Equity**

For the year ended December 31, 2007

(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**	**Total**		
Balance at January 1, 2006	**156,921**	**101,626**	**14,532**	**109,759**	**382,838**	**24,878**	**407,716**
Foreign currency translation	-	-	68,813	-	68,813	2,549	71,362
Recognition of currency translation reserve (Note 3)	-	-	(7,825)	-	7,825	-	(7,825)
Total income and expense for the year recognized directly in equity	-	-	60,988	-	60,988	2,549	63,537
Net profit for the year	-	-	-	20,608	20,608	804	21,412
Total income and expense for the year	-	-	60,988	20,608	81,596	3.353	84,949
Issue of share capital	80,567	217,692	-	-	298,259	-	298,259
Dividends of subsidiaries	-	-	-	-	-	(604)	(604)
Additions through subsidiaries acquired	-	-	-	-	-	(18,564)	(18,564)
Dividends paid to put option holder	-	-	-	-	-	268	268
At December 31, 2006	**237,488**	**319,318**	**75,520**	**130,367**	**762,693**	**9,331**	**772,024**
Foreign currency translation	-	-	63,274	-	63,274	1,011	**64,285**
Total income and expense for the year recognized directly in equity	-	-	63,274	-	63,274	1,011	**64,285**
Net profit for the year	-	-	-	37,470	37,470	(123)	**37,347**
Total income end expense for the year	-	-	63,274	37,470	**100,744**	888	**101,632**
Issue of share capital	-	-	-	-	-	-	-
Dividends of subsidiaries	-	-	-	-	-	(404)	**(404)**
Additions through subsidiaries acquired	-	-	-	-	-	(534)	**(534)**
Dividends paid to put option holder	-	-	-	-	-	291	**291**
At December 31, 2007	**237,488**	**319,318**	**138,794**	**167,837**	**863,437**	**9,572**	**873,009**

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of these consolidated financial statements.

Consolidated **Cash Flow Statement**

For the year ended December 31, 2007
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

	Notes	2007	2006
Cash flows from operating activities			
Profit before tax		**28,831**	35,803
Adjustments to reconcile net income to net cash provided by operating activities			
Gain on sale of soft-drink trademarks	3	**(3,712)**	-
Gain on sale of joint venture and subsidiary	25	**-**	(1,779)
Depreciation and amortisation	21	**72,578**	57,082
Provision for bad debt	18	**972**	134
Provision for inventories	19	**3,951**	1,834
Income recognised from reversal of provision for bad debt		**(1,083)**	(687)
Income recognised from reversal of provision for inventories		**(970)**	(148)
Impairment in property, plant and equipment	19	**232**	70
Reversal of impairment on property plant equipment	8	**(2,430)**	-
Reserve for vacation pay liability		**1,022**	1,221
Other non-cash items		**51**	(1,290)
Loss from disposal of property, plant and equipment	19	**1,138**	813
Amortised borrowing costs		**1,241**	208
Interest income	22	**(4,744)**	(5,685)
Interest expense	22	**36,491**	38,415
Net income adjusted for non-cash items		**156,364**	119,019
(Increase)/decrease in inventories		**(93,115)**	(19,286)
(Increase)/decrease in trade receivables		**(38,399)**	(8,417)
(Increase)/decrease in due from related parties		**(4,686)**	(6,397)
(Decrease) / increase in trade and other payables		**9,419**	24,780
Increase/(decrease) in due to related parties		**1,191**	2,524
(Increase)/decrease in other current assets		**1,919**	(12,769)
Decrease /(increase) in other non-current assets		**(696)**	(1,733)
Increase/(decrease) in other non-current liabilities		**(171)**	(1,123)
Interest received		**2,405**	5,331
Interest paid		**(42,308)**	(30,654)
Taxes paid		**(18,680)**	(10,920)
Net cash provided by operating activities		**(26,757)**	60,355
Cash flows from investing activities			
Purchase of property, plant and equipment and other intangible assets	8-9	**(127,655)**	(124,193)
Proceeds from sale of property, plant and equipment		**5,565**	3,196
Proceeds from sale of soft-drink trademarks	3	**3,712**	-
Acquisition of subsidiary, net of cash acquired		**(36,660)**	(486,665)
Disposal of joint venture		**-**	26,706
Dividends paid to minority shareholders		**(404)**	(604)
Net cash used in investing activities		**(155,442)**	(581,560)
Cash flows from financing activities			
Net increase /(decrease) in short-term debt		**38,714**	16,706
Proceeds from long-term debt		**42,899**	296,283
Repayment of long-term debt		**(17,601)**	(27,087)
Proceeds from issuance of share capital	14	**-**	80,567
Increase in share premium	14	**-**	217,692
Net cash provided by financing activities		**64,012**	584,161
Currency translation differences		**12,852**	4,045
Net increase / (decrease) in cash and cash equivalents		**(105,335)**	(67,001)
Cash and cash equivalents at beginning of year		**163,861**	96,860
Cash and cash equivalents at end of year		**58,526**	163,861

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of these consolidated financial statements.

For the year ended December 31, 2007
(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 address of the Company is Strawinskylaan 1227, 1077XX Amsterdam, the Netherlands.

The Company's ordinary shares have been listed on the London Stock Exchange in the form of global depositary receipts (GDR's).

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.

The consolidated financial statements of the Company for the year 2007 were authorised for issue by the directors on March 27, 2008.

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, 2007 and December 31, 2006 were as follows:

For the year ended December 31, 2007
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting rights % **December 31, 2007**	December 31, 2006
CJSC "Moscow-Efes Brewery" (Efes Moscow) (ii)	Russia	Production and marketing of beer	**90.85**	90.85
JSC "Amstar" (Amstar) (i)	Russia	Production of beer	**90.85**	90.85
ZAO Efes Entertainment (Efes Entertainment) (i)	Russia	Entertainment	**90.85**	90.85
C.J.S.C. Rostov Beverage (Rostov Beverages) (i)	Russia	Production of beer	**90.85**	90.85
LLC "Stary Melnik" (i)	Russia	Advertising	**90.85**	90.85
JSC "Brewing union Krasny Vostok-Solodovbeer (KV Group) (ii)	Russia	Production and marketing of beer	**92.85**	92.85
LLC "KV-SibPivCompaniya" (iii)	Russia	Production of beer	**97.53**	97.53
LLC "Vostok solod" (iii)	Russia	Production of malt	**92.85**	92.85
LLC "Krasny Vostok - Invest" (iii)	Russia	Finance	**92.85**	92.85
LLC "T'sentralny Torgovy Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
CJSC "MTD Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
CJSC "Samarskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
CJSC "Saratovskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Ufimskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Barnaulskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Volgogradskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Voronezhskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Ekaterinburgskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Kemerovskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Krasnodarskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Krasnoyarskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Kurskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Nizhegorodskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Nizhnekamskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Novosibirskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Omskii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Permskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Sankt-Peterburgskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Tomskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
LLC "Chelyabinskii Torgovyii Dom Krasny Vostok" (iii)	Russia	Trading House	**92.85**	92.85
JSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and Marketing of beer	**100.00**	100.00
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	Production and Marketing of beer	**97.21**	90.97
Efes Zajecar Brewery d.o.o (Efes Zajecar)	Serbia	Production and Marketing of beer	**72.96**	72.96
Euro-Asian Brauerein Holding GmbH (Euro Asian)	Germany	Investment Company	**100.00**	100.00
Efes Commerce d.o.o Belgrade (Efes Commerce) (iv)	Serbia	Production and marketing of beverages	**100.00**	100.00
Brewery Pivdenna CJSC (Efes Ukraine) (iv)	Ukraine	Production and Marketing of beer	**100.00**	100.00
Efes Romania Industrie Si Comert S.A. (ERIC) (iv)	Romania	Distribution of beer	**99.996**	99.996
Efes Productie SRL (Efes Productie) (iv)	Romania	Distribution of beer	**69.70**	69.70

(i) Subsidiaries of Efes Moscow, which are consolidated under its financial statements.
(ii) Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), a further 9.15% and 6.70% interest has also been consolidated for Efes Moscow and KV Group, respectively.
(iii) Subsidiaries of KV Group, which are consolidated under its financial statements.
(iv) Subsidiaries that are either dormant or in the process of being liquidated.

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), as adopted by the European Union, which comprise standards approved by the International Accounting Standards Board (IASB). The consolidated financial statements also comply with the interpretations issued by Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) appointed by the IASC. 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.

Changes in Accounting Policies

The Company followed the same accounting policies and methods while preparing the consolidated financial statements for the year 2007 as compared to 2006 except for the new and amended IFRS and IFRIC interpretations. These are:

IFRS 7 " Financial Instruments: Disclosures", IAS 1 "Presentation of Financial Statements", IAS 19 "Employee Benefits", IAS 21 "The Effects of Changes in Foreign Exchange Rates", IAS 39 "Financial Instruments: Recognition and Measurement", IFRIC 4 "Determining whether an Arrangement contains a Lease", IFRIC 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds" and IFRIC 6 "Liabilities arising from Participation in a Specific Market-Waste Electrical and Electronic Equipment"

The Company reviewed the new standards, changes to the existing standards and interpretations. They have not had any effect on the consolidated financial statements.

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 as adopted by EU 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.

For the year ended December 31, 2007
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

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, 2007	December 31, 2006
	Local Currency	**Functional Currency**	Functional Currency
Efes Moscow	RUR	**RUR**	RUR
KV Group	RUR	**RUR**	RUR
Efes Karaganda	KZT	**KZT**	KZT
Efes Ukraine	UAH	**UAH**	UAH
Efes Vitanta	MDL	**MDL**	MDL
Efes Weifert	RSD	**RSD**	RSD
Efes Zajecar	RSD	**RSD**	RSD
Euro Asian	EUR	**USD**	USD
Efes Commerce	RSD	**RSD**	RSD
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 (currency translation reserve) 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.

Financial Assets

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.

Available-for-sale Investments

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.

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

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.

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.

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	5-20 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 fair value less cost to sell and value in use. At each reporting date, an assessment is made as to weather there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and the impairment loss is reversed.

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. 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. 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.

For the year ended December 31, 2007
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

Brand

The cost of brands acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, the brands are carried at cost less accumulated impairment losses, if any. The useful live for the brands is assessed to be indefinite and therefore brands are not amortised. The brands are tested for impairment annually. The useful live is reviewed annually to determine whether indefinite life assessment continues to be supportable.

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.

Financial Liabilities

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 expensed as incurred. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds. A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

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.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes.

The following specific recognition criteria must also be met before revenue is recognized:

For the year ended December 31, 2007
(Currency - In thousands of U.S. Dollars unless otherwise indicated)

a) Sale of Goods

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

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred Income 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 the initial recognition of goodwill or 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, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences 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, and the carry forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only 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 differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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

Following the acquisition of KV group the Management has changed the primary reporting segment from business segment to geographical segments. To be comparable; prior period statements were also rearranged.

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's risks and rates of return are affected predominantly by the fact that it operates in different countries which are considered to be the primary segment and the secondary segment is the business. The Group is in a single product business and products other than beer represent less than 10% of the Group's revenue.

Other

Other operating income and other operating expense are shown separately both in the face of the statement of income and in related disclosure.

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

3. Changes in Group's Organization

For the year 2007

In February 2007, Efes Vitanta, subsidiary of the Company in Moldova, reached an agreement with The Coca-Cola Company ("TCCC") to sell Efes Vitanta's soft drink brand called "Viva" as well as "Real" brand of bottled water to TCCC.

The Company acquired 6.25% of Efes Weifert in October 2007 through takeover bid process for a total cash consideration of USD 3,144. The excess of fair value of net assets acquired over the purchase price was USD 2,610 and has been recognized as goodwill (Refer to Note 9).

For the year 2006

The Company acquired 92.3% of KV Group located in Russia, in February 2006 with a total cash consideration of USD 366.7 million (including costs directly attributable to acquisition of USD 1.2 million). In June 2006, with a total cash consideration of USD 1.6 million, the Company additionally acquired 0.5% of KV Group from minority shareholders. The excess of the acquisition costs over the fair values of the net assets acquired was USD 85,481 for the initial acquisition and USD 9 for the minority buyout, and has been recognised as goodwill in the consolidated balance sheet (Refer to Note 25). The goodwill is justified by acquired market share which has consolidated the Groups existing Russian business at fourth position in the market, operational synergies, production optimisation across the Group's brewing platforms, a lower cost base through a higher sales volume and logistical advantage through more extensive geographical coverage.

Financial statements of the KV Group and its subsidiaries until 28 February 2006 had been prepared in accordance with Regulations on Accounting and Reporting of the Russian Federation (Russian GAAP). Russian GAAP differs in certain respects from IFRS. KV Group has prepared its financial statements under IFRS for the first time as of February 28, 2006 and recognised the fair values of its assets and liabilities at carrying value, in compliance with IFRS 1 "First time adoption of IFRS". Therefore, it is impracticable for the Company to disclose the information about the carrying values on the date of acquisition and the comparative figures as required by IFRS 3.

The Company has gone through a substantial integration exercise which was intended to align the KV Group business into the Company's current Russian system. The principal integration goals were focusing on deriving benefit from areas that evidence scope for rapid synergies. The previous business model of KV Group has been significantly changed through cross-brewing, sales, distribution and marketing. KV Group has commenced producing brands of Efes Moscow and Efes Moscow has commenced producing brands of KV Group. The selling and distribution model of KV Group via trading houses has been ceased and all selling and distribution activities have been transferred to Efes Moscow.

As a result, KV Group has been restructured as a production centre. Therefore, financial performance of KV Group does not reflect the contribution of the integrated business model to the consolidated income statement of the Company.

Relating to the put option granted to Amsterdam Brewery Investments B.V., the Company acquired 12.4% of Efes Moscow for a total cash consideration of USD 108.9 million and increased its shareholding percentage in Efes Moscow to 83.4% in February 2006. Following revised IAS 32, the liability for the put options was measured, and the excess of the liability for puttable instrument over the fair value of the net assets of Efes Moscow amounting to USD 81,429 was for the first time recognised as goodwill as of December 31, 2005. Due to the difference between the estimated valuation and the actual cash consideration, the Company has recognized an additional goodwill of USD 740.

In August 2006, the Company sold all of its shares in Interbrew Efes, together with Anadolu Efes to InBev. The Company received USD 26.6 million for 49.99% of the share capital of Interbrew Efes. On disposal of Interbrew Efes, an accumulated currency translation difference of USD 7,825 was recognised in the income statement as a component of the gain on sale of joint venture (Refer to Note 25).

Interbrew Efes contributed USD 13,956 (2005 - USD 18,858) and USD 2,126 (2005 - USD 4,445) to consolidated revenue and consolidated net income, respectively.

In October 2006, the Company has acquired 7.50% of Efes Moscow from EL & EL for a total cash consideration of USD 88.5 million and increased its shareholding percentage to 90.85%. For the remaining 0.39% shares owned by EL & EL, EBI has been granted a call option. The excess of fair value of net assets acquired over the purchase price was USD 68,063 and has been recognised as goodwill in the consolidated balance sheet.

In December 2006, the Company acquired another 7.47% of share capital in Efes Weifert by cash contributions to its share capital and accordingly increased its share in the subsidiaries up to 90.97%. The excess of fair value of net assets acquired over the purchase price was USD 1,674 and has been recorded as goodwill.

4. Cash and Cash Equivalents

	2007	2006
Cash on hand	**170**	53
Banks accounts (including short-term time deposits)	**58,273**	163,765
Other	**83**	73
Cash and cash equivalents per consolidated cash flow statement	**58,526**	163,861

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Loans utilized by Efes Karaganda of USD 13,056 (2006-USD 17,927) and by Efes Moscow of USD 16,590 (2006-USD 18,764) as of December 31, 2007 are secured with cash amount of USD 30,304 at banks (Refer to Note 12) (2006-USD 51,409).

Time deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest between 3.4% and 8.6%(2006-3.7%-7.5%).

5. Trade and Other Receivables

	2007	2006
Accounts Receivable	**96,644**	58,752
Others	**2,798**	1,852
Less: provision for doubtful accounts	**(11,302)**	(10,974)
Total	**88,140**	49,630

6. Inventories

	2007	2006
Raw materials	**122,755**	57,565
Supplies and spare parts	**19,019**	13,615
Finished goods	**22,358**	17,191
Work-in-process	**11,888**	7,359
Others	**27,203**	14,261
Less: reserve for obsolescence	**(15,182)**	(12,078)
Total	**188,041**	97,913

7. Prepayments and Other Current Assets

	2007	2006
Advances given to suppliers	**18,305**	11,718
VAT deductible	**29,262**	37,822
Other receivables	**9,895**	7,275
Prepaid expenses	**3,997**	1,067
Less: provision for other receivables	**(1,619)**	(1,460)
Total	**59,840**	56,422

8. Property, Plant and Equipment

	Land	Buildings	Infrastructure	Machinery and Equipment	Furniture and Vehicles	Other Tangible Assets	Construction in Progress	2007 Total
Cost								
January 1, 2007	**10,670**	**251,686**	**16,558**	**496,280**	**22,492**	**22,135**	**24,995**	**844,816**
Additions	-	1,219	-	1,490	4,306	9,505	109,183	**125,703**
Disposals	-	(575)	(94)	(9,196)	(1,959)	(958)	(13)	**(12,795)**
Currency translation difference	775	19,226	1,417	39,699	2,750	1,889	2,670	**68,426**
Transfers	-	24,995	5,451	42,140	5,241	323	(78,150)	**-**
December 31, 2007	**11,445**	**296,151**	**23,332**	**570,413**	**32,830**	**32,894**	**58,685**	**1,026,150**
Accumulated Depreciation and Impairment Losses								
January 1, 2007	**-**	**38,129**	**3,788**	**158,644**	**8,053**	**7,652**	**-**	**216,266**
Depreciation for the year	-	8,550	719	53,084	4,234	5,327	-	**71,914**
Impairment losses	-	232	-	(2,430)	-	-	-	**(2,198)**
Disposals	-	(177)	(47)	(4,089)	(850)	(932)	-	**(6,095)**
Currency translation difference	-	3,477	292	14,214	1,091	699	-	**19,773**
Transfers	**-**	**(92)**	**-**	**(610)**	**772**	**(70)**	**-**	**-**
December 31, 2007	**-**	**50,119**	**4,752**	**218,813**	**13,300**	**12,676**	**-**	**299,662**
Net book value	**11,445**	**246,032**	**18,580**	**351.600**	**19,530**	**20,216**	**58,685**	**726,490**

Cost								
January 1, 2006	**3,629**	**117,810**	**10,777**	**322,284**	**15,850**	**13,689**	**26,754**	**510,793**
Additions	-	354	-	2,313	1,248	4,078	114,620	**122,613**
Disposals	-	(196)	(330)	(4,886)	(1,717)	(918)	(1,083)	**(9,130)**
Addition through subsidiary acquired	5,319	100,600	2,974	89,190	3,892	3,928	1,081	**206,984**
Disposal through subsidiaries sold	-	(13,282)	-	(31,070)	(433)	(2,089)	(1,322)	**(48,196)**
Currency translation difference	705	18,308	999	36,948	1,794	889	2,109	**61,752**
Transfers	1,017	28,092	2,138	81,501	1,858	2,558	(117,164)	**-**
December 31, 2005	**10,670**	**251,686**	**16,558**	**496,280**	**22,492**	**22,135**	**24,995**	**844,816**
Accumulated Depreciation and Impairment Losses								
January 1, 2006	**-**	**31,059**	**3,302**	**119,802**	**6,572**	**6,456**	**-**	**167,191**
Depreciation for the year	-	7,097	462	43,948	2,283	2,847	-	**56,637**
Impairment losses	-	-	-	70	-	-	-	**70**
Disposals	-	(87)	(120)	(2,624)	(1,152)	(1,135)	-	**(5,118)**
Disposal through subsidiaries sold	-	(3,330)	-	(14,408)	(265)	(799)	-	**(18,802)**
Currency translation difference	-	3,390	144	11,856	615	283	-	**16,288**
December 31, 2006	**-**	**38,129**	**3,788**	**158,644**	**8,053**	**7,652**	**-**	**216,266**
Net book value	**10,670**	**213,557**	**12,770**	**337,636**	**14,439**	**14,483**	**24,995**	**628,550**

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As of December 31, 2007 and 2006, 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 824 and USD 535 and has a net book value of USD 655 and USD 376 as at December 31, 2007 and 2006, respectively (Refer to Note 27).

2) Impairment losses

In 2007, a net impairment reversal gain of USD 2,198 (2006 impairment loss: USD 70) was recognised (Refer to Note 19).

9. Intangible Assets

	Goodwill	Brands	Other intangible assets	**2007 Total**	Goodwill	Brands	Other intangible assets	**2006 Total**
Cost								
January 1	434,306	89,675	5,610	**529,591**	219,031	-	3,794	**222,825**
						83,96		
Additions	2,610	-	1,952	**4,562**	190,072	0	1,580	**275,612**
Disposals	-	-	(151)	**(151)**	**-**	-	(14)	**(14)**
Disposals through subsidiaries sold	-	-	-	**-**	**-**	-	(59)	**(59)**
Currency translation difference	15,237	2,941	565	**18,743**	25,203	5,715	309	**31,227**
December 31	452,153	92,616	7,976	**552,745**	434,306	89,675	5,610	**529,591**
Accumulated amortisation and impairment losses								
January 1	10,553	-	4,069	**14,622**	10,215	-	3,401	**13,616**
Amortisation for the year	-	-	664	**664**		-	445	**445**
Disposals	-	-	(148)	**(148)**		-	(14)	**(14)**
Disposals through subsidiaries sold	-	-	-	**-**	-	-	(59)	**(59)**
Currency translation difference	288	-	370	**658**	338	-	296	**634**
December 31	10,841	-	4,955	**15,796**	10,553	-	4,069	**14,622**
Net book value	441,312	-	3,021	**536,949**	423,753	89,675	1,541	**514,969**

As a Group policy, the management performs impairment test for goodwill and brands with an indefinite useful life on an annual base. Based on the impairment test for goodwill and brands, no grounds were identified for impairment charge as of December 31, 2007. The recoverable amount of cash generating units, which is determined by discounting the future cash flows, exceeded the carrying amount of the cash generating units including goodwill and brands. The goodwill of USD 422,146 was attributable to the cash generating unit in Russia and the remaining goodwill of USD 19,166 was attributable to the other cash generating units as of December 31, 2007. The brands of USD 92,616 were attributable to the cash generating unit in Russia as of December 31, 2007.

Cash flows were projected with a combination of the strategic business plans of the Company for the period 2008 till 2010 and were extrapolated for the period 2011 till 2017. Key assumptions such as country specific market growth rates, GDP per capita and consumer price indices were derived from external sources. Main estimates such as beer and resin prices, working capital requirements and capital expenditures were based on key assumptions and historical operating data. The market growth and volume growth rates were estimated to be between 22.5% and 2%, and 29.5% and 2%, respectively. The consumer price indices were estimated to be between 15% and 4%, and selling prices were estimated to increase in line with inflation. These projections were discounted at the weighted average cost of capital of the cash generating units ranged primarily between 8.93% and 12.68%.

The Company believes that all of its management estimates and key assumptions are reasonable. Management believes that no reasonable possible change in any of the disclosed key assumptions would cause the carrying value materially exceed its recoverable amount.

10. Available - For - Sale Investments

	2007	2006
ZAO Mutena Maltery (Mutena Maltery)	**1,511**	1,511
Others	**10**	64
Total – non-current	**1,521**	1,575

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.

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11. Trade and Other Payables

	2007	2006
Trade accounts payable	**49,818**	31,337
Taxes payable other than income tax	**15,509**	32,036
Accrued expenses	**3,226**	2,385
Payable for acquired shares	**-**	28,914
Liability for puttable instrument (note 30)	**127,009**	24,202
Other short-term payables	**30,211**	26,896
Total	**225,773**	145,770

Trade payables are non interest bearing and generally on 30-90 days' term.

12. Borrowings

	2007	2006
Current		
Bank borrowings (including current portion of long-term borrowings)	**203,312**	160,360
Finance lease liabilities	**219**	90
	203,431	160,450
Non-current		
Bank borrowings	**342,344**	310,910
Finance lease liabilities	**254**	198
	342,598	311,108
Total borrowings	**546,029**	471,558

A syndication loan amounting USD 300,000 originated in September 2006. Issue costs of USD 3,717 associated with the loan has been netted off. The amortised cost for 2007 is USD 1,241 (2006-USD 208) and has been recognised as finance expense in income statement.

As of December 31, 2007, USD 343,566 (2006 – USD 383,203) of the total borrowings are secured with the followings:

- Cash collaterals amounting to USD 30,304 (2006-USD 51,409)
- 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 amounting to USD 2,515.
- 43% of Efes Moscow's shares and all shares of Efes Karaganda held by the Company.
- The ability of Efes Karaganda to declare dividends is subject to prior consent of the EBRD under the provisions of the loan agreements.
- A Corporate guarantee amounting to USD 310,000 provided by Anadolu Efes.

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

	2007	2006
Bank borrowings		
Non-current		
USD and EURO denominated borrowings	**Base rate + (1.55%-3.55%)**	Base rate + (1.55%-3.65%)
Current		
USD and Euro denominated borrowings	**Base rate + (0.5%-2.95%)**	Base rate + (0.5%-2.95%)
		1.0%-7.5%
Other currency denominated borrowings	**Base rate 0.24%**	Base rate + 0.24%
	7.75%-11.0%	7.9%-11.5%
Finance lease liabilities	**12.25%-14.5%**	14.5%-15.0%

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

	2007	2006
2007	**-**	22,204
2008	**14,603**	12,834
2009	**299,119**	298,075
2010	**2,161**	-
Thereafter	**41,064**	-
	356,947	333,113

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

	2007	2006
Next 1 year	**267**	139
1 to 5 years	**277**	236
After 5 years	**-**	-
Total minimum lease obligations	**544**	375
Interest	**(71)**	(87)
Present value of minimum obligations	**473**	288

13. Other Non-Current Liabilities

	2007	2006
Liability for puttable instrument	**-**	103,100
Others	**346**	786
Total	**346**	103,886

Other non current liabilities mainly consists of employee termination benefit reserve for Efes Weifert and Efes Zajecar. The Company has no other employee termination benefit reserve.

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14. Share Capital and Reserves

	2007	2006
	Number of shares	Number of shares
Common shares, par value of EUR 1		
Authorized	**250,000,000**	250,000,000
Issued and outstanding	**211,428,569**	211,428,569

Movement in share capital

The movement of the share capital of the Company during 2007 and 2006 is as follows:

	2007		2006	
	Number of shares	**USD**	Number of shares	USD
At January 1,	**211,428,569**	**237,488**	148,000,000	156,921
Shares issued	**-**	**-**	63,428,569	80,567
At December 31	**211,428,569**	**237,488**	211,428,569	237,488

During 2006, the Company conducted a share rights offering for 63,428,569 new ordinary shares, with a nominal value of EUR 1 to its existing shareholders Anadolu Efes, the Company's principal shareholder, and The Bank of New York, as depositary of the GDRs. The new ordinary shares of 18,891,340 out of for 63,428,569 new shares were offered in the form of GDRs, each representing five new ordinary shares. Anadolu Efes has participated in the share rights offering to the full extent of its holding of 70.22 per cent of the Company’s share capital. The Bank of New York has subscribed for 3,524,717 new GDRs and HSBC Bank plc has subscribed for the remaining 253,551 new GDRs.

As at December 31, 2007 and 2006, the composition of shareholders and their respective % of ownership can be summarised as follows:

	2007	2006
Anadolu Efes	**70.22%**	70.22%
Public	**29.78%**	29.78%
Total	**100.00%**	100.00%

Currency Translation Reserve

The currency translation reserve is used to record the exchange differences arising on the translation of the financial statements of foreign subsidiaries.

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:

	2007	2006
Net profit attributable to ordinary shareholders	**37,470**	20,608
Weighted average number of ordinary shares	**211,428,569**	157,036,399
EPS (in full U.S. Dollars)	**0.18**	0.13

16. Cost of Revenue

Cost of revenue comprised the following expenses:

	2007	2006
Inventory used	**348,722**	235,380
Depreciation & Amortisation	**47,259**	41,136
Personnel expenses	**23,633**	20,793
Energy expenses	**20,600**	16,928
Repair and maintenance expenses	**12,916**	10,206
Other expenses	**8,970**	4,400
Total expenses	**462,100**	328,843

17. Selling and Marketing Expenses

Selling and marketing expenses are analyzed as follows:

	2007	2006
Marketing and advertising expenses	**73,056**	70,283
Distribution expenses	**67,009**	51,583
Personnel expenses	**34,142**	26,781
Depreciation & Amortisation	**20,009**	12,170
Other expenses	**14,998**	19,796
Total expenses	**209,214**	180,613

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18. General and Administrative Expenses

General and administrative expenses include the following:

	2007	2006
Personnel expenses	**37,689**	28,583
Depreciation & Amortisation	**5,009**	3,776
Consulting and legal fees and other business services	**8,659**	7,367
Taxes and duties	**10,009**	8,120
Management fees and technical assistance	**6,099**	6,119
Rent expense	**662**	1,638
Bad debt provision	**972**	134
Insurance expenses	**1,365**	1,352
Royalty	**6,434**	2,237
Representation and communication	**1,651**	1,347
Vehicle expenses	**1,315**	1,039
Waste	**2,381**	2,687
Water, energy, sewage, fuel and heating	**152**	27
Other (tare losses)	**486**	-
Travel	**631**	351
Security	**348**	325
Repair and maintenance	**1,096**	988
Other expenses	**9,861**	7,711
Total expenses	**94,819**	73,801

19. Other Operating Income / (Expense)

Other Operating Expense:

	2007	2006
Cost of sale of soda drinks	**-**	(854)
Provision for obsolete inventory	**(3,951)**	(1,834)
Loss on disposal of property, plant and equipment	**(1,138)**	(813)
Impairment of property, plant and equipment (Refer to Note 8)	**(232)**	(70)
Other expense	**(417)**	(2,556)
Total other operating expenses	**(5,738)**	(6,127)

Other Operating Income

	2007	2006
Disposal of Intangible assets	**3,712**	-
Income on sale of soda drinks	**-**	952
Gain on sale of joint venture and subsidiary (Refer to Note 3)	**-**	1,779
Release of unused provision for property, plant and equipment	**2,430**	-
Dividend income	**136**	173
Income from to 11 filling of Viva and Real	**730**	-
Net income from sale of treber and various materials	**1,329**	489
Income from equipment renting	**825**	88
Write-off expenses/payables	**407**	195
Release of unused provision -bad debt	**1,083**	687
Release of unused obselence - inventory	**970**	148
Other income	**4,565**	1,329
Total other operating income	**16,187**	5,840

20. Personnel Expenses and Average Number of Employees

	2007	2006
Wages and salaries	**80,638**	65,596
Other social expenses	**14,826**	10,561
Total expenses	**95,464**	76,157

The average number of employees for the years was:

	2007	2006
Russia	**2,710**	2,909
Moldova	**541**	630
Kazakhstan	**713**	668
Serbia and Montenegro	**391**	445
Ukraine	**53**	98
Romania	**-**	114
The Netherlands	**8**	8
	4,416	4,872

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21. Depreciation and Amortisation Expenses

	2007	2006
Property, plant and equipment		
Cost of revenue	**47,224**	41,070
Selling and marketing	**19,998**	12,158
General and administrative	**4,391**	3,409
Other operating income / expense	**301**	-
Sub-total depreciation expense	**71,914**	56,637
Intangible assets		
Cost of revenue	**35**	66
Selling and marketing	**11**	12
General and administrative	**618**	367
Sub-total amortisation expense	**664**	445
Total depreciation and amortisation expenses	**72,578**	57,082

22. Financial Income / (Expense)

	2007	2006
Interest income	**4,744**	5,685
Foreign currency exchange gains	**6,604**	8,768
Total financial income	**11,348**	14,453
Interest expense on borrowings	**(36,437)**	(38,261)
Interest expense on finance lease	**(54)**	(157)
Foreign currency exchange losses	**-**	-
Other financial expense	**(3,781)**	(2,589)
Total financial expense / (expense)	**(40,272)**	(41,007)
Net financial expense	**(28,924)**	(26,554)

23. Income Taxes

	2007	2006
Current tax expense	**(18,909)**	(13,327)
Deferred tax income/(expense) relating to the origination and reversal of temporary differences	**4,629**	5,908
Total income tax	**(14,280)**	(7,419)

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

	2007	2006
Profit before tax	**51,627**	28,831
Dividend income	**(136)**	(173)
Gain on sale of joint venture and subsidiary	**-**	(1,779)
Tax effect of loss making subsidiaries	**10,170**	11,100
Taxable profit	**61,661**	37,979
Tax calculated at the Company's tax rate of 25,5% in 2007 and 29.6% in 2006	**(15,724)**	(11,242)
Impact of different tax rates in other countries	**1,782**	3,622
Non deductible expenses	**(2,914)**	(3,332)
Over provided in prior years	**520**	1,895
Utilization of previously unused tax losses	**75**	1,619
Effect of tax incentives	**1,262**	1,350
Tax losses carried forward	**-**	495
Change in tax rate	**(1,005)**	(63)
Other reconciling items	**2,764**	(1,763)
Effective tax rate	**27,7%**	25,7%
Total income tax	**(14,280)**	(7,419)

24. Deferred Taxes

Components of deferred tax assets and liabilities are as follows:

	Assets		Liabilities		Net	
	2007	2006	**2007**	2006	**2007**	2006
Accruals	**12,024**	9,792	**-**	-	**12,024**	9,792
Inventory	**499**	342	**-**	(160)	**499**	182
Tax loss carried forward	**13,005**	10,305	**-**	-	**13,005**	10,305
Prepayments	**1,011**	-	**-**	(198)	**1,011**	(198)
Tangible assets	**-**	-	**(26,347)**	(19,164)	**(26,347)**	(19,164)
Other	**2,702**	61	**-**	(2,539)	**(2,702)**	(2,478)
	29,241	20,500	**(26,347)**	(22,061)	**2,894**	(1,561)
Net deferred income tax liability					**(10,912)**	(12,260)
Deferred income tax asset - tax loss carried forward					**13,806**	10,699
					2,894	(1,561)

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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;
- 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.

As of December 31, 2007, a deferred tax assets of USD 4,427 (2006 - USD 2,660) has not been recognised related to tax losses carried forward, which are not expected to be utilised in the foreseeable future. Tax losses of USD 995 and USD 358 will expire within 1 and 7 years, respectively, while USD 3,073 will expire between 8 and 10 years.

Movements in deferred tax during the year 2007 are as follows:

	Balance at January 1, 2007	Additions through subsidiary acquired	Disposal through subsidiary sold	Recognised in income statement	Translation effect	**Balance at December 31, 2007**
Accruals	**9,792**	-	-	1,481	751	**12,024**
Inventory	**182**	-	-	266	51	**499**
Tax loss carried forward	**10,305**	-	-	2,694	6	**13,005**
Prepayments	**(198)**	-	-	928	281	**1,011**
Tangible assets	**(19,164)**	-	-	5,705	(1,478)	**(26,347)**
Other	**(2,478)**	-	-	4,965	215	**(2,702)**
	(1,561)	**-**	**-**	**4,629**	**(174)**	**2,894**

Movements in deferred tax during the year 2006 are as follows:

	Balance at January 1, 2006	Additions through subsidiary acquired	Disposal through subsidiary sold	Recognised in income statement	Translation effect	**Balance at December 31, 2006**
Accruals	**7,475**	-	-	1,580	737	**9,792**
Inventory	**372**	143	-	(331)	(2)	**182**
Tax loss carried forward	**3,307**	84	-	6,883	31	**10,305**
Prepayments	**(162)**	-	97	(149)	16	**(198)**
Tangible assets	**(21,425)**	5,098	199	(1,532)	(1,504)	**(19,164)**
Other	**(1,627)**	(316)	3	(543)	5	**(2,478)**
	(12,060)	**5,009**	**299**	**(5,908)**	**(717)**	**(1,561)**

25. Notes to Cash Flow Statements

Cash flows from acquisition and disposal of subsidiaries:

	2007		2006	
	Acquisition	**Disposal**	Acquisition	Disposal
Cash and cash equivalents	-	-	50,133	(24)
Trade receivables	-	-	2,670	(42)
Due from related parties	-	-	1,293	(9,610)
Inventories-net	-	-	27,641	(2,511)
Other current assets	-	-	16,255	(135)
Property, plant and equipment-net	-	-	206,985	(29,393)
Intangible assets	-	-	83,960	-
Deferred tax assets	-	-	5,009	-
Other non-current asset	-	-	10	(1,683)
Trade and other payables	-	-	(4,714)	2,440
Due to related parties	-	-	(1,804)	2,677
Short-term loans	-	-	(62,279)	2,813
Other current liabilities	-	-	(20,633)	1,932
Income tax payable	-	-	(4)	99
Long-term debt-net of current portion	-	-	-	517
Deferred tax liability	-	-	-	299
Accumulated exchange differences	-	-	-	7,825
Fair value of net assets	-	-	304,522	(24,796)
Net assets acquired / sold	-	-	281,196	(24,796)
Recognised as decrease in retained earnings	-	-	-	-
Goodwill	-	-	85,481	-
Gain on sale of shares of subsidiary	-	-	-	1,779
Total purchase / sale consideration	-	-	366,677	(26,575)
Net cash acquired with subsidiary	-	-	50,133	-
Net cash sold with subsidiary	-	-	-	24
Net cash inflow / outflow for the initial acquisition	-	-	316,544	(26,551)
Disposal of an available-for-sale investment	-	-	-	(155)
Acquired minority shares of Efes Ukraine	-	-	-	-
Acquired minority shares of KV Group	-	-	1,627	-
Acquired minority shares of Efes Moscow	**3,144**	-	168,494	-
Net cash outflow / inflow for the period ended	**3,144**	-	486,665	(26,706)

In October 2007, the Company acquired 6.25% of Efes Weifert shares for a total cash consideration of USD 3,144 (Note 3). In 2006, the net assets acquired of USD 281,196 represents 92.3% of KV Group's net assets and net assets disposed of USD 24,796 represents 49.99% of Interbrew Efes' net assets which was consolidated on a proportionate basis till the date of disposal.

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26. Financial Instruments

The Group's principal financial instruments comprise of bank borrowings and finance leases. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Group's management reviews and agrees policies for managing each of these risks which are summarized below. The Group also monitors the market price risk arising from all financial instruments.

The categories as defined by IFRS 7 are included on the face of the balance sheet and that these categories are in line with the classes of financial instruments as applied by the company. In addition, no differences exist between the carrying value and the fair value of financial instruments

Financial Risk Management

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit risk of the Group is primarily attributable to its trade receivables. Maximum credit risk on the Group is limited to the amounts disclosed on the financial statements. The Group has its credit control policies and procedures in place and the exposure to credit risk is monitored on an ongoing basis. The credit risk arising from the transactions with customers is mitigated through operating with agreed credit limits and diversification of customers. Management believes that the provisions made are sufficient to cover expected losses. The highest amounts of trade receivables are approximately 9%, 3%, and 3% respectively of Group accounts receivable at December 31. 2007 (2006 – 4%, 4%, 3%) and there is no other significant concentration of credit risk.

Interest rate risk

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group mainly enters into LIBOR based contracts in its financial borrowings. As of December 31, 2007, 2% of the Group's long-term debt was at fixed rates (December 31, 2006, 2%).

The weighted average effective interest rates which are calculated from different types of currencies, as at December 31, 2007 are as follows:

Fixed rate bank loans & bonds	9.3 %
Floating rate bank loans	Applicable Base Rate + 1.6 %

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Company's profit before tax:

	Interest rate increase (%)	Effect on profit before tax	
		2007	2006
USD denominated	1%	434	404
Euro denominated	1%	111	-
Other	1%	27	-

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. Significantly material part of company's sales is recognized in local currencies where its subsidiaries operate. 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 exposure for the consolidated group companies as of December 31, 2007 and 2006 are presented below:

	2007	2006
Cash and cash equivalents	**12,345**	33,021
Trade receivables	**699**	268
Due from related parties	**9,838**	5,284
Other receivables	**10,512**	596
Foreign currency assets	**33,395**	39,169
Short-term borrowings	**79,658**	54,270
Current portion of long-term borrowings	**8,152**	12,457
Trade payables	**18,983**	20,044
Due to related parties	**11,859**	12,029
Other liabiliteas	**645**	1,543
Long-term borrowings	**2,287**	9,556
Foreign currency liabilities	**121,584**	109,899
Net foreign currency liability	**(88,189)**	(70,730)

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The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Currency	Change (%)	Effect on profit before tax	
		2007	2006
USD / EUR	10%	**(2,125)**	554
RUB / USD	10%	**(988)**	(2,688)
KZT / USD	10%	**(4,467)**	(3,955)

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.

The following table demonstrates the due dates of assets and liabilities according to the balance sheet date.

December 31, 2007	**On Demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Cash and cash equivalents	5,797	52,729	-	-	-	275,612
Due from related parties	-	8,161	-	-	-	8,161
Trade receivables	-	85,368	2,772	-	-	88,140
Total assets	**5,797**	**146,258**	**2,772**	**-**	**-**	**154,828**
Short term loans	-	34,495	168,936	-	-	203,431
Long term loans	-	-	-	342,598	-	342,598
Lease obligations	-	-	-	-	-	-
Due to related parties	-	23,339	-	-	-	23,339
Trade payables	-	50,406	-	-	-	50,406
Total liabilities	**-**	**108,240**	**168,936**	**342,796**	**-**	**619,774**
Net liquidity gap	**5,797**	**38,018**	**(166,163)**	**(342,796)**	**-**	**(464,946)**
December 31, 2006						
Cash and cash equivalents	9,074	154,787	-	-	-	163,861
Due from related parties	-	3,475	-	-	-	3,475
Trade receivables	-	47,815	1,815	-	-	49,630
Total assets	**9,074**	**206,077**	**1,815**	**-**	**-**	**216,966**
Short term loans	-	99,526	60,924	-	-	160,450
Long term loans	-	-	-	311,108	-	311,108
Lease obligations	-	-	-	-	-	-
Due to related parties	-	9,745	12,403	-	-	22,148
Trade payables	-	32,727	-	-	-	32,727
Total liabilities	**-**	**141,998**	**73,327**	**311,108**	**-**	**526,433**
Net liquidity gap	**9,074**	**64,078**	**(71,512)**	**(311,108)**	**-**	**(309,467)**

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.

The Following table shows the development of allowances on trade receivables:

	2007	2006
As of January 1	**10,974**	3,884
Addition	**972**	134
Reversal of unused provision	**(1,083)**	(687)
Addition through subsidiary acquired	**-**	6,630
Disposal through subsidiary sold	**-**	(3)
Currency translation differences	**902**	1,028
Other	**(463)**	(12)
	11,302	10,974

The Following table shows the analysis of the age of past due trade receivables:

		Of which: neither impairment nor past due on the reporting date	**Of which: not impaired on the reporting date and past due in the following periods**		
			less than 30 days	**between 30 and 60 days**	**between 61 and 90 days**
Trade receivables	**2007**	**74,476**	**6,930**	**1,428**	**4,073**
Trade receivbles	2006	38,249	7,417	1,715	624

USD 1,980 of trade receivables would be overdue if the terms have not been changed.

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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:

	2007	2006
Machinery and equipment	**-**	119
Other tangible assets	**884**	416
Accumulated depreciation	**(229)**	(159)
Net book value	**655**	376

Lessee - Operating Lease

The brewery of Efes Moscow is situated on a site leased from the Moscow City Government under a 49-year lease contract to be expired by 2048. 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 contracts amount to USD 1,338 (2006 – USD 1,944)

28. Segment Reporting

The Group's risks and rates of return are affected predominantly by the fact that it operates in different countries which is considered to be the primary segment and the secondary segment is the business. The Group is in a single product business and products other than beer represent less than 10% of the Group’s revenue. Segment information is presented in respect of the Group’s geographical segments based on location of its assets and customers. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Russia & Kazakhstan		Serbia & Moldova		Others* & Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
External Revenues	**763,791**	566,628	**74,688**	60,653	**(2,244)**	11,648	**836,235**	638,929
Gross Profit	**344,051**	284,201	**31,212**	22,736	**(1,127)**	3,149	**374,135**	310,086
Operating Expenses (-)	**(269,378)**	(224,342)	**(24,550)**	(26,399)	**344**	(3,960)	**(293,584)**	(254,701)
Operating Income	**74,673**	59,859	**6,662**	(3,663)	**(783)**	(811)	**80,551**	55,385
Financial Expense - net	**(13,609)**	(8,229)	**(1,124)**	(1,075)	**(14,191)**	(17,249)	**(28,924)**	(26,553)
Profit Before Tax	**61,064**	51,630	**(5,538)**	(4,738)	**(14,974)**	(18,060)	**51,627**	28,832
Segment Assets	**1,113,042**	815,597	**129,155**	94,139	**440,698**	618,029	**1,682,895**	1,527,765
Investment in Associates	**-**	-	**10**	64	**1,511**	1,511	**1,521**	1,575
Total Assets	**1,113,042**	815,597	**129,165**	94,203	**442,209**	619,540	**1,684,416**	1,529,340
Segment Liabilities	**474,863**	259,782	**59,263**	33,777	**277,281**	463,757	**811,407**	757,316
Purchase of property, plant and equipment	**(108,655)**	(105,169)	**(17,829)**	(15,288)	**782**	(3,796)	**(125,703)**	(124,193)
Depreciation&Amortization Expenses	**62,158**	46,710	**9,891**	7,926	**529**	2,446	**72,578**	57,082
Other non cash items	**3,463**	532	**1,914**	1,778	**(2,494)**	(2,142)	**2,883**	168

* Others include EBI Holding Company and other subsidiaries included in consolidated financial statements.

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, 2007 and 2006, which are separately classified in the consolidated balance sheet, are as follows:

For the year ended December 31, 2007
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Due from related parties	**2007**	2006
Efes Holland Technical Management Consultancy N.V. (Efes Holland) (2)	**2,727**	2,439
Coca-Cola Bottlers Kazakhstan Almaty (Coca-Cola Almaty) (2)	**111**	370
Coca-Cola Bishkek Bottlers C.J.S.C (Coca-Cola Bishkek) (2)	**1,970**	519
Mutena Maltery (3)	**343**	147
Anadolu Efes (2)	**63**	-
Anadolu Efes TMC (2)	**2,947**	-
Total	**8,161**	3,475

Due from related parties	**2006**	2005
Efes Holland TMC (2)	**12,624**	15,434
Mutena Maltery (3)	**5,169**	4,327
Oyex Handels Gmbh (2)	**3,583**	1,540
Efpa (2)	**-**	10
Anadolu Efes (1)	**1,287**	118
ABH (2)	**656**	719
Efes Tur (2)	**20**	-
Total	**23,339**	22,148

2) Transactions with Related Parties

Transactions with related parties are done at normal market conditions. The most significant transactions with related parties during the year ended December 31, 2007 are as follows:

Nature of Transaction	Related Party	Amount
Management and license fee expense to	Efes Holland (2)	7,799
Sale of beer to;	Coca-Cola Bishkek (2)	3,394
Sale of beer to;	Coca-Cola Almaty (2)	2,442
Purchase of soda drinks from;	Coca-Cola Almaty (2)	91
Purchase of raw materials from;	Oyex Handels Gmbh (2)	9,724
Purchase of beer from;	Anadolu Efes (1)	3,004
Purchase of beer from;	Anadolu Efes (1)	67
Processing services from;	Mutena Maltery (3)	9,503
Heating and water services given to;	Mutena Maltery (3)	1,277
Dividend income from	Mutena Maltery (3)	136
Processing services from;	Efes Tur (2)	89
Purchase of service from;	ABH (2)	1,631

(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 management board of USD 578 (2006 – USD 284) and supervisory board of USD 174 (2006 – USD 125) were included in personnel expenses. The remuneration of management board consists of salary and bonus.

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

Put options

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.

A put option has been granted to the OAO Krasny Vostok Agro that may be exercisable between 2007 and 2009. By such option, OAO Krasny Vostok Agro will have right to sell its 6.7% of KV Group shares to the Company at an option price either at in full USD 0.395 multiplied by number of shares plus interest accrued from the date of the option until the date of completion at a rate of LIBOR plus 4.9% or the consolidated EBITDA multiplied by a multiple of nine minus net indebtedness.

Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), the obligation for the participating interest related with put options have been regarded as ‘liability for puttable instruments’ in the Group’s financial statements, to be stated at fair value. The liability for the put option has been measured by applying a weighting of different valuation techniques based on best estimates currently available. Subsequent changes to the valuation of the put options have been recorded as changes to ‘liability for puttable instruments’ and to goodwill, without any direct impact on the consolidated income statement.

The contingent considerations related with the put options granted to EBRD and OAO Krasny Vostok Agro of USD 102,807 and USD 24,202 have been presented as ‘liability for puttable instruments’ in trade and other payables in the consolidated balance sheet. In order to give effect to the recognition of the liability for puttable instruments, the equity and net income attributable to the interest of minority shareholders of Efes Moscow and KV Group have been decreased by 8.8% and 6.7%, respectively.

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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

In January 2008, the Company reached an agreement with Heineken International B.V. ("Heineken") to establish a joint venture to jointly invest in Uzbekh market. The Company and Heineken will have 60% and 40% shares in the joint venture, respectively, whereas the Company will have the management control.

In February 2008, the Company has announced that it has completed the acquisition of 100% shares of Joint Stock Company Lomisi (JSC Lomisi), a brewery in Georgia with an annual brewing capacity of 0.55 mlh and an estimated market share of 42% by volume in 2007.

The Company executed a Share Purchase Agreement regarding the sale of all shares currently owned by the Company, representing 92.9% of the voting shares of KV Group, to MEB.

A loan agreement has been signed between MEB and HSBC amounting to USD 120,000 on March 19, 2008.