EFES BREWERIES INTERNATIONAL ANNUAL REPORT 2008

INDEX

EFES

General Overview Commencing operations in 1996, EBI operates 9 breweries across Russia, Moldova, Kazakhstan and Georgia and has a total annual brewing capacity of 25.8 million hectoliters (mhl) and a malt production capacity of 139,000 tons by the end of 2008.

Efes Breweries International NV ("EBI" or the "Company") has a strong presence across a large geographic area that includes Russia, the Commonwealth of Independent States (CIS) and Southeastern Europe. EBI is registered in the Netherlands and listed on the London Stock Exchange (EBID) with a free float of approximately 30%.

Commencing operations in 1996, EBI operates 9 breweries across Russia, Moldova, Kazakhstan and Georgia and has a total annual brewing capacity of 25.8 mhl and a malt production capacity of 139,000 tons by the end of 2008. In addition, EBI also has a 28% share in Central European Beverages (CEB), which owns the third largest brewer in Serbia with a total capacity of 1.5 mhl in its two plants.

The geographic operational area of EBI includes some of the largest or fastest growing beer markets in Eurasia. Nevertheless, higher purchasing power compared to 1990s as well as the low base of per capita beer consumption, indicates a significant potential for further growth in these markets. In order to meet the increasing demand in its operating markets, EBI has expanded the capacity of its existing brewing facilities, established additional breweries through strategic acquisitions or green-field projects and has expanded its distribution network through the years.

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

At a Glance Consolidated net sales revenue increased by 24% in 2008 and reached US$ 1,038 million. Revenue growth ahead of volume growth was achieved through local currency price increases in all operating markets.

Income Statement		**2007**	**2008**	**Change %**
Net Sales	US$ millions	836	1,038	**24**
Operating Profit	US$ millions	81	74	**(9)**
Operating Profit Margin		9.6%	7.1%	
Depreciation and Amortization	US$ millions	74	95	**29**
Net Income	US$ millions	37	(57)	**n.m.**
EBITDA	US$ millions	156	153	**(2)**
EBITDA Margin		18.7%	14.8%	
Balance Sheet				
Cash&Cash Equivalents at the End of the Year	US$ millions	59	221	**277**
Total Assets	US$ millions	1,684	1,769	**5**
Shareholder's Equity	US$ millions	863	716	**(17)**
Total Financial Debt	US$ millions	546	817	**50**
Net Financial Debt/EBITDA	multiple	3.12	3.89	
Other Data				
Beer Sales Volumes	m hectoliters	13.32	14.05	**5**
Capital Expenditure	US$ millions	164	259	**58**
Earning per Share	US$ millions	0.18	(0.27)	**n.m.**
Average Number of Employees	Number	4,416	5,523	**25**

Note 1: Hectoliter=100 liters

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

Note 3: 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 4: 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.

Note 5: JSC Lomisi in Georgia, which EBI acquired in February 2008, started full consolidation from March 1, 2008.

Note 6: Efes Serbia is excluded from full consolidation after June 30, 2008 and the new combined entity CEB is being consolidated on equity pick-up basis after this date.

Letter to Shareholders We are proud to have achieved a solid volume growth in 2008, outperforming all of our operating markets. Our consolidated sales volume reached 14.05 mhl in 2008, 5% higher than 2007.

Our Valued Shareholders,

We are happy to report to you another year of growth, despite the challenges faced in the brewing industry as well as the global economy.

We started the year with a conservative outlook, as we were concerned about the inflation threat in developed countries and the unease created by the significant increase in commodity prices. However, 2008 was even more challenging than we expected, especially in the second half of the year, when the deep impact of the developed markets' economic crisis immediately spread out to emerging markets.

Our largest beer market Russia was one of the emerging market countries that was hit the most sudden and with highest magnitude in 2008. Besides the liquidity concerns in the financial system against short-term external repayment obligations, the sudden drop in oil prices from US$ 150 to below US$ 50 per barrel increased the pressures on Russian economy. All these developments led to a slowdown in the GDP growth in Russia, which in turn impacted the beer consumption negatively.

Our Valued Shareholders,

We are proud to have achieved a solid volume growth in 2008, outperforming all of our operating markets. Our consolidated sales volume reached 14.05 mhl in 2008, 5% higher than 2007.

Consolidated net sales revenue increased by 24% in 2008 and reached US$ 1,038 million. Revenue growth ahead of volume growth was achieved through local currency price increases in all operating markets. However the negative impact of commodity price inflation was apparent throughout the year, which led to a gross profit margin contraction to 41%. As a result of the decline in gross profit margin, our EBITDA margin also conracted to 15% from 19% a year ago.

Our Valued Shareholders,

After recording double digit compounded annual growth in the last ten years, Russian beer market contracted by 1% in 2008. The contraction in the market was the result of lower than average weather temperatures, higher than inflation price increases and the deteriorating consumer confidence as a result of the global economic crisis. Under these challenging circumstances we are very happy to report to you an organic sales volume growth of 6% over 2007, making us the fastest growing brewer in Russia in 2008. As a result of our outperformance of the beer market we have increased our market share to 9.3%, solidifying our 4th position in the world's third largest beer market.

Innovation continued to be one of the primary drivers behind volume growth in Russia. Accordingly, we successfully launched brand extensions and introduced new packages to the market in 2008, which positively contributed to our outperformance of the beer market during the year.

We are very proud that one of our main brands in Russia, "Gold Mine Beer" was ranked #2 among the top 10 most dynamic Russian brands by the international Forbes magazine. In beer category "Gold Mine Beer" was ranked #1 brand in terms of growth in 2008. In addition, "Gold Mine Beer" was announced as the "Product of the Year" as the fastest growing SKU in the Russian beer market.

In 2008 we have started investments to increase the capacities of our malteries in Russia. Upon the completion in the first half of 2009, we expect to increase our malt production capacity by ca. 25% and become more than 80% self sufficient in terms of production of this key raw material.

In Kazakhstan the beer market contracted by around 5% in 2008 due to macroeconomic challenges, while we managed to grow our sales volume by 5%, despite cycling a very strong base. Our market share increased by 300 bps organically to 28% in Kazakhstan.

In addition, we completed our strategic collaboration with Heineken in Kazakhstan in the 4th quarter of the year. Currently Heineken owns 28% of the combined entity, while we have 72% ownership as well as the management control. The combined business has combined geographic strengths and distribution systems to improve route-to-market execution. In addition, the combined entity has more than 30% market share in Kazakhstan (AC Nielsen).

As a result of the portfolio restructuring, the combined business has a more competitive, differentiated portfolio with core strengths generated by top brands of both parent companies, such as "Efes", "Heineken" and "Karagandinskoe" brands. The combined entity is also well set up to meet the increasingly diverse demand of Kazakhstan consumers through marketing of well differentiated, tactical brands like Russian "Sokol", "Beliy Medved" and "Gold Mine Beer", local "Tyan-Shan" and licensed brands. We strongly believe that distributors and retailers will gain from a stronger brand portfolio, reduced complexity and costs, reinforced marketing investments and enhanced service.

2008 has been a challenging year in Moldova. Our beer sales volume declined by 11% in 2008, however we managed to increase our market share during the year to 72% from 71% a year ago.

In line with our vision to be a strong independent regional brewer, we expanded our operations to Georgia in early 2008. Having grown by double digits for the last 6 years on a compounded annual basis, Georgian beer market offers further growth potential with the current per capita consumption level of around 20 liters. The negative impact of the military conflict in August, which is our peak season, was greatly offset in the following quarter and our Georgian operations successfully performed in line with our business plans. We increased our market share in Georgia from 42% in 2007 to 47% in 2008.

In the 3rd quarter of 2008 we have completed the collaboration with Heineken in Serbia. We are now a 28% stakeholder in Serbia's third largest brewer.

Our Valued Shareholders,

Having completed the first couple of months of 2009, the concerns over global crisis are increasing compared to the previous year. Growing unemployment, high inflation, devaluation of national currencies of our operating markets and deterioration in disposable income are the primary concerns for 2009. We are well aware of the challenging conditions ahead of us and our primary focus is to complete this very challenging year with increased efficiencies and improved market shares, thereby creating value to our shareholders.

In spite of challenges, we are confident that we will outperform our operating markets and our confidence is based on our historical performance.

We realize the importance of liquidity in these challenging times, therefore we are reducing our capital expenditures to a minimum level, which will be almost half of the previous year.

Our management is highly focused on efficient working capital management, even more so than previous years.

In 2009 we expect to increase cash flow on the back of improved profitability, reduced debt, lower capex and tighter working capital management.

We would like to extend our most sincere gratitude to our esteemed shareholders and employees for the belief and substantial contribution to the growth of our business.

Sincerely,

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 an annual 1.5 mhl brewing capacity.
- Stary Melnik launched in Russia.
- Production started in the malt production facility in Moscow-Russia adjacent to MEB.

2000
- Romanian Efes Brewery restructured as a 50%-50% joint venture with InBev, Interbrew Efes Brewery, (Efes Romania) established.

2002
- MEB's capacity was doubled to 3.0 mhl.
- 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 to provide external funding to further accelerate its rapidly growing operations.
- Launch of leading German brand "Warsteiner Premium Verum" produced under license in Russia.

2003
- Acquisition of the Vitanta Intravest S.A. (Efes Moldova), the leader of the Moldovan beermarket, located in Chisinau-Moldova with 0.8 mhl of annual brewing capacity.
- Production commenced in Rostov, the new green-field brewery in Russia with an annual 1.0 mhl brewing capacity.
- Production commenced in the brand new brewery in Almaty-Kazakhstan with an annual 0.6 mhl brewing capacity.
- Acquisition of the Amstar Brewery located in Ufa, in the Urals region of the Russian Federation, with an annual 1.2 mhl brewing capacity.
- Acquisition of the Pancevo Brewery in Serbia, located on the outskirts of Belgrade (Efes Weifert) with an annual 0.4 mhl 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 an annual 1.0 mhl brewing capacity.
- Initial Public Offering of EBI and listing of GDRs in the London Stock Exchange with a free float of approximately 30%.

2005

- Launch of the Czech brand, Zlatopramen, produced under license 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

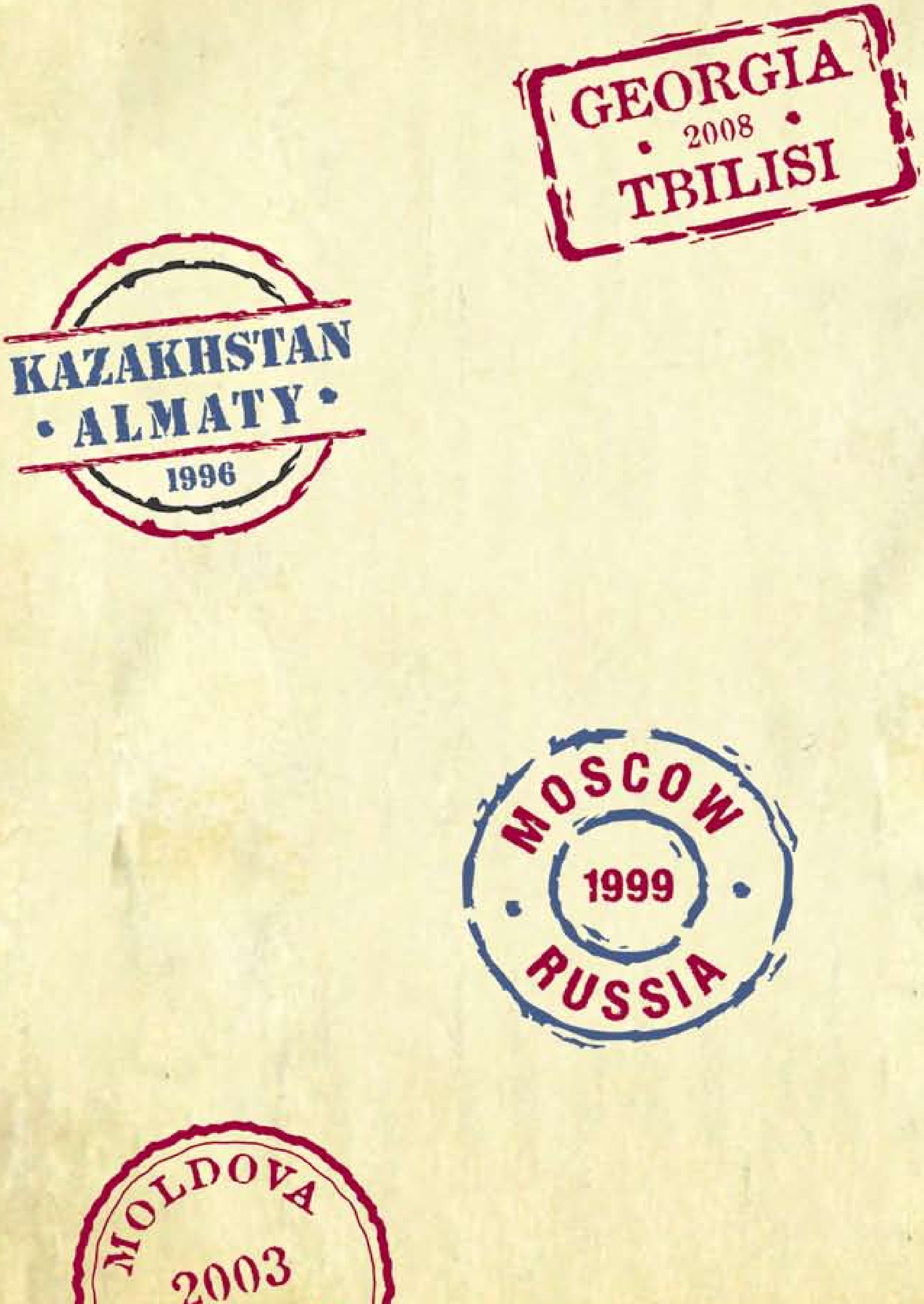
- Acquisition of the Krasny Vostok Brewing Group (KV Group) in Russia completed with an annual 10.0 mhl brewing and 93,000 ton malt production capacity.
- Acquisition of the 19.9% minority shares in MEB completed, increasing the effective ownership of EBI in Moscow Brewery to 90.9%.
- Launch of Bavaria Premium and Bavaria Malt produced under license 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.
- Capital increase by US$ 300 million through a Rights Issue, in which both Anadolu Efes and EBI's public minority shareholders participated.
- Launch of the Mexican beer SOL produced under license in Russia.
- Disposal of the 50% share of EBI in Romania to Inbev, which held the remaining 50%.

2007

- Alejandro Jimenez was appointed as the new CEO and Chairman of the Board of Management of EBI.
- Efes Moldova's soft drink brands Viva and Real were sold to The Coca-Cola Company.
- Following the capacity increase in Kazakhstan from 1.3 million hectoliters to 2.1 million hectoliters, EBI's total capacity reached 24.6 million hectoliters.

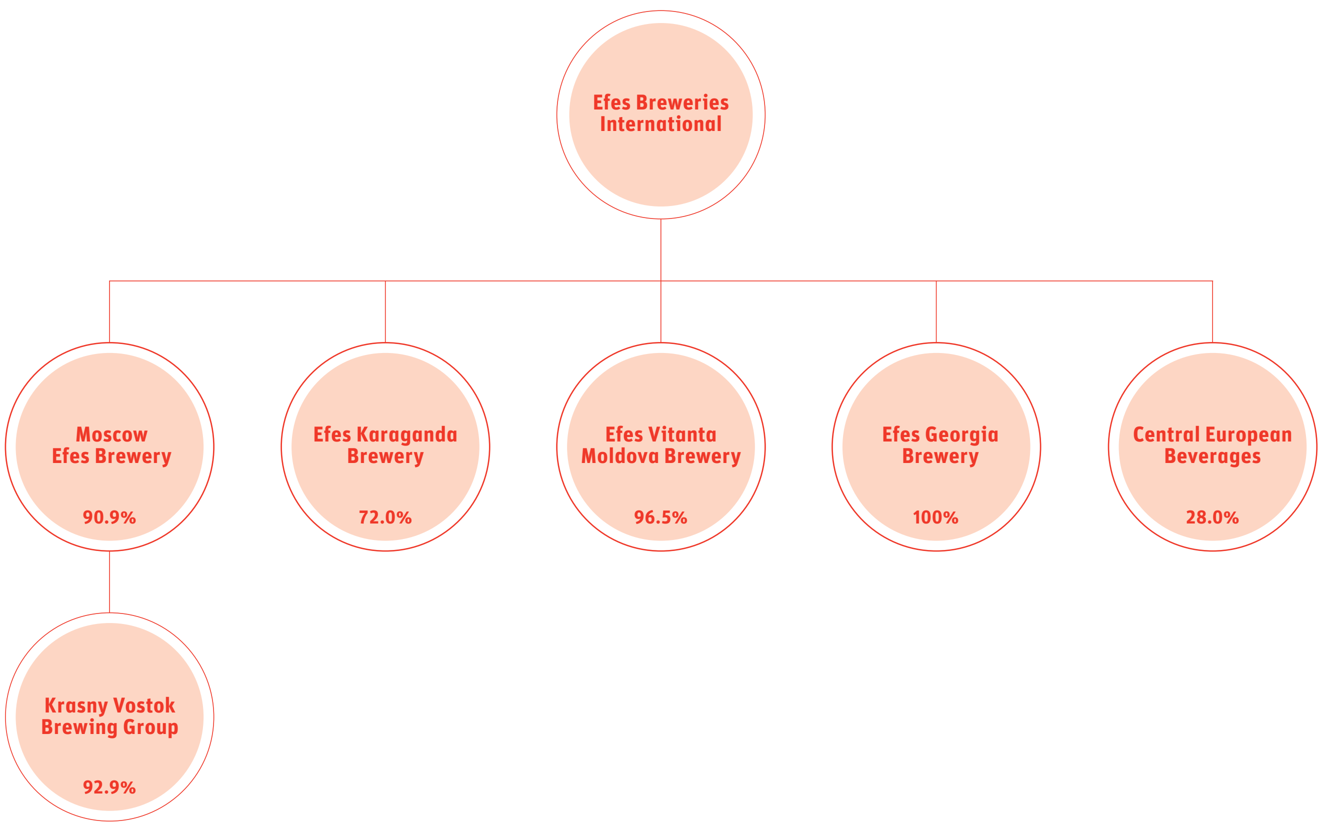
2008

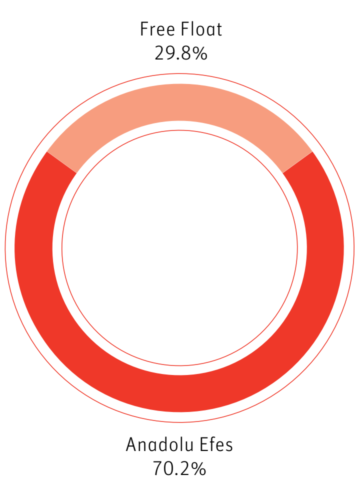
- EBI and Heineken collaborated in the Kazakh and Serbian beer markets.
- EBI acquired 100% of the leading Georgian brewer JSC Lomisi (Lomisi).
- EBI sold all shares it held in its operating subsidiary KV Group, representing 92.9% of the voting shares, to its other Russian operating subsidiary MEB.
- Following the capacity increases in Kazakhstan and Moldova, EBI's total annual capacity increased to 25.8 mhl (excluding Serbia).


GEORGIA
2008
TBILISI
KAZAKHSTAN
ALMATY
1996
MOSCOW
1999
RUSSIA
MOLDOVA
2003
CHISINAU

Company Profile

Shareholding & Group Structure EBI is a majority owned subsidiary of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes), the leading beverage company in Turkey that is also separately listed on the Istanbul Stock Exchange. Anadolu Efes, together with direct and indirect subsidiaries and affiliates, produces, markets and sells beer, malt, soft drinks and bottled water across Turkey, southeast Europe, Russia, Central Asia and the Middle East.





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


MOSCOW
1999
RUSSIA
MOLDOVA
2003
CHISINAU
EFES


EFES
EFES
Pilsener
EFES

Operating Territories

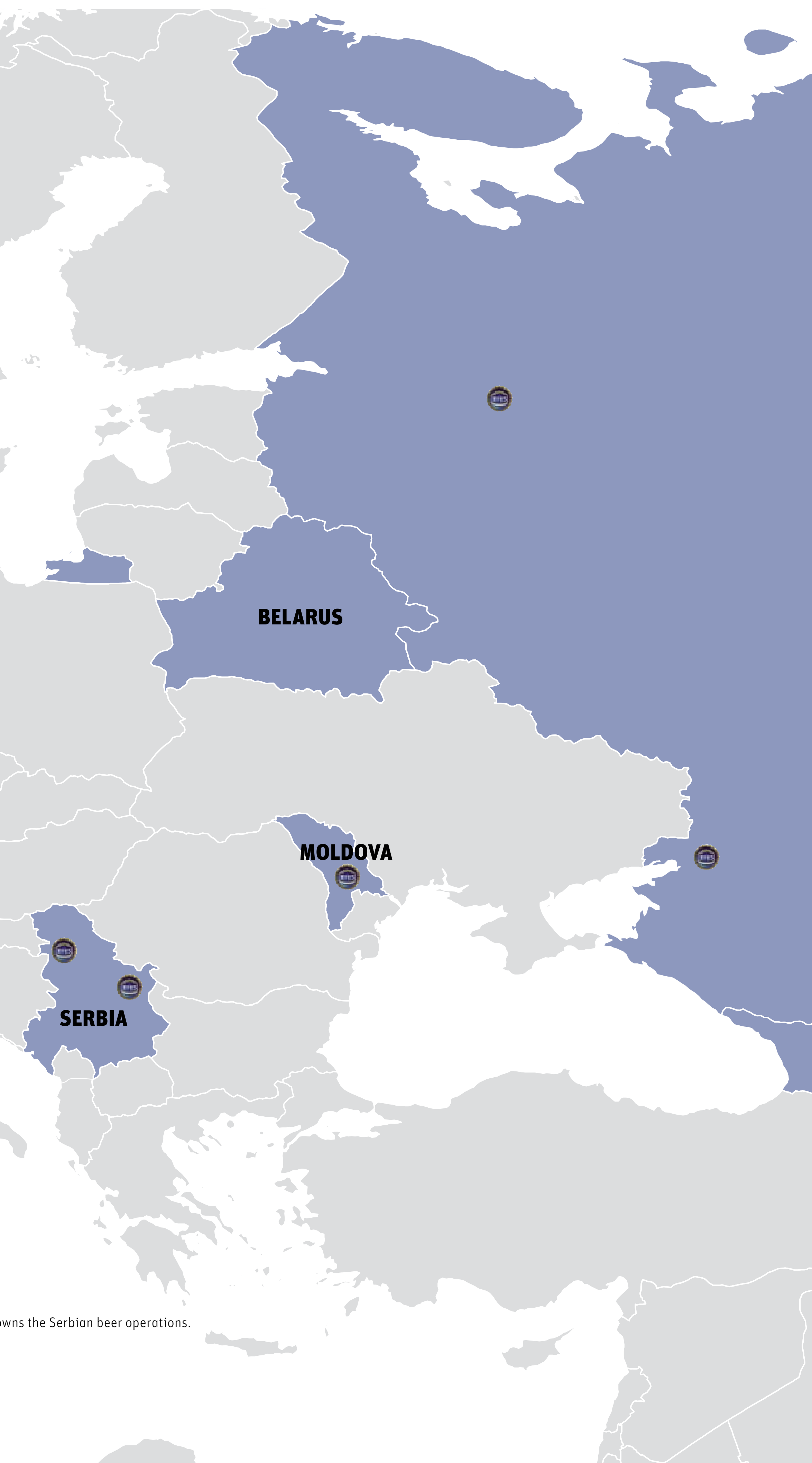
RUSSIA
- **5** Breweries **4** Malteries
- **1** Preform Production Facility
- **20.2** mhl Brewing Capacity
- **139,000** tons Malt Production Capacity
- Per Capita Consumption (Canadean Global Beer Trends 2008): **87 lt.**
- Market Share (A.C. Nielsen December 2008): **9.3%**
- Market Position: **4**
- Population: **141.1 million**

KAZAKHSTAN
- **2** Breweries
- **2.4** mhl Brewing Capacity
- Per Capita Consumption (Canadean Global Beer Trends 2008): **39 lt.**
- Market Share (A.C. Nielsen December 2008): **28.1%**
- Market Position: **2**
- Population: **15.1 million**

MOLDOVA
- **1** Brewery
- **2.5** mhl Brewing Capacity
- Per Capita Consumption (Canadean Global Beer Trends 2008): **35 lt.**
- Market Share (A.C. Nielsen December 2008): **71.9%**
- Market Position: **1**
- Population: **4.2 million**

GEORGIA
- **1** Brewery
- **0.7** mhl Brewing Capacity
- Per Capita Consumption (Canadean Global Beer Trends 2008): **21 lt.**
- Market Share (Company Estimate): **47.4%**
- Market Position: **1**
- Population: **4.3 million**

SERBIA*
- **2** Breweries
- **1.5** mhl Brewing Capacity
- Per Capita Consumption (Canadean Global Beer Trends 2008): **61 lt.**
- Market Position: **3**
- Population: **9.9 million**



* EBI has 28.0% shareholding in CEB, which owns the Serbian beer operations.


MOSCOW 1999 RUSSIA
MOLDOVA 2003 CHISINAU
EFES


RUSSIA
KAZAKHSTAN
GEORGIA

Supervisory Board

1. Tuncay Özilhan
Chairman of the Supervisory Board

Tuncay Özilhan, born in 1947, graduated from Saint Joseph High School and Istanbul University, Faculty of Economics. He earned his MBA from Long Island University in the United States. Mr. Özilhan assumed such responsibilities as the General Director of Erciyas Biracılık (brewery), the General Coordinator of the Anadolu Endüstri Holding Beer Group and General Coordinator of the Anadolu Endüstri Holding. Mr. Özilhan was appointed CEO of the Anadolu Group in 1984 and still holds this position. He also serves as the Chairman of the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş., Efes Pazarlama, Tarbes, Coca-Cola İçecek, Coca-Cola Satış ve Dağıtım, Hamburger Restoran İşletmeleri (McDonald's), ABank, Alternatif Finansal Kiralama, Alternatif Yatırım, Anadolu Alpha Gayrimenkul, Anadolu Elektronik (Samsung), Anadolu Sağlık Merkezi (ASM). Mr. Özilhan served as the President of TÜSİAD (Turkish Industrial and Businessmen Association) between 2001-2003.

2. Sir David Logan
Member of the Supervisory Board

David Logan joined the Supervisory Board of 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 Central and Eastern Europe between 1994 and 1995 and for Defense Policy between 1992 and 1994. He was Director of the Center for Studies in Security and Diplomacy at Birmingham University between 2002 and 2007. Sir David is also a Non-Executive Director of European Nickel plc and an Independent Director of the Magnitogorsk Iron and Steel Company.

3. Ali Z. Tigrel, PhD
Member of the Supervisory Board

Ali Z. Tigrel is a graduate of the Imperial College of Science, Technology, Medicine and Management and holds an MSc and PhD 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. He served in the State Planning Organization from 1984 until 1991 at various levels; as director of foreign investment department (1984-85), director-general of economic planning directorate (1985-87) and finally Undersecretary and 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 consultation services to other local and international companies. In 1993, Dr. Tigrel was appointed Ambassador-at-large and chief advisor to the Prime Minister for EU Affairs. He was assigned as the 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 consultation business. He is the Chairman and principal shareholder of TCI Consultancy Inc. in Ankara and is also the founder and Chairman of ATM International Consultancy Inc. in Istanbul. He is a Board member of Nortel Networks Netaş A.Ş. and advisor to the Board of Alternatif Bank A.Ş. Dr. Tigrel joined the Supervisory Board of EBI in 2005.

4. Christos-Alexis Komninos
Member of the Supervisory Board

Christos-Alexis Komninos, a chemical engineer, is a graduate of the Technical University of Istanbul (ITU). Mr. Komninos joined the Hellenic Bottling Company in 1972 and has held various positions in the Company until 1987. From 1987 to 1990, he was appointed Managing Director of Coca-Cola bottlers Ireland (a subsidiary of Hellenic Bottling). In 1990, he returned to Greece and in 1995 became Chief Executive of Hellenic Bottling, a position he held until 2000. From 2000 to 2003 he was appointed Chairman and CEO of the Papastratos Cigarette Manufacturing Company. After the acquisition of the Papastratos Company by Philip Morris S.A., he voluntarily joined the Athens 2004 - Olympic Games Organizing Committee as the Head of Opening and Closing Ceremonies. Since 2005, he has held the position of Executive Vice President of both Shelman S.A. (a wood product manufacturing company) and ELMAR S.A. (a shipping company). He joined the Supervisory Board of EBI in 2005.

5. Gauthier de Biolley
Member of the Supervisory Board

Gauthier de Biolley is Managing Partner of Eiger Ventures, an advisory and investment firm focusing on international business development. From 2000 to 2006, Mr. de Biolley worked at InBev, serving as Senior Vice President External Growth, where he led the team in charge of strategy and execution of all M&A transactions worldwide. He then served 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; he developed a management consulting experience with Genrho and Strategic Planning Associates. He is a member of the Supervisory Board of Sedlmayr Grund und Immobilien KGaA, a real estate company based in Munich, Germany. He studied Law and Economics at the Université de Louvain, Belgium and attended the Stanford Directors Program. Mr. de Biolley joined EBI's Supervisory Board in 2006.

* Mr. Michel Naquet-Radiguet not present in the picture.

6. Michel Naquet-Radiguet
Member of the Supervisory Board

Michel Naquet-Radiguet is a graduate of the Paris University, Institute of Political Sciences and holds an MMS of HEC, the leading French business school. In addition, Mr. Radiguet studied business law at Paris University. He joined DANONE (then named BSN) in 1974 to become a brand manager and then sales manager with Evian Mineral Water Company and Kronenbourg Breweries. He spent several years with L'OREAL as a Business Unit manager in Belgium and Portugal. Then, he joined the rising beer giant Interbrew (now ABI-INBEV) in 1991 as a Managing Director for France before his appointment as Executive Vice President in charge of development and operational management of new operations in Central and Eastern Europe, i.e. Russia and Ukraine. He was the first CEO of Interbrew's joint venture SUN INTERBREW, based in Moscow, operating in Russia and the Ukraine. Naquet-Radiguet left Interbrew in 2001 and is now independent advisor focusing on Central and Eastern Europe and emerging markets. He is currently a member of the International Advisory Board of the SBF IV fund, a SIGMA-BLEYZER (USA) private equity fund active in Ukraine, Bulgaria and Romania. Mr. Michel Naquet-Radiguet served as a managing director of EBI from 2001 till 2003. He was since an advisor to the Supervisory Board of EBI and was appointed as a member in 2008.

Board of Management

1. Alejandro Jimenez
Chief Executive Officer (CEO) of EBI&
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.

2. Can Çaka
Member of the Board of Management
Can Çaka joined Anadolu Efes in 1997 as a finance specialist of International Beer Operations. Between 1997-2007 Mr. Çaka held various positions in the group, including Strategy & Business Development Director of Efes Beer Group, Strategy & Business Development Manager of Anadolu Efes and Finance & Administrations Manager of Efes Ukraine Brewery. In 2007 Mr. Çaka was appointed as Strategy, Business & Market Development Director of Efes Beer Group and assumed this responsibility until April 2008 when he was appointed as the Chief Financial Officer and Investor Relations Director of Anadolu Efes. Before joining the Group Mr. Çaka worked as a Business Analyst and System Engineer for Texas Instruments Software Ltd. Can Çaka has a Bachelor of Science degree in Electric and Electronics engineering from Middle East Technical University and achieved Master of Business Administration degree from the same university. Mr. Çaka was appointed as a member of the Board of Management of EBI in 2008.

3. Demir Şarman, CPA
Member of the Board of Management
Demir Şarman has served as a senior auditor for Arthur Andersen in Turkey between 1993-1997. Mr. Şarman joined Anadolu Efes in 1997 as a Financial Controller. In the same year, he was appointed as Financial Control and Systems Manager and assumed this responsibility until 1999. Between 1999-2003 Mr. Şarman held the position of Finance Director in Efes Beer Group International Operations Directorate. In July 2003 he was appointed as the CFO of Efes Breweries International and assumed this responsibility until April 2008, when he was appointed as Strategy, Business and Market Development Director at the Efes Beer Group. Mr. Şarman graduated from Middle East Technical University, Department of Economics in 1993. He is a Certified Public Accountant; and has an MBA degree from University of Chicago.

4. Gökçe Yanaşmayan
Finance and Administration Manager of EBI, Member of the Board of Management
Gökçe Yanaşmayan joined Anadolu Efes in 2004. Between 2004 and 2006, he served as Reporting and Budgeting Manager at Efes Kazakhstan. In September 2006, Mr. Yanaşmayan became the Finance and Administration Manager of EBI and still resumes this responsibility. Before joining Efes Beer Group, Mr. Yanaşmayan worked for Arthur Andersen and Ernst & Young as a senior auditor at Istanbul and Dubai offices. Mr. Yanaşmayan studied Economics at Dokuz Eylül University and joined the Board of Management of EBI in 2008.

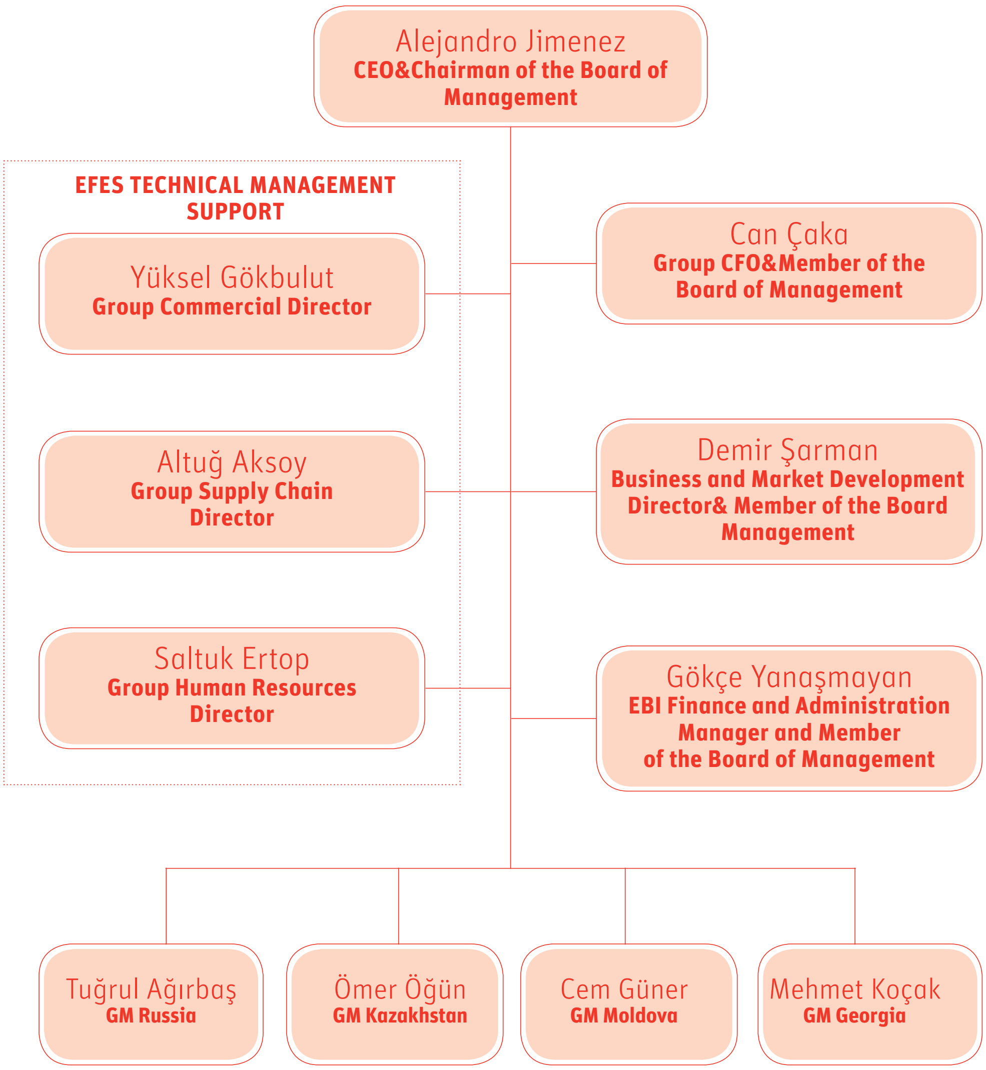
5. Guido Robert Wagenaar
Member of the Board of Management
Guido R. Wagenaar is employed at Fortis Intertrust in the Netherlands and began his legal career in 2001 as a lawyer with MeesPierson. For almost a decade, Mr. Wagenaar has advocated the interests of international companies represented in the Netherlands. Since 2004, he has focused on how corporate governance affects international companies that have a presence in the Netherlands. Prior to that, starting in 2001, Wagenaar acted as legal counsel in the structured finance and acquisitions department of MeesPierson Trust. He is a graduate of the University of Amsterdam's School of Law with a concentration on corporate and competition law. He joined the Board of Management of EBI in 2008.

6. Nathalie Peters
Company Secretary

Nathalie Peters joined Efes Breweries International N.V. as legal counsel and company secretary in 2006. She began her legal career as a lawyer in the financial services business. For almost twelve years, she has advocated the legal and financial interests of international companies represented in the Netherlands as well as the Netherlands Antilles at the level of account manager and deputy managing director. She also worked for six years in the Netherlands Antilles. Nathalie Peters is a graduate of the University of Utrecht's School of Law and studied at the University of Toulouse in France.

* Mr. Guido Robert Wagenaar not present in the picture

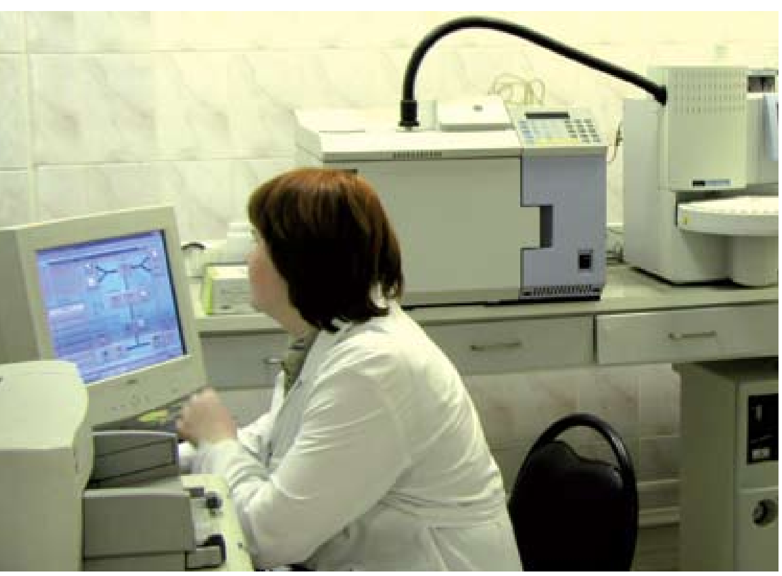
Organization Structure




MOSCOW
1999
RUSSIA
MOLDOVA
2003
CHISINAU
EFES


Старый
Мельник
из бочонка
ПИВО
Старый
Мельник
мягкое
из бочонка
ПИВО

Operations



Efes Russia

EBI recorded 6% organic sales volume growth in Russia in 2008, significantly outperforming the beer market, which declined 1% year-on-year. As a result, EBI increased its market share in Russia.


MOSCOW
1999
RUSSIA

Russia is the third largest beer market in the world with total estimated annual consumption of 122.1 mhl in 2008 (Source: Canadean). Annual per capita beer consumption of 87 liters is estimated to increase to 108 liters within the next five years with growth mainly stemming from Southern, Eastern and Far Eastern regions (Source: Canadean). Due to the rising per capita income levels and shifting consumer preferences from hard liquor toward beer, the Russian beer market achieved 13.9% CAGR (Compounded Annual Growth Rate) within the last ten years (Canadean, 2008). As a result, the Russian beer market attracted some of the major global brewers and currently close to 90% of the Russian beer market is shared by international brewers.

EBI started its operations in Russia with one brewery in Moscow and a 1.5 mhl annual brewing capacity in 1999. As of the end of 2008, EBI had five breweries in Moscow, Ufa, Rostov, Kazan and Novosibirsk with a total annual production capacity of 20.2 mhl of beer as well as 139.000 tons of malt.

In 2008, EBI completed the restructuring of its operations in Russia. Accordingly, all of the shares in EBI's operating subsidiary Krasny Vostok Brewing Group (KV Group), representing 92.9% of the voting shares, were sold to Moscow Efes Brewery (MEB), EBI's other operating subsidiary in Russia, in which the Company effectively owns a 90.9% share.

The four malt production facilities with a total malt production capacity of 139,000 tons per annum, is to a large extent enough to meet EBI's annual malt requirement in Russia and provides an effective control over its cost base. In order to increase the self sufficiency in the production of this key raw material, EBI started upgrading its maltery in Kazan in 2008. Upon completion within the first half of 2009, EBI will increase its total malt capacity in Russia to 176,000 tons per annum. The same competitive advantage is also apparent in the pre-form production, providing Efes Russia with the key raw material used for PET bottles in Russia. The PET production capacity was increased to be self-sufficient in Russia in 2008.

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.

In Russia our flagship brand "Stary Melnik" is among the top 5 best selling upper mainstream brands (AC Nielsen December 2008). In addition to being one of the highest volume generators for our Russian operations, "Stary Melnik" brand is also being exported to our other operating markets Kazakhstan and Moldova.

Our economy segment brand "Beliy Medved" is the 6th highest selling brand by volume in Russia and the 3rd bestselling brand in the economy segment (AC Nielsen December 2008). "Beliy Medved", together with "Sokol", a lower mainstream brand, was included in our brand portfolio in 2003 when EBI acquired the Amstar Brewery in the Ural region. A regional brand with limited sales volume at the time of the acquisition, "Beliy Medved" was relaunched on a national scale in 2003 and since then became an important volume driver for our Russian operations.

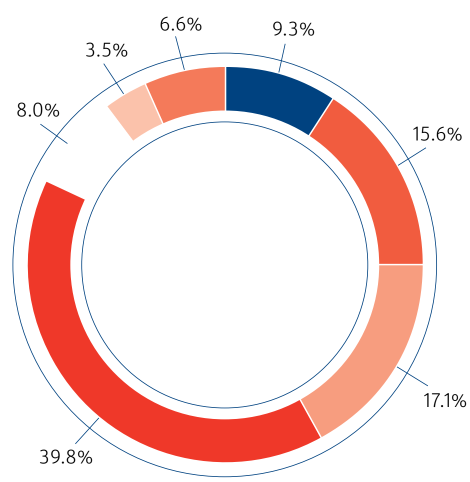
In Russia, we generate the highest sales volume by our economy segment beer "Gold Mine Beer". The brand was included in our portfolio in 2006 by the acquisition of the KV Group. Since being relaunched by the experience and excellence of Efes, "Gold Mine Beer" has recorded significant market share gain. In the January 2009 Russian edition of the international Forbes magazine, "Gold Mine Beer" was ranked #2 among the top 10 most dynamic Russian brands. In beer category "Gold Mine Beer" was ranked #1 brand in terms of growth in 2008. In addition, "Gold Mine Beer" was announced as the "Product of the Year" as the fastest growing brand in the Russian beer market.

EBI also capitalizes on the growth of the super premium and premium segments in Russia through introduction of well-known international brands to be produced under licence. In addition to our international "Efes" brand, "Mexican "SOL", German "Warsteiner", Dutch "Bavaria Premium" and Czech "Zlatopramen" are positioned in the super premium and premium segments.

Innovation continues to be one of the primary drivers behind volume growth in Russia. Accordingly, EBI successfully launched brand extensions and introduced new packages to the market in 2008, which positively contributed to our outperformance of the beer market during the year. "Stary Melnik Iz Bochonka Mild" was launched in June, while "Efes Fusion", "Gold Red" and "Bely Medved Zhivoy" were introduced to the market in July 2008. Bely Medved Svetloe and Krepkoe 2.5 lts PET and Gold Mine Beer 2.5 lts PET were launched in 2008. Contribution of these 2.5 lts PETs to total Efes Russia brand portfolio is expected to be high.

Russian operations delivered 78% of EBI's consolidated sales volume in 2008.

Market Share by Volume

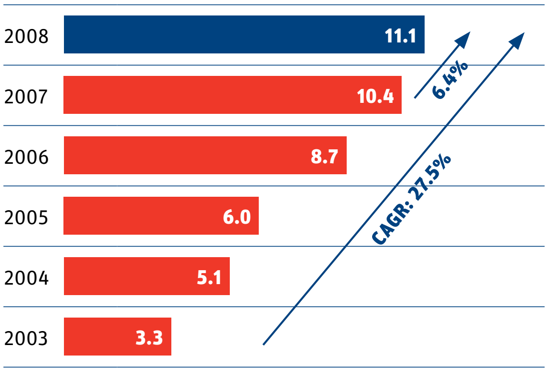


BBH
SABMILLER
INBEV
OCHAKOVO
HEINEKEN
Other
EFES RUSSIA

Source: AC Nielsen December 2008

The negative impact of deteriorating consumer confidence in Russia was apparent throughout the year, but was witnessed in its greatest extent during the third and fourth quarters. In addition, the unseasonably cold weather and the strong base of last year adversely affected the development of the Russian beer market in 2008. The market is estimated to have contracted by ca. 1% in 2008 over the previous year, while EBI increased its sales volume to 11.1 mhl in 2008, by growing 6.4% over the previous year and outperformed the market in all quarters. As a result, EBI's market share in Russia increased to 9.3% in 2008, maintaining its fourth place in the market (AC Nielsen).

Volume Development (mhl)



Efes Kazakhstan

In Kazakhstan, a majority of our sales volume is generated by the local "Karagandinskoe" brand, which is the leading brand in the Kazakh beer market (AC Nielsen). Our market share in Kazakhstan increased by approximately 300 bps in 2008 and reached 28%.


КАРАГАНДИНСКОЕ
KAZAKHSTAN
• ALMATY •
1996

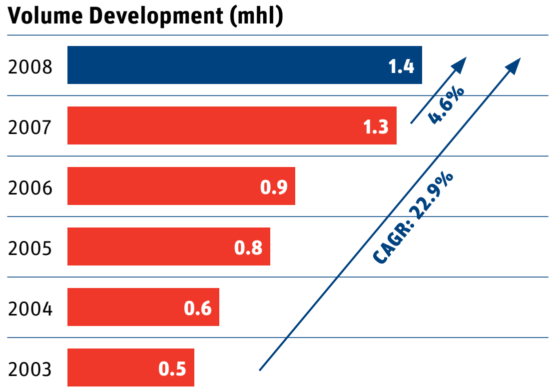
Kazakhstan is a rapidly growing beer market with a per capita consumption of 39 liters compared to Western Europe average of 72 liters indicating further growth potential with favorable demographics and developing macroeconomic factors. The Kazakh beer market is expected to achieve 6.9% CAGR within the next five years (Canadean Global Beer Trends, 2008).

Commencing operations with the acquisition of the Karaganda Brewery in 1996 and strengthening its production platform through the establishment of Almaty Brewery in 2003, EBI operates with a total annual brewing capacity of 2.4 million hectoliters by the end of 2008 in two breweries, up from 2.1 million hectoliters in 2007.

In Kazakhstan, EBI's sales volume grew by 4.6% in 2008, despite a very strong base effect in 2007, when sales volume grew by 45.8%. Poor weather conditions and challenging economic environment negatively affected the Kazakh beer market in 2008, resulting in a decline of 4.8% over the previous year, while EBI managed to outperform the market growth. Accordingly, EBI's market share increased to 28.1% by the end of 2008 compared to 25.4 % by the end of 2007(AC Nielsen).

In the fourth quarter of 2008, EBI and Heineken completed their collaboration in Kazakhstan and created a stronger brewer with the size, resources and distribution system to compete more effectively

Volume Development (mhl)



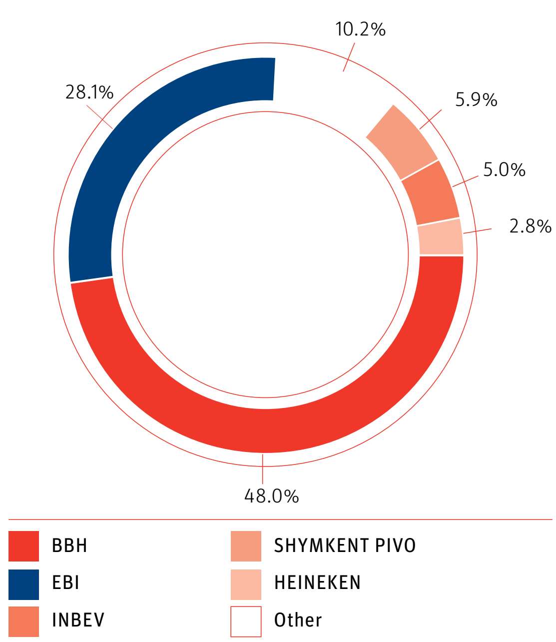
in the dynamic Kazakh beer market. Following the completion of the transaction, Heineken has 28.0% minority stake in the Kazakhstan operations, while EBI has 72.0% stake as well as the management control.

On a proforma basis the combined business has more than 30% market share in Kazakhstan (AC Nielsen, December 2008).

Efes Kazakhstan has a competitive, differentiated brand portfolio. In Kazakhstan, a majority of our sales volume is generated by the local "Karagandinskoe" brand, which is the leading brand in the lower mainstream segment and in the total Kazakh beer market (AC Nielsen). In September 2008, a bottled draft beer, "Karagandinskoe Kruzhka Svezhego", was launched in Kazakhstan.

In Kazakhstan, premium brand "Bavaria" was started to be locally produced under license in August. In addition, EBI's highest volume generator brand in Russia, "Gold Mine Beer", was launched in Kazakhstan in May 2008. Efes Kazakhstan currently offers "Heineken" in the super premium segment, "Efes", "Amsterdam Navigator" and "Bavaria" brands in the premium segment, "Sokol", "Stary Melnik" and "Gold Mine Beer" in the upper mainstream segment, "Karagandinskoe", "Beliy Medved" and "Tyan-Shan" in the lower mainstream segment.

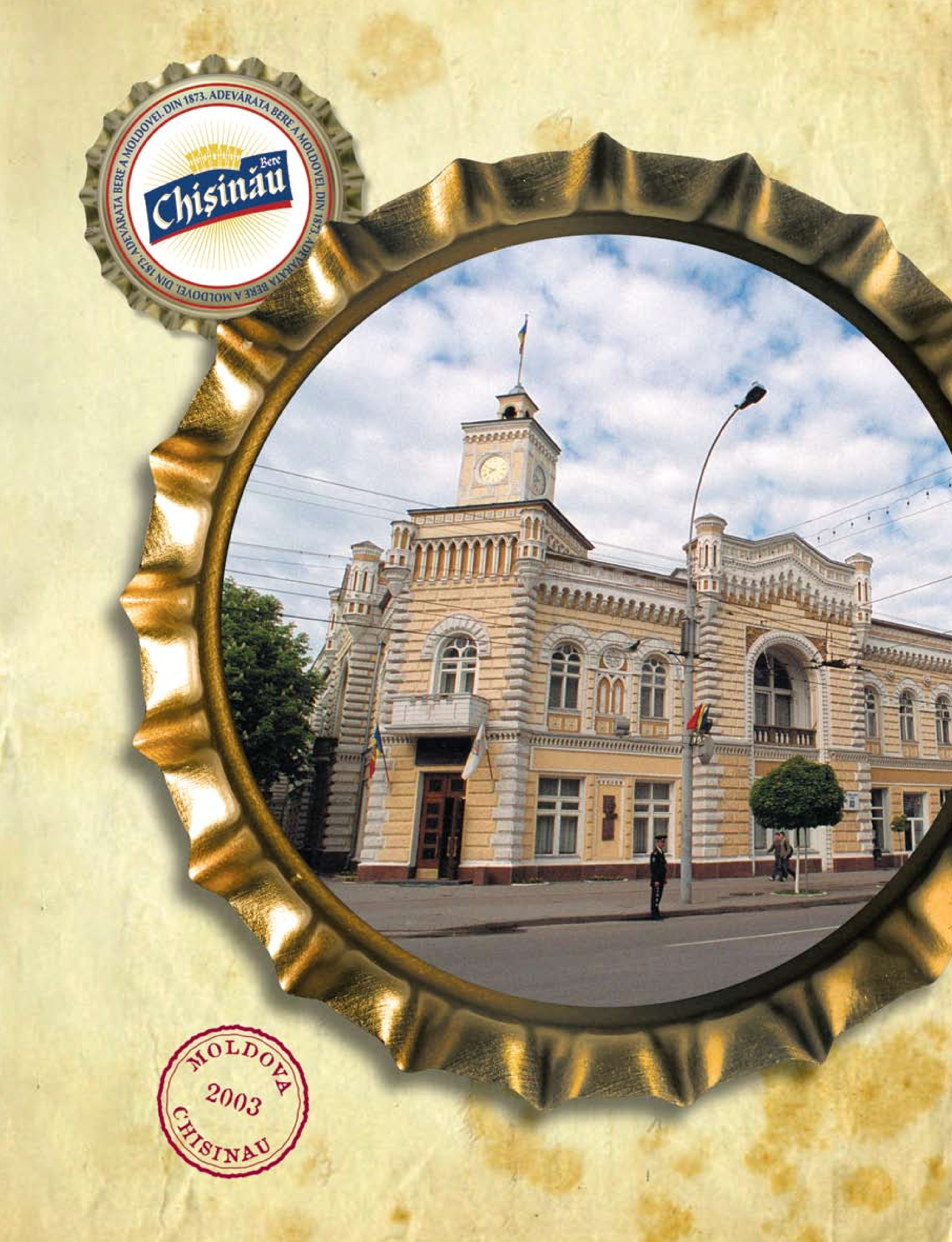
Market Share by Volume



Source: AC Nielsen December 2008

Efes Moldova

In Moldova our "Chisinau" brand is the highest selling beer brand of the country. Our international "Efes" brand is the leading super premium brand, while we have three other brands among the top five premium brands in Moldova. Our market share in Moldova improved to 72% in 2008, solidifying our leadership.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Bere
Chişinău
MOLDOVA
2003
CHISINAU

High per capita consumption increase in period of 2004-2008 makes Moldova an attractive beer market. Moldova beer market has achieved 17.4% CAGR between 1998-2008 and is expected to achieve a further 6.9% CAGR in the next five years (Canadean 2008).

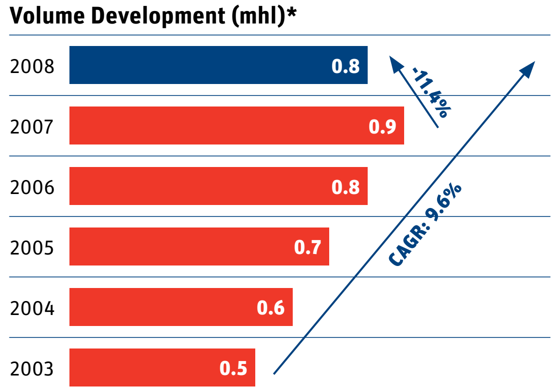
In early 2007, EBI sold the soft drink brand "Viva" and the bottled water brand "Real" to TCCC. These brands were included in EBI's portfolio through the acquisition of the business in Moldova in 2003.

2008 has been a challenging year in Moldovan beer market. Our total sales volume was down by 27.7% when compared to 2007, while the beer only sales volume (excluding the two month sales volume of the soft drinks brands Viva and Real) declined by 11.4% year-on-year.

Despite the contraction in the sales volume, EBI managed to maintain its market leader position with 71.9% market share (MEMRB December 2008).

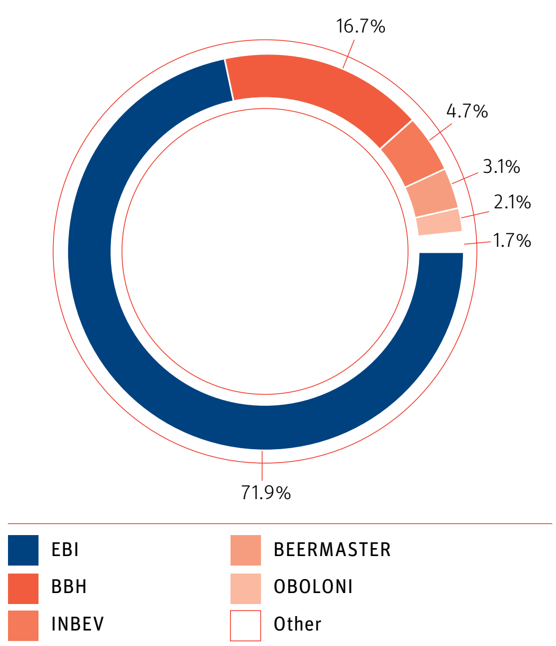
In Moldova our "Chisinau" brand, which is positioned in the mainstream segment, is the highest selling beer brand of the country. Our international "Efes" brand is the leading super premium brand. There are three other brands, "Stary Melnik", "Sokol" and "Vitanta" within the top five premium segment brands. Our brand "Bely Medved" has achieved the top position in economy segment after its launch in mid 2008.

Volume Development (mhl)*



Beer only

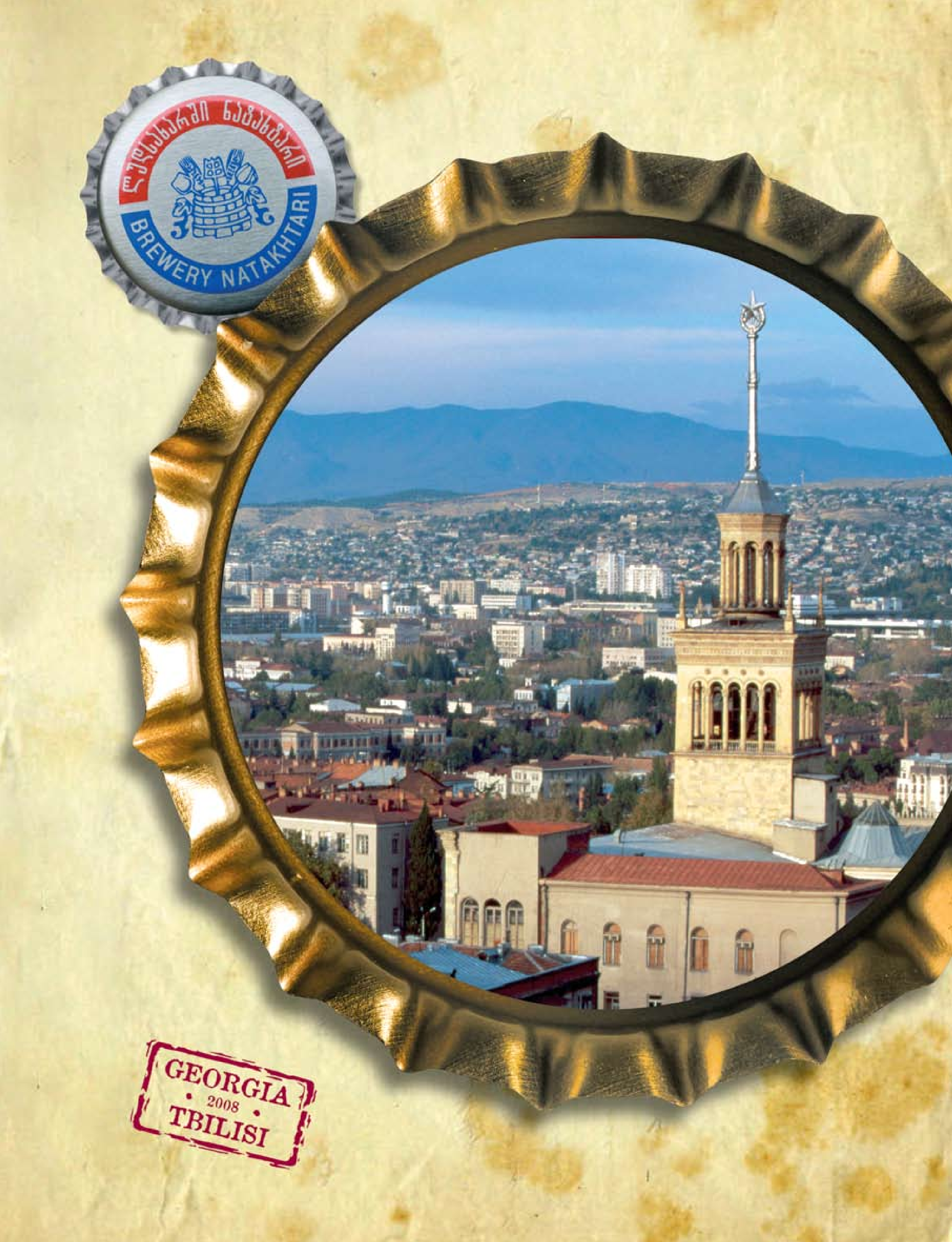
Market Share by Volume



Source: MEMRB, December 2008

Efes Georgia

While the Georgian beer market has grown 16.1% on a compounded annual basis between 2002 and 2008, it is expected to achieve a further 15.4% CAGR in the next five years (Canadean, 2008). EBI entered the market by acquiring the leading brewer in February 2008. By the end of the year EBI's market share in Georgia increased to 47% from 42% a year ago.


ლუდსახარში ნატახტარი
BREWERY NATAKHTARI
GEORGIA
2008
TBILISI

EBI acquired 100.0% of Lomisi in Georgia in February 2008. Lomisi is the leader in the Georgian beer market with an estimated market share of 47.4% by volume at the end of 2008 compared to 42% in 2007.

While the Georgian beer market has grown 16.1% on a compounded annual basis between 2002 and 2008, it is expected to achieve a further 15.4% CAGR in the next five years (Canadean, 2008).

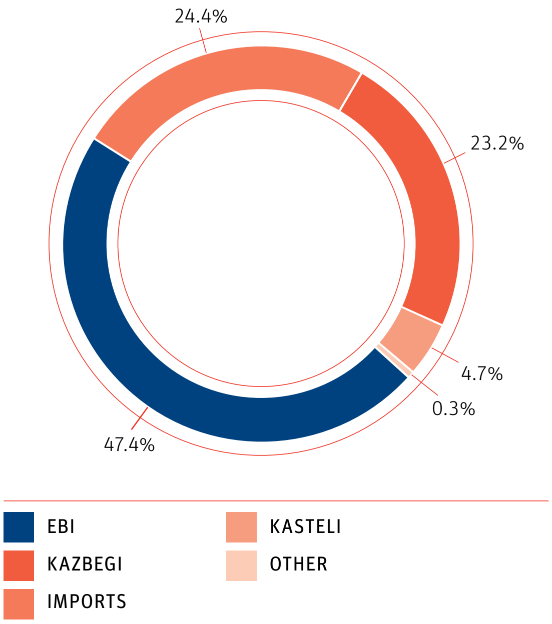
The current per capita consumption is estimated to be only 21 liters, suggesting significant future growth potential.

EBI was able to generate 0.6 mhl sales volume in Georgia between March-December 2008, despite the negative impact of the military conflict there in August.

Lomisi has a total annual brewing capacity of approximately 0.7 mhl and operates one brewery in Natakhtari. It produces "Natahktari", a mainstream brand, "Kubichek", an upper mainstream brand and "3D", a local premium brand.

In addition to the brewing operations, Lomisi also has a soft drink operation in Georgia.

Market Share by Volume



Source: Company Estimate, December 2008


MOSCOW
1999
RUSSIA
MOLDOVA
2003
CHISINAU
EFES


EFES
EFES
Pilsener

GEORGIA
2008
TBILISI

KAZAKHSTAN
ALMATY
1996

MOSCOW
1999
RUSSIA

MOLDOVA
2003
CHISINAU

Corporate Governance

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 5 of Book 2 of the Dutch Civil Code.

On December 10, 2008, the Monitoring Committee presented a revised Dutch Corporate Governance Code (the "2008 Revised Code"). It is envisaged that the 2008 revised Code will in due course be designated by governmental decree as code of conduct as referred to in aforementioned article 391 section 5 of Book 2 of the Dutch Civil Code and that it shall apply to financial years starting on or after January 1, 2009. As to the contents of the annual report for the financial year 2008, the 2008 Revised Code does not apply.

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 Annual 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 has its registered seat 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 Özilhan 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. Özilhan 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.

GEORGIA
2008
TRILISI

KAZAKHSTAN
ALMATY
1996

MOSCOW
1999
RUSSIA

MOLDOVA
2003
CHISINAU

Report of the Supervisory Board

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, published on the website of EBI, 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.

At the Annual General Meeting of May 9, 2008, the number of Supervisory Board members was increased from five to six. The Supervisory Board consisted of the following members in 2008:
Mr. Tuncay Özilhan, Chairman
Sir David Logan (re-appointed for one year at the Annual General Meeting of May 9, 2008)
Mr. Ali Tigrel
Mr. Christos-Alexis Komninos
Mr. Gauthier De Biolley
Mr. Michel Naquet-Radiguet (appointed at the Annual General Meeting of May 9, 2008)

In order to see CVs of the Supervisory Board Members please refer to "Company Profile" section "Supervisory Board" (pg: 14). 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 as of 2004 EBI has gradually replaced its dependant members of the Supervisory Board except for the chairman, Mr. Özilhan.

Meetings

The Supervisory Board had six regular meetings in the year 2008 with members of the Board of Management being present. All meetings were attended by the majority of the members of the Supervisory Board and no member was frequently absent. Frequently absent is considered as being absent two times or more. The Supervisory Board also met once on its own. Two meetings were held in Istanbul at the offices of the Efes Beverage Group, one meeting was held in Tbilisi, Georgia and the remaining meetings were held in Amsterdam, the Netherlands.

Evaluation of the Functioning of the Supervisory Board

Topics of the meetings of the Supervisory Board included, but were 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 2008 to export activities, procurement, monitoring the Cost Benchmarking Project, raw material / malt business conditions, the acquisition of the Lomisi Brewery in Georgia, opportunities for Belarus, a joint venture in Uzbekistan and the strategic collaboration for Kazakhstan and Serbia with Heineken as well as the impact of the changed financial and economic circumstances.

Supervisory Board 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.

Audit Committee

Pursuant to the rules governing the Audit Committee, the Audit Committee is comprised of two Supervisory Board members. The Audit Committee is chaired by Mr. Ali Tigrel effective as of June 17, 2008 and the other member is Mr. Gauthier de Biolley. Mr. Gauthier de Biolley chaired this committee until June 17, 2008.

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. Members of the Board of Management were 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 2008 the Audit Committee met five times, where amongst other things the work plan of the internal auditor, the internal audit, the financial statements, the evaluation and re-appointment of the external auditor, internal procedures like valuation of investments and KPIs, as well as the impact of the global financial crisis were discussed.

The Audit Committee met once with the external auditors of EBI in 2008 without the Board of Management present, where they discussed the financial statements and the external audit process.

Selection and Appointment Committee

Pursuant to the rules governing the Selection and Appointment Committee, this committee is composed of a minimum of two members. The Selection and Appointment Committee is chaired by Mr. Michel Naquet-Radiguet effective as of June 17, 2008. The other members are Mr. Tuncay Özilhan and Mr. Christos-Alexis Komninos as of June 17, 2008. Mr. Tuncay Özilhan chaired this committee and Sir David Logan was a member of it until June 17, 2008.

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, makes proposals for (re-)appointments and supervises the procedures for senior management.

The Selection and Appointment Committee met once in 2008. The composition and functioning of the Board of Management and the Supervisory Board as well as the composition and the appointment procedures of senior management were discussed.

In 2008, the committee made proposals to the Supervisory Board and the Supervisory Board determined to increase the number of members of the Board of Management to six and subsequently nominated Mr. Orhun Köstem, Mr. Can Çaka and Mr. Gökçe Yanaşmayan as new members of the Board of Management after Mr. Hurşit Zorlu's resignation. The committee also proposed to nominate Mr. Demir Şarman for re-appointment as member of the Board of Management. All the above nominations became official and they were appointed at the Annual General Meeting of May 2008. In November 2008, the Supervisory Board determined to decrease the number of the members of the Management Board to five again.

Further, this committee proposed the nomination of Mr. Michel Naquet-Radiguet as new member of the Supervisory Board and proposed an increase in the number of members of the Supervisory Board from five to six. The committee also proposed to extend the appointment of Sir David Logan. At the Annual General Meeting of May 9, 2008 the number of members of the Supervisory Board was determined at six, Mr. Michel Naquet-Radiguet was appointed as new member of the Supervisory Board and Sir David Logan was re-appointed.

This committee also proposed to nominate Mr. Guido Wagenaar as new member of the Board of Management when Mr. Carlo Roelofs resigned. At the Extraordinary General Meeting of September 10, 2008 Mr. Guido Wagenaar was appointed as new member of the Board of Management.

Corporate Governance Committee

The Corporate Governance Committee has been established 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 once in 2008 in fulfilment of this remit. Further this committee advised on the amendment of the articles of association (article 22.5 and 22.6) concerning the supervision of the Supervisory Board and treating the issues for which the Management Board needs to get approval of the Supervisory Board. These were revised to ensure proper supervision by the Supervisory Board, keeping in mind an efficient approach for implementation by the Management Board.

The other areas which the Corporate Governance Committee addressed were independency of Supervisory Board members, the number of Supervisory Board members and the amendment of the Dutch Corporate Governance Code.

The Corporate Governance Committee is comprised of three Supervisory Board members and is chaired by Mr. Christos-Alexis Komninos. The other two members are Sir David Logan and Mr. Gauthier de Biolley until June 17, 2008 and Mr. Michel Naquet-Radiguet after June 17, 2008.

Remuneration Committee

The Remuneration Committee is comprised of three Supervisory Board members.
The Remuneration Committee is chaired by Mr. Gauthier de Biolley effective as of June 17, 2008 and the other members are Mr. Tuncay Özilhan and Mr. Ali Tigrel, the latter as of June 17, 2008.
Sir David Logan was a member and chaired this committee until June 17, 2008 and Mr. Christos-Alexis Komninos was a member until June 17, 2008.

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, which policy is to be presented to the General Meeting of Shareholders of EBI for approval and adoption.

On May 27, 2005, the General Meeting of Shareholders approved and adopted the Remuneration Policy which was drafted by the Remuneration Committee and which is still in place.

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 2008, the Remuneration Committee met once to discuss the remuneration and talent development of management and senior management in general.

Remuneration Report

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

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 inflation into account.

The remuneration structure as adopted by the General Meeting of Shareholders on May 27, 2005 has been maintained in the general Remuneration Policy in 2008. 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, which was done in 2008.

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 2008:
• Non-variable component (72%)
• Variable component (28%)
It is envisaged that these ratios should remain substantially 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 time period. The employment contracts of Mr. Jimenez, Mr. Zorlu, Mr. Köstem and Mr. Çaka are/were regulated in accordance with Turkish Labor Law, while the employment contract of Mr. Şarman and Mr. Yanaşmayan are drafted in accordance with Dutch Labor Law. The services of Mr. Roelofs and Mr. Wagenaar 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 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 2008
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 2008 were determined as follows:

Messrs. Jimenez, Çaka and Zorlu: element (I) and (II)
Messrs. Şarman and Yanaşmayan: elements (I), (II) and (III);
Messrs. Roelofs and Wagenaar: 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 2009.

In 2008, the members of the Supervisory Board and the Management Board received a total gross remuneration of US$ 177 (2007 – US$ 174 thousand) and US$ 743 (2007 US$ 578 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).

Articles of Association

The Annual General Meeting of shareholders resolved on May 9, 2008 to amend the articles of association of EBI. The amendment to the articles of association was aimed to streamline the supervision of the Supervisory Board and treats the issues for which the Management Board needs to get approval of the Supervisory Board. The articles of association have been revised to ensure proper supervision by the Supervisory Board, keeping in mind an efficient approach for implementation by the Management Board. To this effect article 22.5 of the articles of association was amended and article 22.6 was added.

The articles of association are available on EBI's website at www.efesinternational.com .


GEORGIA
2008
TBILISI


KAZAKHSTAN
ALMATY
1996


MOSCOW
1999
RUSSIA


MOLDOVA
2003
CHISINAU

Board of Management

Board of Management

Board of Management

Functioning and Strategy of the Board of Management

Pursuant to Dutch law and pursuant to the Articles of Association ("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-appointed 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 five members: Mr. Alejandro Jimenez, Chairman, Mr. Can Çaka, Mr. Demir Şarman, Mr. Gökçe Yanaşmayan and Mr. Guido Robert Wagenaar.

In order to see CVs of Members of Board of Management please refer to "Company Profile" section "Board of Management (pg:16).

New Appointments

In May 2008 the Supervisory Board determined to increase the number of members of the Board of Management to six. Accordingly Mr. Can Çaka, Mr. Gökçe Yanaşmayan, Mr. Orhun Köstem were appointed to the Board of Management, replacing Mr. Hurşit Zorlu. In September 2008 the Supervisory Board determined to decrease the number of the members of the Management Board to five again. In this respect Mr. Orhun Köstem resigned from Board of Management, while Mr. Guido Robert Wagenaar was appointed to replace Mr. Carlos P.M. Roelofs.

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 2008, all resolutions were passed with unanimous vote. Pursuant to the Articles, several transactions require the approval of the Supervisory Board. In 2008, all resolutions of Board of Management were approved by the Supervisory Board.

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;
- Assisting 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, export activities and working capital management in 2008. The Board of Management was also occupied by an investment in Georgia, opportunities for Belarus, a joint venture with Heineken International B.V. ("Heineken) to invest in Uzbekistan and a strategic collaboration with Heineken in Kazakhstan and Serbia. Another significant topic of the year 2008 was completion of the restructuring of Russian operations.

Operational Review

Sales Volumes

In 2008 EBI's consolidated sales volume reached 14.05 mhl, recording a growth of 5.5% over the previous year. Sales volume growth on an organic basis[1] was 4.6% in the year.

[1]By excluding i) the sales volume of JSC Lomisi in Georgia, which EBI acquired in February 2008 and started full consolidation starting from March 1st 2008, ii) the 2007 sales volume of Efes Serbia, which is excluded from EBI's financials after the end of 1H2008 iii) the sales volume of "Viva" and "Real" brands in Moldova, which were sold to The Coca-Cola Company in February 2007).

Russian beer market started 2008 with a moderate growth in the first six months, which was later challenged and indeed turned negative in the 3rd and 4th quarters on the back of lower than average weather temperatures and the deteriorating consumer confidence as a result of the global financial crisis. Higher than inflation price increase in the beer market also had a negative impact on the consumption. Russian beer market is expected to have contracted by around 1% in FY2008. EBI was once again able to outperform the market by recording 11.1 mhl sales volume in 2008, a growth of 6.4% over 2007. As a result of the outperformance of the market, EBI's market share in Russia increased to 9.3% in 2008 (AC Nielsen).

In Kazakhstan, sales volume grew by 4.6% in 2008, despite cycling a very strong base effect in 2007, when sales volume grew by 45.8%. The market is estimated to have contracted by almost 5% in 2008, mainly due to macroeconomic deterioration as a result of liquidity problems. Our market share in Kazakhstan organically increased to 28.1% in 2008 from 25.4% a year earlier (AC Nielsen).

2008 has been a challenging year in Moldovan beer market mainly due to the slowdown of economic activity. Our beer only sales volume declined by 11.4% year-on-year. Despite the contraction in the sales volume, EBI increased its market share from 70.9% in 2007 to 71.9% in 2008 (MEMRB December 2008).

EBI entered the Georgian beer market through the acquisition of the leading brewer in the market JSC Lomisi ("Lomisi"), in February 2008 and included this operation in its financial statements starting from March 1st 2008. EBI was able to generate 0.6 mhl sales volume in Georgia between March-December 2008, despite the negative impact of the military conflict in August. EBI increased its market share in Georgia to 47.4% from 42% in 2007.

Net Sales

In 2008, EBI's consolidated net sales revenue increased by 24.1% year-on-year and reached US$ 1,038.0 million. Net revenue per hl increased by 17.7% on the back of local currency price increases.

On an organic basis (by excluding the effect of Georgia and Serbia), EBI's consolidated net revenue growth was 20.8% in the year.

In Russia, EBI increased its local currency prices by more than 16% in 2008, in order to partially compensate the excise tax increase and the increased cost base, due to the global commodity price inflation. As a result EBI's net sales revenue reached US$ 808.9 million, by growing 21.1% over the previous year. Despite the devaluation in the 4th quarter of 2008, average Ruble/US$ exchange rate was still below the previous year and this had a positive impact on the revenue growth as well.

In Kazakhstan, net sales revenue increased by 21.7% year-on-year, on the back of local currency price increases.

Similarly, in Moldova, net sales revenue growth of 12.9% in 2008 was achieved despite the contraction in sales volume and mainly due to local currency price increases as well as the strength of Lei against US$.

Profitability

The negative impact of commodity price inflation (especially malt and PET packages) combined with the slowing sales volume growth in the second half of the year resulted in EBI's cost of sales per hl in 2008 to increase 25.9% over the previous year. Accordingly gross profit margin contracted to 40.9% from 44.7% in 2007.

As part of EBI's focus on the reduction of fixed costs and the efficient management of the expense base, sales, distribution & marketing expenses as well as general & administrative expenses slightly declined as a percentage of net sales revenue. The reduction was achieved despite the high level of oil prices in most part of the year and the higher transportation tariffs in Russia and Kazakhstan. Total operating expenses as a percentage of net sales revenue was approximately 130 bps lower in 2008 than 2007, also positively impacted by the net other operating income stemming from our business combinations in Kazakhstan & Serbia.

EBI's consolidated EBITDA was US$ 153.5 million in 2008. EBITDA margin declined to 14.8% from 18.7% in 2007. The decline in EBITDA margin is totally attributable to the decline in gross profit margin.

Financial expenses increased in 2008 as a result of non-cash foreign exchange losses due to strengthening of US$ vs. local currencies as well as higher financial indebtedness compared to 2007, due to increased funding requirements for;

- acquisition of Lomisi
- increased working capital needs, primarily due to increased inventory, impacted by higher commodity prices
- capital expenditure requirement of US$ 171.4 million, including the capacity increases in Kazakhstan and Moldova as well as in our malteries in Russia.

Non-cash foreign exchange loss is mainly attributable to two tranches of US$ denominated loans in EBI's Russian subsidiary's balance sheet, which are due on or after 2010.

As a result, EBI recorded a net loss of US$ 57.4 million in 2008. Excluding the non-cash fx losses, EBI generated net in come in 2008.

Net Financial Debt

As of 31.12.2008 EBI has a gross financial indebtedness of US$ 817.3 million. Approximately 47% of the gross debt is due within one year, with a significant portion attributable to the US$ 300 million syndication loan facility due in September 2009. Remaining debt position has earliest maturity in 2010 and extends until 2014. As of 31.12.2008 EBI also has US$ 220.8 million in cash and cash equivalents. At this point in time, EBI does not have any liquidity concerns and expects no difficulty in refinancing or repaying its short term debt.

Acquisitions, Disposals and Capex

EBI acquired 100.0% of Lomisi in Georgia in February 2008 for US$ 73.6 million.

Due to the capacity increases in Kazakhstan and Moldova as well as in our malteries in Russia, capital expenditures reached US$ 171.4 million in 2008.

Forecasts for the Next Year

Due to the global macroeconomic challenges in 2009, we are adopting a more conservative outlook for the markets we are operating in. However, we are still committed to outperform the markets in which we operate in 2009 and our confidence is based on our historical performance.

In 2009, we will keep our price increases below inflation, yet deliver local currency net revenue growth. However, on a consolidated basis, consolidated net sales revenue is expected to decrease at a rate of low to mid teens due to the impact of weaker local currencies vs. US$.

We expect to save back at least half of the gross margin we have lost in 2008 and we are basing this outlook on lower procurement prices of raw materials.

In addition, in 2009 we are keeping our capital expenditures to a minimum level.

In 2009, one of our primary focus areas will be increasing cash flow by improved profitability, reduced debt, lower capex and tighter working capital management.

Risk Profile

The following section analyses significant strategic, operational, financial and regulatory risk factors. This 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 Risk

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, extend 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 governmental policies, any of which could have an adverse material 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 expenditures 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 in these territories, the levels of average disposable income have improved. Given the high correlation between average disposable income and per capita consumption in developing markets, changes in the macroeconomic conditions could have a substantial impact on the beer market in EBI's territories.

Consumer Demand Shifts

Demand for beer depends on several factors, including demographic factors, weather conditions and consumer preferences as well as factors relating to discretionary consumer spending, including the general condition of the economy and general levels of consumer confidence, particularly in emerging markets. In that context, EBI's failure to anticipate and adapt to demand shifts could have an adverse material effect.

Input Costs and Pricing

EBI purchases commodities and raw materials for the production of beer. These commodities and raw materials include barley, malt, aluminium cans and PET containers and, to a lesser extent, corn grits, rice and hops. The negative impact of commodity price inflation and the volatility in energy prices resulted in an escalation of input costs. As EBI rarely engages in hedging against raw material costs, the impact of such volatility is partially limited by price increases. However, escalation of input costs and pricing pressures could have a substantial impact on EBI's profitability.

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 an adverse material effect on the operations of EBI. There were certain restrictions imposed during the last decade. Although EBI's management believes that such legislative changes in EBI's territories have not yet substantially affected its operations, and financials, this would not assure that these or any other future changes would not have an adverse 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 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. To date, EBI has been able to successfully manage the growth of its business. However, if EBI were unable to achieve this, for example by failing to find qualified management or to deploy and replicate its business model and technical infrastructure, its business or financial condition could be adversely materially affected.

Acquisitions and Business Integration

EBI's strategy includes growth through acquisitions. In making the decision to acquire a business, EBI makes certain judgments as to the future prospects of the business, and its integration into EBI's business model based on the findings of a 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 in consumption of beer and soft drinks in the country, competition conditions in the market, fluctuations in exchange rates, regulatory environment, taxes or duties and other factors specific to each market. 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 work in order to achieve the alignment of the acquired business within EBI's operations. Whilst integrations to date have been realised in line with Management's expectations, any negative impact in any of these areas could adversely materially effect the performance of the acquired business and that of EBI.

Global Supply

Although EBI produces malt in large quantities, the subsidiaries depend to varying degrees on third party supplies of malt, several other commodities and raw materials. Accordingly, interruption in the global supply of these commodities and raw materials over which EBI may not have control could have an adverse material effect.

Financial Risks

Cash Generation and External Financing

The planned development of EBI's business and the 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, or raise additional equity finance. Although EBI's current investment programme fully takes into account the ongoing global crisis and consists principally of capital expenditures necessary to maintain its existing operations and introduce moderate capacity increases only, EBI still evaluates emerging acquisition opportunities which, in turn, would require additional financial resources. If EBI is unable to generate the required cash flow or cannot access external sources to fund its planned expenditures, some or all of its planned investments may be significantly delayed or abandoned. Any such delay or abandonment could have an adverse material effect on EBI.

Fluctuations in the Exchange Rates
EBI operates through its subsidiaries in Territories, and the U.S. Dollar is the functional and presentation currency of the group. Moreover, U.S. Dollar and other hard 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 depreciation of the national currencies against the U.S. Dollar could have a negative effect on the subsidiaries' financial position and the results of their operations.

Credit Crunch
Year 2009 is destined to be a defining interval of time for the global financial system and, by implication, for relationships between countries. The institutional and policy making landscape is changing in a rapid and unpredictable manner. The changes are perhaps not being driven by a master plan, but by a series of separate reactions to the global financial crisis. As a result, market accidents and policy mistakes have become largely inevitable. Therefore, the credit crunch remains a significant risk.

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 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 freedom to pay suppliers in their currency of choice or to pay dividends and could 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 an adverse material 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 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 the 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 legally able 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 the 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 change. 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 would have an adverse material effect on EBI.

Internal Risk Management

Internal risk management principally enables EBI to run its operations effectively, to maintain the reliability of 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 the European Union. Operations prepare their financial reports based on EBI's accounting policies and presentation standards defined and illustrated in the Group Accounting Manual. External auditors report on the consolidated financial statements and include their explanatory footnotes on EBI and its subsidiaries. This provides additional assurance on true and fair presentation of the financial reporting.

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 the integrity of 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 program 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. In 2008, EBI presented its results quarterly through conference calls with institutional investors and financial analysts. During 2008, EBI attended 16 conferences organized abroad and together with the individual one-on-one meetings, collectively had around 323 face-to-face contacts with investors, shareholders and analysts.

Other Information Statement of the Board of Management

Statement ex Article 5:25c Paragraph 2 sub c Financial Market Supervision Act ("Wet op het Financieel Toezicht")

To our knowledge,

1. The financial statements (with the other information as meant in article 2:392 Civil Code) give a true and fair view of the assets, liabilities, financial position and profit of Efes Breweries International N.V. and its consolidated companies;
2. The report of the Board of Management gives a true and fair view of the position as per 31 December 2008 and the developments during the financial year 2008 of Efes Breweries International N.V. and its related companies included in its Financial Statements; and
3. The report of the Board of Management describes the material risks Efes Breweries International N.V. is facing.

Alejandro Jimenez
CEO and Chairman of the Board of Management

Can Çaka
Member of the Board of Management


GEORGIA
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ALMATY
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MOLDOVA
2003
CHISINAU

Efes Breweries International N.V. and its Subsidiaries

Consolidated Financial Statements Together With Auditors' Report December 31, 2008

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

Auditor's report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements 2008 of EFES Breweries International N.V., Amsterdam. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

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 board of management report 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 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, 2008, 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 f of the Netherlands Civil Code, we report, to the extent of our competence, that the board of management report is consistent with the consolidated financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, April 2, 2009

Ernst & Young Accountants LLP

Signed by C.N.J. Verhart

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2008
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

ASSETS			
	Notes	**2008**	2007
Current assets			
Cash and cash equivalents	4	**220,827**	58,526
Trade and other receivables	5	**88,078**	88,140
Due from related parties	29	**4,195**	8,161
Inventories	6	**166,385**	171,903
Prepayments and other current assets	7	**43,419**	59,840
Total current assets		**522,904**	386,570
Non-current assets			
Available-for-sale investments	10	**1,525**	1,521
Investments in associates	11	**35,004**	-
Property, plant and equipment	8	**710,311**	742,628
Intangible assets	9	**474,397**	536,949
Deferred tax asset	24	**24,758**	13,806
Prepayments and other non-current assets		**423**	2,942
Total non-current assets		**1,246,418**	1,297,846
Total assets		**1,769,322**	1,684,416

LIABILITIES AND EQUITY			
	Notes	**2008**	2007
Current liabilities			
Trade and other payables	12	**189,193**	225,773
Due to related parties	29	**21,459**	23,339
Income tax payable		**502**	5,008
Short-term borrowings	13	**123,613**	188,609
Current portion of long-term borrowings	13	**307,409**	14,822
Total current liabilities		**642,176**	457,551
Non-current liabilities			
Long-term borrowings-net of current portion	13	**386,301**	342,598
Deferred tax liability	24	**2,775**	10,912
Other non-current liabilities		**30**	346
Total non-current liabilities		**389,106**	353,856
Equity			
Issued capital		**237,488**	237,488
Share premium		**319,318**	319,318
Currency translation reserve		**48,503**	138,794
Retained earnings		**110,451**	167,837
Equity attributable to equity holders of the parent		**715,760**	863,437
Minority interests		**22,280**	9,572
Total equity		**738,040**	873,009
Total liabilities and equity		**1,769,322**	1,684,416

The accompanying notes form an integral part of these consolidated financial statements.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

	Notes	2008	2007
Revenue		**1,038,046**	836,235
Cost of sales	16	**(613,752)**	(462,100)
Gross profit		**424,294**	374,135
Selling and marketing expenses	17	**(258,363)**	(210,909)
General and administrative expenses	18	**(114,888)**	(94,819)
Other operating income	19	**29,820**	15,821
Other operating expense	19	**(7,218)**	(3,677)
Profit from operations		**73,645**	80,551
Financial income	22	**28,812**	19,077
Financial expense	22	**(174,632)**	(48,001)
Share of loss from associates	11	**(5,010)**	-
(Loss)/Profit before tax		**(77,185)**	51,627
Income tax	23	**18,347**	(14,280)
(Loss)/Profit after tax		**(58,838)**	37,347
Attributable to:			
Equity holders of the parent company		**(57,386)**	37,470
Minority interests		**(1,452)**	(123)
		(58,838)	37,347
(Loss)/Earnings per share (in full U.S. Dollars)			
Basic		**(0.27)**	0.18
Diluted		**(0.27)**	0.18

The accompanying notes form an integral part of these consolidated financial statements.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

	Attributable to the Equity Holders of the Parent						
	Issued Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Total	Minority Interest	Total Equity
At January 1, 2007	**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 in equity	-	-	63,274	-	63,274	1,011	64,285
Net profit for the year	-	-	-	37,470	37,470	(123)	37,347
Total income and expense for the year	-	-	63,274	37,470	100,744	888	101,632
Equity dividends	-	-	-	-	-	(404)	(404)
Acquisition of minority interests	-	-	-	-	-	(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**
Foreign currency translation	-	-	(84,245)	-	(84,245)	390	(83,855)
Total income and expense in equity	-	-	(84,245)	-	(84,245)	390	(83,855)
Disposal of subsidiary	-	-	(4,434)	-	(4,434)	-	(4,434)
Partial disposal of subsidiary	-	-	(1,612)	-	(1,612)	-	(1,612)
Net loss for the year	-	-	-	(57,386)	(57,386)	(1,452)	(58,838)
Total income and expense for the year	-	-	(90,291)	(57,386)	(147,677)	(1,062)	(148,739)
Equity dividends	-	-	-	-	-	(37)	(37)
Disposal of subsidiary	-	-	-	-	-	(6,531)	(6,531)
Partial disposal of subsidiary	-	-	-	-	-	20,338	20,338
At December 31, 2008	**237,488**	**319,318**	**48,503**	**110,451**	**715,760**	**22,280**	**738,040**

The accompanying notes form an integral part of these consolidated financial statements.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

	Notes	2008	2007
Operating activities			
(Loss)/Profit before tax		(77,185)	51,627
Adjustments to reconcile loss before tax to net cash flows			
Gain on holding activities	19	(25,713)	-
Gain on sale of soft-drink trademarks	19	-	(3,712)
Depreciation and amortisation	21	95,467	74,273
Loss from disposal of property, plant and equipment	19	2,106	1,138
Provision for bad debt	18	1,927	972
Provision for inventories	19	4,771	2,256
Provision for litigation	19	341	51
Provision for vacation pay liability		1,224	1,022
Impairment in property, plant and equipment	19	-	232
Reversal of provision for inventories	19	-	(970)
Reversal of impairment on property plant equipment	8	-	(2,430)
Reversal of provision for bad debt	19	(287)	(1,083)
Share of loss of associates	11	5,010	-
Amortised borrowing costs	13	1,259	1,241
Unrealized foreign exchange gain/(loss) on loans, net		59,559	(4,756)
Interest income	22	(4,975)	(4,744)
Interest expense	22	45,385	36,491
Net income adjusted for non-cash items		108,889	151,608
Increase in inventories		(3,643)	(93,115)
Increase in trade receivables		(11,485)	(38,399)
Decrease/(increase)/ in due from related parties		5,069	(4,686)
(Decrease)/increase in trade and other payables		(3,942)	9,419
(Decrease)/increase in due to related parties		(1,346)	1,191
Decrease in other current assets		19,647	1,919
Decrease/(increase) in other non-current assets		2,485	(696)
Increase/(decrease) in other non-current liabilities		2,182	(171)
Interest received		5,834	2,405
Interest paid		(44,867)	(42,308)
Taxes paid		(11,019)	(18,680)
Net cash flow from/(used in) operating activities		67,804	(31,513)
Investing activities			
Purchase of property, plant and equipment	8	(169,750)	(125,703)
Purchase of intangible assets	9	(1,659)	(1,952)
Proceeds from sale of property, plant and equipment		9,270	5,565
Proceeds from sale of soft-drink trademarks		-	3,712
Proceeds from sale of subsidiaries, net of cash disposed	25	56,747	-
Acquisition of subsidiaries, net of cash acquired	25	(87,874)	-
Acquisition of minority shares		-	(36,660)
Capital contribution in associates		(2,682)	-
Net cash flows used in investing activities		(195,948)	(155,038)
Financing activities			
Proceeds from short term and long-term debt		547,192	81,613
Repayment of short term and long-term debt		(274,593)	(17,601)
Dividends paid to minority shareholders		(37)	(404)
Net cash flows used in financing activities		272,562	63,608
Net foreign exchange difference		17,883	17,608
Net increase/(decrease) in cash and cash equivalents		144,418	(122,943)
Cash and cash equivalents at beginning of year		58,526	163,861
Cash and cash equivalents at end of year		220,827	58,526

The accompanying notes form an integral part of these consolidated financial statements.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(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 2008 were authorised for issue by the directors on, April 2, 2009.

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".

(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

1. GENERAL (Continued)

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2008 and December 31, 2007 were as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			2008	2007
CJSC Moscow-Efes Brewery (Efes Moscow) (i)	Russia	Production and marketing of beer	**90.85**	90.85
JSC AMSTAR" (Amstar) (ii)	Russia	Production of beer	**90.85**	90.85
ZAO Efes Entertainment (Efes Entertainment) (ii)	Russia	Entertainment	**90.85**	90.85
CJSC.Rostov Beverage (Rostov Beverages) (ii)	Russia	Lease	**90.85**	90.85
LLC Stary Melnik (ii)	Russia	Advertising	**90.85**	90.85
JSC Brewing Union «Krasny Vostok-Solodovbeer (KV Group) (i)	Russia	Production of beer	**84.36**	92.85
LLC "KV-SibPivCompaniya"(iii)	Russia	Production and marketing of beer	**88.61**	97.53
LLC "Vostok solod"(iii)	Russia	Production of malt	**84.36**	92.85
LLC "Krasny Vostok – Invest"(iii)	Russia	Finance	**84.36**	92.85
LLC "T'sentralny Torgovy Dom "Krasny Vostok"(iii)	Russia	Trading house	**84.36**	92.85
CJSC "MTD "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
CJSC "Samarskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
CJSC "Saratovskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Ufimskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Barnaulskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**-**	92.85
LLC "Volgogradskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Voronezhskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**-**	92.85
LLC "Ekaterinburgskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Kemerovskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**-**	92.85
LLC "Krasnodarskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Krasnoyarskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Kurskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Nizhegorodskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Nizhnekamskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Novosibirskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**-**	92.85
LLC "Omskii Dom "Krasny Vostok" (iii)	Russia	Trading house	**-**	92.85
LLC "Permskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Sankt-Peterburgskii torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85
LLC "Tomskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**-**	92.85
LLC "Chelyabinskii Torgovyii Dom "Krasny Vostok" (iii)	Russia	Trading house	**84.36**	92.85

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

1. GENERAL (Continued)

	Place of Incorporation	Principal Activities	Effective Shareholding and voting rights %	
			2008	2007
JSC Efes Karaganda Brewery (Efes Karaganda)	Kazakhstan	Production and marketing of beer	**72.00**	100.00
LLP Dinal (Dinal) (v)	Kazakhstan	Production and marketing of beer	**72.00**	-
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production and marketing of beer and low alcoholic drinks	**96.50**	96.50
Efes Weifert Brewery d.o.o (Efes Weifert) (vi)	Serbia	Production and marketing of beer	**-**	97.21
Efes Zajecar Brewery d.o.o (Efes Zajecar) (vi)	Serbia	Production and marketing of beer	**-**	72.96
Efes Commerce d.o.o Belgrade (Efes Commerce) (iv)	Serbia	Marketing of beer	**100.00**	100.00
Euro-Asian Brauerein Holding GmbH (Euro Asian)	Germany	Investment company	**100.00**	100.00
Brewery Pivdenna C.J.S.C (Efes Ukraine) (vi)	Ukraine	Production and marketing of beer	**-**	100.00
Efes Romania Industrie Si Comert S.A. (ERIC) (iv)	Romania	Distribution of beer	**100.00**	100.00
Efes Productie S.R.L. (Efes Productie) (iv)	Romania	Distribution of beer	**-**	69.70
JSC Lomisi (Efes Georgia) (vi)	Georgia	Production and marketing of beer and soft drink	**100.00**	-
Foreign Limited Liability Company (Efes Belarus)	Belarus	Marketing of beer	**100.00**	-

(i) Following revised IAS 32 (Financial Instruments: Disclosure and Presentation), a further 9.15% and 15.19% interest has also been consolidated for Efes Moscow and KV Group, respectively.
(ii) Subsidiaries of Efes Moscow, which are consolidated under its financial statements.
(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.
(v) Dinal is consolidated under Efes Karaganda.
(vi) Please refer to Note 3.

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.

Statement of Compliance

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

As of December 31, 2008, The Group has reviewed the new and revised IAS/IFRS, the interpretations of IASB and International Financial Reporting Interpretations Committee (IFRIC) that are effective from January 1, 2008.

(a) Application of new and revised International Financial Reporting Standards effective as of December 31,2008:

The application of revised accounting standards and interpretations do not have any effect on the Group's consolidated financial statements and its disclosures as of December 31, 2008.

(b) New and revised standards and interpretations that are not effective as of December 31, 2008 and have not been early adopted by the Group:

IFRS 3, "Business Combinations (Revised)" (Effective for annual periods beginning on or after July 1, 2009).

IFRS 8, "Operating Segments" (Effective for annual periods beginning on or after January 1, 2009).

IAS 1, "Presentation of Financial Statements (Revised)" (Effective for annual periods beginning or after January 1, 2009).

IAS 23, "Borrowing Costs (Revised)" (Effective for annual periods beginning or after January 1, 2009).

IAS 27, "Consolidated and Separate Financial Statements (Revised)" (Effective for annual periods beginning or after July 1, 2009).

IFRIC 13, "Customer Loyalty Programmes" (Effective for fiscal periods beginning on or after July 1, 2008).

IFRS 2, "Share Based Payments (Revised)" (Effective for fiscal periods beginning on or after January 1, 2009).

Amendments to IAS 32 and IAS 1: "Puttable Financial Instruments and Obligations Arising on Liquidation" (Effective for fiscal periods beginning of after January 1, 2009).

IFRIC 15, "Construction Contracts in Real Estate Firms" (Effective for fiscal periods beginning on or after January 1, 2009).

IFRIC 16, "Protection of Investment in Foreign Subsidiaries" (Effective for fiscal periods beginning on or after October 1, 2008).

The application of revised accounting standards and interpretations that are not effective as of December 31, 2008, is not going to have any significant effect on the Group's consolidated financial statements and its disclosures as of December 31, 2009 in terms of restatement of prior year figures.

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. Efes Productie has been liquidated in 2008.

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Information

Starting from January 1, 2008, the Group accounts returnable packaging materials in other tangible assets and depreciate them over their useful lives. Previously, the returnable packaging materials and its depreciation charge were presented in inventory. In the consolidated financial statements, previous year figures have been rearranged accordingly. To be consistent with current year presentation, inventory, property plant and equipment rearranged by USD 16,138, other expense and marketing selling expense rearranged by USD 1,695.

Foreign Currency Translation

The Company is domiciled in the Netherlands. The Company 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.

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

The consolidated financial statements of the Group include Efes Breweries International N.V. and the subsidiaries as at 31 December 2008.

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 financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting principles.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Minority interests represent the portion of profit and loss and net assets that is not held by the Group and are presented separately in the consolidated income statement and the within the equity in the consolidated balance sheet, separately from the parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the net book value of the share of the net assets acquired is recognised in goodwill.

Investments in Associates

Investments in associates are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or joint ventures of the Group. The Group's investments in associates are accounted for using the equity method. The financial statements of the associate are prepared for the same reporting period as the parent company.

The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are recognised at original invoice amount less an allowance for any uncollectible amounts. Receivables are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the receivables are derecognised or impaired, as well as through the amortisation process.

Provision is made individually for each receivable 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.

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.

EFES BREWERIES INTERNATIONAL N.V. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008
(CURRENCY – THOUSANDS OF U.S. DOLLARS UNLESS OTHERWISE INDICATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
Returnable packaging	5-10 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 whether 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.

Business Combinations

Business combinations are accounted for using the purchase method .The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attribute to acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extend of any minority interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Goodwill

Goodwill is initially measured at the cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of cash-generating unit and part of operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying mount of the operation when determining the gain or loss on disposal of the operation.

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 are assessed to be indefinite and therefore brands are not amortised. The brands are tested for impairment annually. The useful life 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Borrowing costs are expensed as incurred.

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.

Leases

(a) Finance Lease – Group as lessee

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.

(b) Operating Lease – Group as lessee

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:

(a) Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of goods.

(b) Interest income

Interest income is recognized as interest accrues. Interest income is included in financial income in the consolidated income statement.

(c) Dividends

Revenue is recognized when the right to collect the dividend is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 credits 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Post-year-end events that provide additional information about the Group'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, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Offsetting

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

Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. The Group'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.

Following the changes in the Group's structure, the Management revised the geographical segment allocation. To be comparable; prior period statements were also rearranged (Refer to Note 28).

Other Income and Expense

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

Significant Accounting Judgement, Estimates and Assumptions

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of Assets

The Group's impairment test for goodwill and intangible assets with indefinite useful lives is based on the value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next ten years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested. The key assumptions used to determine the recoverable amount for the different cash generating units are further explained in Note 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from the active markets, they are determined using valuation techniques.

Useful life of Property Plant and Equipment

The useful lives of property plant and equipment determined based on the available technical data and information from previous periods taking into account residual values.

3. CHANGES IN GROUP'S ORGANIZATION

For the year 2008

In February 2008, the Group acquired 100.00% shares of JSC Lomisi, the leading brewery in Georgia, for a total cash consideration of USD 73,570. The excess of the acquisition costs over the fair value of net assets acquired was USD 30,870 and recognized as goodwill in the consolidated balance sheet.

In October 2008, the Group acquired 100.00% shares of Dinal, a brewery in Kazakhstan, for a total cash consideration of USD 16,482. The excess of the acquisition costs over the fair value of net assets acquired was USD 2,060 and has been recognized as goodwill in the consolidated balance sheet.

Following the acquisition of Dinal, within the scope of collaboration with Heineken International B.V. ("Heineken"), the Group sold 28% of its shares of Efes Karaganda to Heineken for a cash consideration of USD 55,754. The gain amounting USD 37,028 arising from this transaction, is recognized in the consolidated income statement.

In August 2008, the Group sold all of its shares in Efes Ukraine for a cash consideration of USD 2,145, which resulted in a gain amounting to USD 3,187 recognized in the consolidated income statement.

Within the scope of collaboration with Heineken in Serbia, the Group and Heineken established the holding entity based company Central Europe Beverages B.V. ("CEB"), which is 28% owned by the Company and 72% by Heineken. The Group has contributed to CEB by transferring all of its shares on Efes Weifert and Efes Zajecar, resulting in a loss of USD 14,502 recognized in the consolidated income statement.

A Share Purchase Agreement is executed between the Company and Efes Moscow regarding the sale of all shares owned by the Company, representing 92.85% of the voting shares of KV Group, to Efes Moscow in February 2008. Following this transaction, effective shareholding percentage of the Company in KV Group reduced to 84.36% excluding the effect of put options granted. The transaction has been treated in accordance with the principles of under common control, thus there is no amount recognized in equity or consolidated income statement.

For the year 2007

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).

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4. CASH AND CASH EQUIVALENTS

	2008	2007
Cash on hand	**212**	170
Banks accounts (including short-term time deposits)	**220,581**	58,273
Other	**34**	83
	220,827	58,526

Loans utilized by Efes Moscow of USD 74,599 (2007-USD 16,590) and Krasny Vostok of USD 10,046 (2007-None) as of December 31, 2008 are secured with cash amount of USD 86,600 at banks (Refer to Note 13) (2007-USD 30,304). As of December 31, 2008, no loans are secured with cash by Efes Karaganda (2007-USD 13,056).

Time deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest between 3% and 10% (2007-3%-9%).

5. TRADE AND OTHER RECEIVABLES

	2008	2007
Accounts receivable	**92,824**	96,644
Others	**3,168**	2,798
Less: provision for doubtful accounts	**(7,914)**	(11,302)
	88,078	88,140

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

	2008	2007
As of January 1	**11,302**	10,974
Addition	**1,927**	972
Reversal of unused provision	**(287)**	(1,083)
Addition through subsidiary acquired	**157**	-
Disposal through subsidiary sold	**(4,288)**	-
Currency translation differences	**(897)**	439
	7,914	11,302

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 31 and 60 days	between 61 and 90 days
Trade receivables	**2008**	**44,837**	**27,392**	**4,984**	**7,697**
	2007	45,954	22,200	11,244	5,944

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6. INVENTORIES

	2008	2007
Raw materials	**105,370**	108,618
Finished goods	**23,424**	22,358
Supplies and spare parts	**20,492**	19,019
Work-in-process	**11,684**	11,888
Others	**9,841**	18,294
Less: reserve for obsolescence	**(4,426)**	(8,274)
	166,385	171,903

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	2008	2007
VAT deductible	**15,183**	29,262
Advances given to suppliers	**11,977**	18,305
Prepaid expenses	**5,006**	3,997
Other receivables	**12,385**	9,895
Less: provision for other receivables	**(1,132)**	(1,619)
	43,419	59,840

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Infrastructure	Machinery and Equipment	Furniture and Vehicles	Other Tangible Assets	Construction in Progress	Total
Cost								
January 1, 2008	11,445	296,551	23,332	570,413	32,830	55,939	58,724	1,049,234
Additions	39	1,021	-	4,962	4,111	21,575	138,042	169,750
Disposals	(2)	(217)	(324)	(14,392)	(1,308)	(3,761)	(1,219)	(21,223)
Acquisitions through subsidiary acquired	3,535	3,352	-	14,304	867	6,357	129	28,544
Disposals through subsidiary sold	-	(23,500)	(1,907)	(45,434)	(9,445)	(156)	(349)	(80,791)
Currency translation difference	(1,826)	(39,137)	(3,067)	(78,911)	(2,422)	(939)	(5,303)	(131,605)
Transfers	-	17,271	1,669	113,003	2,179	102	(134,224)	-
December 31, 2008	**13,191**	**255,341**	**19,703**	**563,945**	**26,812**	**79,117**	**55,800**	**1,013,909**
Depreciation and Impairment								
January 1, 2008	-	50,119	4,752	218,813	13,300	19,622	-	306,606
Depreciation for the year	-	11,285	1,137	64,211	4,874	12,880	-	94,387
Disposals	-	(379)	(209)	(4,795)	(1,220)	(3,244)	-	(9,847)
Disposals through subsidiary sold	-	(13,662)	(1,283)	(25,480)	(5,272)	(572)	-	(46,269)
Currency translation difference	-	(5,750)	(342)	(34,116)	(1,033)	(38)	-	(41,279)
December 31, 2008	**-**	**41,613**	**4,055**	**218,633**	**10,649**	**28,648**	**-**	**303,598**
Net book value	**13,191**	**213,728**	**15,648**	**345,312**	**16,163**	**50,469**	**55,800**	**710,311**

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Infrastructure	Machinery and Equipment	Furniture and Vehicles	Other Tangible Assets	Construction in Progress	Total
Cost								
January 1, 2007	10,670	251,686	16,558	496,280	22,492	45,180	24,995	867,861
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	2,709	68,465
Transfers	-	24,995	5,451	42,140	5,241	323	(78,150)	-
December 31, 2007	**11,445**	**296,551**	**23,332**	**570,413**	**32,830**	**55,939**	**58,724**	**1,049,234**
Depreciation and Impairment								
January 1, 2007	-	38,129	3,788	158,644	8,053	12,903	-	221,517
Depreciation for the year	-	8,550	719	53,084	4,234	7,022	-	73,609
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**	**19,622**	**-**	**306,606**
Net book value	**11,445**	**246,432**	**18,580**	**351,600**	**19,530**	**36,317**	**58,724**	**742,628**

Equipment under finance lease

The cost of property, plant and equipment held under finance lease is USD 1,897 and USD 884 and has a net book value of USD 1,172 and USD 655 as at December 31, 2008 and 2007, respectively (Refer to Note 27).

9. INTANGIBLE ASSETS

	Goodwill	Brands	Other intangible assets	Total
Cost				
January 1, 2008	441,312	92,616	7,976	541,904
Additions	32,930	-	1,659	34,589
Additions through subsidiary acquired	-	30,065	1,084	31,149
Change in fair value of put options (Note 30)	(31,736)	-	-	(31,736)
Disposals	(16,299)	-	(148)	(16,447)
Disposals through subsidiaries sold	-	-	(1,056)	(1,056)
Currency translation difference	(63,978)	(14,237)	(968)	(79,183)
December 31,2008	**362,229**	**108,444**	**8,547**	**479,220**
Amortisation and impairment				
January 1, 2008	-	-	4,955	4,955
Amortisation for the year	-	-	1,080	1,080
Disposals	-	-	(24)	(24)
Disposals through subsidiaries sold	-	-	(437)	(437)
Currency translation difference	-	-	(751)	(751)
December 31, 2008	**-**	**-**	**4,823**	**4,823**
Net book value	**362,229**	**108,444**	**3,724**	**474,397**

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9. INTANGIBLE ASSETS (Continued)

	Goodwill	Brands	Other intangible assets	Total
Cost				
January 1, 2007	423,753	89,675	5,610	519,038
Additions	2,610	-	1,952	4,562
Disposals	-	-	(151)	(151)
Currency translation difference	14,949	2,941	565	18,455
December 31, 2007	**441,312**	**92,616**	**7,976**	**541,904**
Amortisation and impairment				
January 1, 2007	-	-	4,069	4,069
Amortisation for the year	-	-	664	664
Disposals	-	-	(148)	(148)
Currency translation difference	-	-	370	370
December 31, 2007	**-**	**-**	**4,955**	**4,955**
Net book value	**441,312**	**92,616**	**3,021**	**536,949**

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, 2008. 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. Goodwill of USD 328,628 was attributable to the cash generating unit in Russia and the remaining goodwill of USD 33,601 was attributable to the other cash generating units as of December 31, 2008. Brands of USD 80,366 was attributable to the cash generating unit in Russia and the remaining brands of USD 28,078 was attributable to the other cash generating units as of December 31, 2008.

Cash flows were projected with a combination of the strategic business plans of the Company for the period 2009 till 2011 and were extrapolated for the period 2012 till 2018. 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 10% and 1%, and 19% 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 pre-tax weighted average cost of capital of the cash generating units ranged primarily between 16.77% and 12.69%.

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

	2008	2007
ZAO Mutena Maltery (Mutena Maltery)	**1,511**	1,511
Others	**14**	10
	1,525	1,521

Mutena Maltery, which EBI holds 11.09% ownership, does not have a quoted market price in an active market. The fair value of Mutena Maltery determined by independent valuation indicates no ground for impairment in the carrying value.

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11. INVESTMENTS IN ASSOCIATES

The Group has a 28% interest in CEB, an investment in associate involved in operating breweries in Serbia.

	2008
CEB	**35,004**

The share of the net assets, liabilities, income and expenses of the investment in associate at 31 December 2008 and for the year ended which are included in the consolidated financial statements are as follows:

Share of associate's balance sheet	**2008**
Current assets	**6,356**
Non-current assets	**41,933**
Current liabilities	**9,495**
Non-current liabilities	**3,790**
Net assets	**35,004**

	2008
Share of associate's loss	**(5,010)**

12. TRADE AND OTHER PAYABLES

	2008	2007
Trade accounts payable	**43,575**	49,818
Taxes payable other than income tax	**16,034**	15,509
Accrued expenses	**5,137**	3,226
Other short-term payables	**28,613**	30,211
	93,359	98,764

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

	2008	2007
Liability for puttable instruments (Note 30)	**95,834**	127,009

13. BORROWINGS

	2008	2007
Current		
Bank borrowings (including current portion of long-term borrowings)	**430,597**	203,212
Finance lease liabilities	**425**	219
	431,022	203,431
Non-current		
Bank borrowings	**385,823**	342,344
Finance lease liabilities	**478**	254
	386,301	342,598
	817,323	546,029

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13. BORROWINGS (Continued)

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 2008 is USD 1,259 (2007-USD 1,241) and has been recognised as finance expense in income statement.

As of December 31, 2008, USD 625,423 (2007 – USD 343,566) of the total borrowings are secured with the followings till the maturity of the borrowings:

- Cash collaterals amounting to USD 86,600 (2007 – USD 30,304)
- The ability of Efes Karaganda, Efes Moldova and Efes Georgia to declare dividends is subject to prior consent of the related financial institution under the provisions of the loan agreements.
- A corporate guarantee amounting to USD 540,000 provided by Anadolu Efes.

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

	2008	2007
Bank borrowings		
Non-current		
USD and EURO denominated borrowings	**Base rate + (1.25%-4.25%)**	Base rate + (1.55%-3.55%)
	(12.00%)	
Other currency denominated borrowings	**Base rate + (3.65%)**	
	(8.11%)	
Current		
USD and EURO denominated borrowings	**Base rate + (2.00%)**	Base rate + (0.50%-2.95%)
	(6.50%)	
Other currency denominated borrowings	**Base rate + (0.50%)**	Base rate + (0.24%-1.50%)
	9.00%-20.00%	7.75%-11.00%
Finance lease liabilities	**6.00%-14.50%**	12.25%-14.50%

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

	2008	2007
2008	**-**	14,603
2009	**306,984**	299,119
2010	**193,581**	2,161
2011	**107,898**	2,161
Thereafter	**84,344**	38,903
	692,807	356,947

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

	2008	2007
Next 1 year	**471**	267
1 to 5 years	**527**	277
After 5 years	**-**	-
Total minimum lease obligations	**998**	544
Interest	**(95)**	(71)
Present value of minimum obligations	**903**	473

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14. SHARE CAPITAL AND RESERVES

	2008	2007
	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

As at December 31, 2008 and 2007, the composition of shareholders and their respective % of ownership can be summarised as follows:

	2008	2007
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, 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:

	2008	2007
Net (loss)/profit attributable to ordinary shareholders	**(57,386)**	37,470
Weighted average number of ordinary shares	**211,428,569**	211,428,569
(Loss)/earnings per share (in full U.S. Dollars)	**(0.27)**	0.18

16. COST OF REVENUE

Cost of revenue comprised the following expenses:

	2008	2007
Inventory used	**472,770**	348,722
Depreciation & amortisation	**54,941**	47,259
Personnel expenses	**29,275**	23,633
Energy expenses	**26,949**	20,600
Repair and maintenance expenses	**16,203**	12,916
Other expenses	**13,614**	8,970
	613,752	462,100

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17. SELLING AND MARKETING EXPENSES

Selling and marketing expenses are analyzed as follows:

	2008	2007
Distribution expenses	**86,848**	67,009
Marketing and advertising expenses	**77,565**	73,056
Personnel expenses	**41,977**	34,142
Depreciation & amortisation	**33,818**	21,704
Other expenses	**18,155**	14,998
	258,363	210,909

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include the following:

	2008	2007
Personnel expenses	**44,598**	37,689
Consulting and legal fees and other business services	**12,426**	8,659
Taxes and duties	**11,498**	10,009
Royalty expenses	**7,213**	6,434
Management fees and technical assistance	**7,011**	6,099
Depreciation & amortisation	**6,289**	5,009
Waste expenses	**3,674**	2,381
Bad debt provision	**1,927**	972
Vehicle expenses	**1,759**	1,315
Representation and communication expenses	**1,708**	1,651
Insurance expenses	**1,473**	1,365
Travel	**671**	631
Rent expenses	**641**	662
Security expenses	**548**	348
Repair and maintenance	**489**	1,096
Other expenses	**12,963**	10,499
	114,888	94,819

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19. OTHER OPERATING INCOME/(EXPENSE)

Other operating income:

	2008	2007
Gain on holding activities, net	**25,713**	-
Gain on sale of soft-drink trademarks	**-**	3,712
Income from equipment renting	**1,490**	825
Income from toll filling of soft drinks	**759**	730
Release of unused provision -bad debt	**287**	1,083
Release of unused provision for property, plant and equipment	**-**	2,430
Net income from sale of various materials	**-**	1,329
Write-off expenses/payables	**-**	407
Release of unused obsolete-inventory	**-**	970
Other income, net	**1,571**	4,335
	29,820	15,821

Other operating expense:

	2008	2007
Provision for obsolete inventory	**(4,771)**	(2,256)
Loss on disposal of property, plant and equipment	**(2,106)**	(1,138)
Provision for litigation	**(341)**	(51)
Impairment of property, plant and equipment	**-**	(232)
	(7,218)	(3,677)

20. PERSONNEL EXPENSES AND AVERAGE NUMBER OF EMPLOYEES

	2008	2007
Wages and salaries	**101,177**	80,638
Other social expenses	**14,673**	14,826
	115,850	95,464

The average number of employees for the years was:

	2008	2007
Russia	**3,049**	2,710
Kazakhstan	**1,035**	713
Moldova	**481**	541
Georgia	**522**	-
Others	**436**	452
	5,523	4,416

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21. DEPRECIATION AND AMORTISATION EXPENSES

	2008	2007
Property, plant and equipment		
Cost of revenue	**54,913**	47,224
Selling and marketing	**33,794**	21,693
General and administrative	**5,261**	4,391
Other operating expense	**419**	301
Total depreciation	**94,387**	73,609
Intangible assets		
Cost of revenue	**28**	35
Selling and marketing	**24**	11
General and administrative	**1,028**	618
Total amortisation	**1,080**	664
	95,467	74,273

22. FINANCIAL INCOME/ (EXPENSE)

	2008	2007
Interest income	**4,975**	4,744
Foreign currency exchange gains	**23,837**	14,333
Total financial income	**28,812**	19,077
Interest expense on borrowings	**(45,275)**	(36,437)
Interest expense on finance lease	**(110)**	(54)
Foreign currency exchange losses	**(124,700)**	(7,729)
Other financial expense	**(4,547)**	(3,781)
Total financial expense	**(174,632)**	(48,001)
Net financial expense	**(145,820)**	(28,924)

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23. INCOME TAXES

	2008	2007
Current income tax	**(3,888)**	(18,909)
Deferred income tax	**22,235**	4,629
	18,347	(14,280)

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

	2008	2007
(Loss)/Profit before tax	**(77,185)**	51,627
Dividend income	**(234)**	(136)
Gain on sale of subsidiary	**(25,713)**	-
Loss on share of associates	**5,010**	-
Tax effect of loss making subsidiaries	**100,049**	10,170
Taxable profit	**1,927**	61,661
Tax calculated at the Company's tax rate of 25.5%	**(491)**	(15,724)
Impact of different tax rates in other countries	**1,265**	1,782
Tax losses carried forward	**18,595**	2,700
Change in tax rate	**3,865**	(1,005)
Non deductible expenses	**(2,244)**	(2,914)
Other reconciling items	**(2,643)**	881
Total income tax	**18,347**	(14,280)

24. DEFERRED TAXES

Components of deferred tax assets and liabilities are as follows:

	Assets		**Liabilities**		**Net**	
	2008	2007	**2008**	2007	**2008**	2007
Tax loss carried forward	**31,600**	13,005	**-**	-	**31,600**	13,005
Accruals	**7,463**	12,024	**-**	-	**7,463**	12,024
Inventory	**400**	499	**-**	-	**400**	499
Tangible assets	**-**	-	**(21,493)**	(26,347)	**(21,493)**	(26,347)
Other	**4,013**	3,713	**-**	-	**4,013**	3,713
	43,476	29,241	**(21,493)**	(26,347)	**21,983**	2,894

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24. DEFERRED TAXES (Continued)

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.

Movements in deferred tax during the year 2008 are as follows:

	Balance at January 1, 2008	Additions through subsidiary acquired	Disposals through subsidiary sold	Recognised in income statement	Translation effect	Balance at December 31, 2008
Tax loss carried forward	13,005	2,897	(2,456)	20,500	(2,346)	**31,600**
Accruals	12,024	-	(28)	(3,170)	(1,363)	**7,463**
Inventory	499	(267)	(64)	298	(66)	**400**
Tangible assets	(26,347)	(864)	458	1,792	3,488	**(21,473)**
Other	3,713	(3,410)	2,090	2,815	(1,215)	**3,993**
	2,894	**(1,644)**	**-**	**22,235**	**(1,502)**	**21,983**

The Company has tax losses of USD 31,600 (2007-13,005) that are available for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have been recognized in respect of these losses.

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

	Balance at January 1, 2007	Additions through subsidiary acquired	Disposals through subsidiary sold	Recognised in income statement	Translation effect	Balance at December 31, 2007
Tax loss carried forward	10,305	-	-	2,694	6	13,005
Accruals	9,792	-	-	1,481	751	12,024
Inventory	182	-	-	266	51	499
Tangible assets	(19,164)	-	-	(5,705)	(1,478)	(26,347)
Other	(2,676)	-	-	5,893	496	3,713
	(1,561)	**-**	**-**	**4,629**	**(174)**	**2,894**

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25. NOTES TO CASH FLOW STATEMENTS

The fair value of assets and liabilities of subsidiaries at the date of acquisition/ (disposal) and the related cash flows were;

	2008		2008
	Fair values recognized in acquisition	**Previous carrying values**	**Disposals**
Cash and cash equivalents	2,178	2,178	(1,152)
Trade receivables	688	688	(10,595)
Due from related parties	1,734	1,734	(2,039)
Inventories-net	7,997	7,997	(12,387)
Other current assets	2,059	2,059	(1,392)
Property, plant and equipment-net	28,544	23,361	(34,522)
Intangible assets	31,149	2,061	(618)
Deferred tax assets	238	-	-
Other non-current asset	-	-	(35)
Trade and other payables	(1,823)	(1,823)	3,308
Due to related parties	(559)	(559)	1,093
Short-term loans	(5,202)	(5,202)	33,261
Other current liabilities	(615)	(615)	3,360
Income tax payable	15	15	-
Long-term debt – net of current portion	(7,399)	(7,399)	-
Deferred tax liability	(1,882)	(1,890)	-
Accumulated exchange differences	-	-	5,854
Net assets	**57,122**	**22,604**	**(15,864)**
Net assets acquired/(disposed)	57,122		(10,733)
Goodwill recognized/(disposed)	32,930		(16,299)
Partial disposal of subsidiary	-		(18,726)
Gain on holding activities, net	-		(25,713)
Total consideration in cash	**90,052**		**(57,899)**
Total consideration in kind (Note 3)	**-**		**(13,572)**
Net cash acquired with subsidiaries	(2,178)		-
Net cash disposed with subsidiaries	-		1,152
Net cash outflow/(inflow)	**87,874**		**(56,747)**
Fair value of shares purchased	89,591		
Costs associated with the acquisitions	461		
Total cost	**90,052**		

The acquired subsidiaries contributed USD 3,736 from the date of acquisition to December 31, 2008 to the profit for the year of the Group. If the combination had taken place at the beginning of that year, the profit for the year from continuing operations for the Group for 2008 would have been USD (59,052) and revenue would have been USD 1,041,176.

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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.

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 the integrity of 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.

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 7%, 4%, and 3% respectively of Group accounts receivable at December 31, 2008 (2007 – 9%, 3%, 3%) and there is no other significant concentration of credit risk. Distribution of trade receivables according to segments is as follows:

	Russia & Moldova		Kazakhstan & Georgia		Others[1] & Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Trade Receivables	**67,092**	61,923	**20,186**	24,984	**800**	1,233	**88,078**	88,140

1) Others include EBI and other subsidiaries included in the consolidation.

Credit risk is related to bank deposits: credit risk from balances with banks and financial institutions is managed by finance managers in Group in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties.

The Company's maximum exposure to credit risk for the components of the balance sheet at December 31, 2008 and 2007 is the carrying amounts as illustrated in Note 26.

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, 2008, 5.5% of the Group's long-term debt was at fixed rates (December 31, 2007, 2%).

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26. FINANCIAL INSTRUMENTS (Continued)

The weighted average effective interest rates which are calculated from different types of currencies, as at December 31, 2008 are as follows:

Fixed rate bank loans	8.8%
Floating rate bank loans	Applicable Base Rate+1.7%

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:

	+/(-)Change (%)	Effect on profit before tax	
		2008	2007
USD denominated	1%	**2,366**	434
EURO denominated	1%	**38**	111
Other	1%	**103**	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.

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).

Country	Currency	+/(-) Change (%)	Effect on Profit Before Tax	
			2008	2007
The Netherlands	USD/EUR	10%	**6,004**	(2,125)
Russia	RUB/USD	10%	**(40,529)**	(988)
Kazakhstan	KZT/USD	10%	**(6,860)**	(4,467)
Moldova	MDL/USD	10%	**(2.424)**	-
Georgia	GEL/USD	10%	**(869)**	-

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26. FINANCIAL INSTRUMENTS (Continued)

Liquidity risks

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of financial liabilities and financial assets.

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

December 31, 2008	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Cash and cash equivalents	56,323	164,504	-	-	-	220,827
Trade receivables	45,787	38,323	3,968	-	-	88,078
Due from related parties	-	142	4,053	-	-	4,195
	102,110	**202,969**	**8,021**	**-**	**-**	**313,100**
Short term loans	2,836	75,483	49,913	-	-	128,232
Long term loans	514	2,300	310,409	158,588	288,587	760,398
Put option liability	95,834	-	-	-	-	95,834
Trade payables	152	39,058	5,724	45	-	44,979
Due to related parties	-	1,497	19,962	-	-	21,459
	99,336	**118,338**	**386,008**	**158,633**	**288,587**	**1,050,902**
	2,774	**84,631**	**(378,987)**	**(158,633)**	**(288,587)**	**(737,802)**

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	-	-	-	58,526
Trade receivables	-	85,368	2,772	-	-	88,140
Due from related parties	-	8,161	-	-	-	8,161
	5,797	**146,258**	**2,772**	**-**	**-**	**154,827**
Short term loans	-	27,753	168,567	-	-	196,320
Long term loans	-	6,970	8,415	395,197	-	410,582
Put option liability	127,009	-	-	-	-	127,009
Trade payables	-	50,406	-	-	-	50,406
Due to related parties	-	23,339	-	-	-	23,339
	127,009	**108,468**	**176,982**	**395,197**	**-**	**807,656**
	(121,212)	**37,790**	**(174,210)**	**(395,197)**	**-**	**(652,829)**

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26. FINANCIAL INSTRUMENTS (Continued)

Capital Management

The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. There were no major changes in Group's approach to capital management during the year.

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 value of long-term debt is estimated to approximate its carrying value since it's 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 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.

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:

	2008	2007
Machinery and equipment	**509**	-
Other tangible assets	**1,388**	884
Accumulated depreciation	**(725)**	(229)
Net book value	**1,172**	655

Lessee-Operating Lease

One of the breweries 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 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 1,065 (2007 – USD 1,338).

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28. SEGMENT REPORTING

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. 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 & Moldova		Kazakhstan & Georgia		Others[1] & Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Revenue	**874,552**	740,172	**173,700**	109,249	**(10,206)**[2]	(13,186)	**1,038,046**	836,235
Depreciation & Amortization expenses	**81,314**	68,586	**13,921**	5,581	**232**	106	**95,467**	74,273
Loss from Associates	**5,010**	-	**-**	-	**-**	-	**5,010**	-
Other non cash items	**7,237**	670	**2,918**	518	**(25,786)**	-	**(15,631)**	1,188
Segment Result	**(84,611)**	53,741	**(1,475)**	9,078	**8,901**	(11,192)	**(77,185)**	51,627
Capital Expenditures [3]	**121,544**	89,143	**49,857**	38,501	**8**	11	**171,409**	127,655
Segment Assets	**951,553**	708,037	**253,910**	152,870	**528,855**	823,509	**1,734,318**	1,684,416
Investment in Associates	**35,004**	-	**-**	-	**-**	-	**35,004**	-
Operating Assets	**986,557**	708,037	**253,910**	152,870	**528,855**	823,509	**1,769,322**	1,684,416
Operating Liabilities	**516,036**	324,100	**117,394**	111,246	**397,852**	376,061	**1,031,282**	811,407

1) Others include EBI and other subsidiaries included in the consolidation.
2) Inter-segment revenues are eliminated on consolidation.
3) Capital expenditures consist of additions to property, plant and equipment and intangible assets.

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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.

(a) Balances with Related Parties

Balances with related parties as of December 31, 2008 and 2007, which are separately classified in the consolidated balance sheet, are as follows:

Due from related parties	**2008**	2007
Mutena Maltery (3)	**2,027**	343
Anadolu Efes TMC (2)	**1,392**	2,947
Coca-Cola Bishkek Bottlers C.J.S.C (Coca-Cola Bishkek) (2)	**308**	1,970
Central Asian Beverages(3)	**248**	-
Coca-Cola Bottlers Kazakhstan Almaty (Coca-Cola Almaty) (2)	**180**	111
Efes Holland TMC (2)	**11**	2,727
Anadolu Efes (1)	**29**	63
	4,195	8,161

Due to related parties	**2008**	2007
Efes Holland TMC (2)	**13,448**	12,624
Mutena Maltery (3)	**6,392**	5,169
Oyex Handels Gmbh (2)	**1,509**	3,583
ABH (2)	**67**	656
Anadolu Efes (1)	**11**	1,287
Others	**32**	20
	21,459	23,339

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29. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

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, 2008 and 2007 are as follows:

Nature of Transaction	Related Party	2008	2007
Purchase of raw materials from;	Oyex Handels Gmbh (2)	**14,828**	9.724
Processing raw materials from;	Mutena Maltery (3)	**12,587**	9.503
Management and license fee	Efes Holland (2)	**7,828**	7.799
Sale of raw materials to ;	Mutena Maltery (3)	**6,105**	1.277
Purchase of beer from;	Anadolu Efes (1)	**3,470**	3.071
Purchase of service from;	ABH (2)	**1,400**	1.631
Sale of beer to;	Coca-Cola Almaty (2)	**716**	2.442
Sale of beer to;	Coca-Cola Bishkek (2)	**619**	3.394
Purchase of soda drinks from;	Coca-Cola Almaty (2)	**270**	91
Dividend income from	Mutena Maltery (3)	**234**	136
Sale of trade mark	Anadolu Efes TMC (2)	**163**	-
Processing services from;	Efes Tur (2)	**227**	89

(1) The ultimate shareholder of the Company
(2) Related party of Anadolu Efes
(3) Company's available-for-sale investments

3) Emoluments of the Board of Directors

a) The remuneration of management board of USD 743 (2007 – USD 578) and supervisory board of USD 177 (2007 – USD 174) were included in personnel expenses. The remuneration of management board consists of salary and bonus amounting to USD 537 and USD 206, respectively (2007 – USD 431 and USD 147).
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.

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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 ("KV Agro") that may be exercisable between 2007 and 2010. 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. 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.

According to the reassessment of the put options, the contingent considerations related with the put options granted to EBRD and KV Agro amounting to USD 67,050 and USD 28,784, respectively, have been presented as 'liability for puttable instruments' in trade and other payables in the consolidated balance sheet. The differences with the previous years' figures in put option liabilities, amounting to USD (36,318) and USD 4,582, respectively, have been recognized in change in fair value of put-options under goodwill.

Tax and legal matters

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

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

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