

### Heineken N.V. announces 2009 half-year organic net profit (beia) growth of 12%

EUR531 million improvement in Free Operating Cash Flow

Amsterdam, 26 August 2009 - Heineken N.V. today announced:

- Strong organic net profit (beia) growth of 12%, despite lower volumes, driven by robust pricing and cost reductions. Net profit (beia) amounted to EUR483 million, diluted by financing costs related to acquisitions;
- Net profit 20% higher at EUR489 million due to organic growth and an exceptional gain on the purchase of Globe notes and bank debt;
- Organic EBIT (beia) growth of 13% to EUR993 million;
- UK performance encouraging driven by market share gains, sound pricing and cost reductions;
- EUR50 million of cost savings from Total Cost Management programme; equates to annualised savings of EUR120 million;
- Free Operating Cash Flow of EUR383 million, EUR531 million more than prior year; net debt/EBITDA (beia) ratio improved to 3.1x (year-end 2008: 3.3x)
- Heineken® volume in the international premium segment outperformed overall portfolio;
- Heineken expects organic net profit (beia) growth for the full year of 2009 to be at least high single-digit;
- Interim dividend of EUR0.25 per share.

| Key figures              | 2009 HY        | 2008 HY        | Change | Organic growth |
|--------------------------|----------------|----------------|--------|----------------|
|                          | <i>(mhl)</i>   | <i>(mhl)</i>   |        |                |
| Group beer volume        | 78.0           | 76.0           | 2.7%   | -5.6%          |
| Consolidated beer volume | 60.8           | 58.6           | 3.8%   | -6.6%          |
| Heineken® premium volume | 12.3           | 12.9           |        | -4.7%          |
|                          | <i>(EUR m)</i> | <i>(EUR m)</i> |        |                |
| Revenue                  | 7,147          | 6,411          | 11%    | -0.4%          |
| EBIT                     | 925            | 772            | 20%    |                |
| EBIT (beia)              | 993            | 925            | 7.4%   | 13%            |
| Net Profit               | 489            | 407            | 20%    |                |
| Net Profit (beia)        | 483            | 540            | -10%   | 12%            |
| Free Operating Cash Flow | 383            | (148)          |        |                |
|                          | <i>(EUR)</i>   | <i>(EUR)</i>   |        |                |
| Diluted EPS              | 1.00           | 0.83           | 20%    |                |
| Diluted EPS (beia)       | 0.99           | 1.10           | -10%   |                |

### **CEO Statement**

Jean-François van Boxmeer, Chairman of the Executive Board and CEO, commented:

“This has been a strong first half performance, confirming that our value strategy is delivering results. The strength of our brand portfolio has enabled us to support our margins, achieving a stable top line performance despite lower volumes.

Our rigorous Total Cost Management programme is delivering early results, with annualised savings of EUR120 million achieved. We see substantial opportunity to drive down our cost base in the second half of the year and beyond. Focused actions by our management teams to improve profitability, reduce capital expenditure and control working capital has improved our free operating cash flow by more than EUR500 million.

We continue to prioritise investments where we see opportunity to grow the value of our operations. This is demonstrated by double-digit revenue and EBIT (beia) growth in our African region and the organic profit growth in Western Europe. We have maintained the price positioning of our brands with the Heineken® brand outperforming the overall portfolio.

The integration of Scottish & Newcastle and our other newly acquired businesses is now completed. There are clear signs that our specific plans to improve profitability in each of these businesses and to strengthen our long-term market position in the UK are bearing fruit.

The economic and trading conditions remain difficult, and there will be continued pressure on volumes in the second half of 2009. However, our focus on brand building, prioritised investment and rigorous cost reduction will continue to deliver value in the second half of the year.”

### **2009 full-year outlook**

Heineken remains cautious on the development of global beer consumption and expects year-on-year volume declines in many markets in the second half of 2009 as a result of rising unemployment and lower disposable incomes. However, Heineken expects the rate of decline to ease towards the end of 2009 due to less demanding comparisons.

The Africa and Middle East region is expected to continue to perform well albeit at a lower growth rate than in the first half of the year.

Heineken will continue its focus on brand building, cash flow generation, debt reduction, cost reduction, and improving the performance of newly acquired companies. The company will maintain the price position of its key brands. All main brands will be supported by the appropriate level of marketing investments.

Better pricing will continue to have a positive effect, although the impact will be less than in the first half of 2009. In markets with high inflation or margin deterioration, the company will aim to maintain its pricing position in the second half of the year.

For the second half, Heineken expects the negative currency impact on results, especially of the US dollar, Nigerian naira and Polish zloty, to be larger.

The Total Cost Management programme will continue to deliver cost savings in the second half of the year, which will help to drive margins.

As a result of the above, Heineken expects organic net profit (beia) growth for the full year of 2009 to be at least high single-digit.

Heineken is fully committed to debt reduction and is targeting a Net debt/EBITDA (beia) ratio of 2.5. Heineken is vigorously pursuing further initiatives to improve the cash conversion ratio to more than 100% in the period 2009-2011.

For 2009 capital expenditures related to property, plant and equipment, including the investments in newly acquired businesses, remain forecast at EUR700 million.

### **Interim dividend**

The Heineken N.V. dividend policy aims at a dividend payout ratio of 30%-35% of Net Profit (beia) and fixes interim dividends at 40% of the total dividend of the previous year. Accordingly, an interim dividend of EUR0.25 per share of EUR1.60 nominal value (Half-year 2008: EUR0.28) will be paid on 2 September 2009. The ex-dividend date for Heineken NV shares is 27 August 2009.

Attachment: Half-year report

### Heineken N.V. agenda

|  |                  |
|--|------------------|
| Interim Management Statement for Q3 2009     | 28 October 2009  |
| Capital Markets Day Heineken                 | 6 November 2009  |
| Financial results for the full year 2009     | 23 February 2010 |
| Interim Management Statement for Q1 2010     | 21 April 2010    |
| Annual General Meeting of Shareholders (AGM) | 22 April 2010    |

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*The audio cast for the media, including presentation and Q&A will be broadcast live today from 10am CET via [www.heinekeninternational.com](http://www.heinekeninternational.com). The presentation can be downloaded afterwards. The presentation for analysts and investors will be broadcast live via the website today from 15:00 CET. On [www.heinekeninternational.com](http://www.heinekeninternational.com), the presentation can be monitored live, from which they can be downloaded afterwards.*

### Editorial information:

Heineken N.V. is one of the world's great brewers and is committed to growth and remaining independent. The brand that bears the founder's family name - Heineken - is available in almost every country on the globe and is the world's most valuable international premium beer brand. The company's aim is to be a leading brewer in each of the markets in which we operate and to have the world's most prominent brand portfolio. In 2008, the Company operated 125 breweries in more than 70 countries and sold 162 million hectolitres of beer. Heineken is Europe's largest brewer and the world's third largest by volume. Heineken is committed to the responsible marketing and consumption of its more than 200 international premium, regional, local and specialty beers and ciders. These include Amstel, Birra Moretti, Cruzcampo, Foster's, Maes, Murphy's, Newcastle Brown Ale, Ochota, Primus, Sagres, Star, Strongbow, Tiger and Zywiec. In 2008, revenue totalled EUR14.3 billion and Net Profit before exceptional items and amortisation was EUR1.0 billion. In 2008, the average number of people employed was 56,208. Heineken N.V. and Heineken Holding N.V. shares are listed on the Amsterdam stock exchange. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on the Reuter Equities 2000 Service under HEIN.AS and HEIO.AS. Additional information is available on Heineken's home page: <http://www.heinekeninternational.com>.

### Disclaimer

This press release contains forward-looking statements with regard to the financial position and results of Heineken's activities. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Heineken's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, changes in consumer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, costs of raw materials, interest-rate and exchange-rate fluctuations, changes in tax rates, changes in law, pension costs, the actions of government regulators and weather conditions. These and other risk factors are detailed in Heineken's publicly filed annual reports. You are cautioned not to place undue reliance on these forward-looking statements, which are only relevant as of the date of this press release. Heineken does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of these statements. Market share estimates contained in this press release are based on outside sources, such as specialised research institutes, in combination with management estimates.

**Introduction**

This report contains the half-year financial report of Heineken N.V., headquartered in Amsterdam, the Netherlands.

The half-year financial report for the six months ending 30 June 2009 consists of the statement of the Executive Board; the management report; and the condensed consolidated interim financial statements.

KPMG - as auditor of the group's consolidated financial statements - has issued an unqualified review report on the IAS 34 condensed consolidated interim financial statements. This review has been requested as a pre-requisite for a regular update of Heineken N.V.'s Euro Medium Term Note base prospectus.

**STATEMENT OF THE EXECUTIVE BOARD**

Statement ex Article 5:25d Paragraph 2 sub c Financial Markets Supervision Act ("Wet op het financieel toezicht")

To our knowledge:

1. the condensed consolidated half-year financial statements for the six month period ended 30 June 2009, which have been prepared in accordance with IAS 34 interim financial reporting, give a true and fair view of the assets, liabilities, financial position, and profit of Heineken N.V. and the undertakings included in the consolidation as a whole;
2. the management report of the Executive Board for the six month period ended 30 June 2009 includes a fair review of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

**Executive Board**

Jean-François van Boxmeer (Chairman/CEO)

René Hooft Graafland (CFO)

Amsterdam, 25 August 2009

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**MANAGEMENT REPORT****Operational Review****Organic revenue 0.4% lower; pricing supports performance**

Consolidated beer volume was 3.8% higher, driven by first-time consolidation effects. Organically, volume was 6.6% lower impacted by the weak global economy. Heineken was able to offset the volume effect largely through robust pricing.

Revenue increased 11% to EUR7,147 million. First time consolidation added EUR963 million (15%) to revenue. Organically, revenue declined 0.4%. Consistent with Heineken's long-term brand-building strategy, maintaining the relative price positioning of its brands is key. Price increases were realised across all regions and contributed 6.2% to revenue growth, almost fully offsetting the impact of lower volumes (-6.6%) and restoring margins.

A weakening of foreign currencies against the euro accounted for a 3.2% decrease in revenue, mainly due to the Polish zloty, Russian rouble, British pound and Nigerian naira, which was only partly offset by a positive effect of the US dollar.

**Organic EBIT (beia) growth of 13%; Net profit (beia) growth of 12%**

EBIT grew 20% to EUR925 million. Exceptional costs totalled EUR29 million versus EUR134 million for the same period last year. EBIT (beia) grew 13% organically, driven by disciplined cost management. On an organic basis, personnel expenses (+2%) and depreciation (+1%) both increased slightly, due to wage increases and capacity expansion. All other fixed cost categories showed organic declines, including other fixed expenses which fell 10%, energy and water down 5% and a decline in marketing costs of 6%.

Despite unfavourable exchange rate effects of EUR13 million and the negative first-time consolidation effects of EUR36 million, EBIT (beia) rose 7.4% to EUR993 million.

Net interest costs increased to EUR264 million (H1 2008: EUR110 million). Other net finance expenses (including dividend income) totalled EUR68 million, largely due to the realised total book gain of EUR84 million on the purchase of Globe bonds and bank debt.

Organic EBIT (beia) growth drove organic net profit (beia) growth by 12%. Net profit increased 20% to EUR489 million, driven by an exceptional gain on the purchase of Globe notes and bank debt. First-time consolidations were dilutive due to a negative contribution related to acquired companies and related financing costs.

**Heineken® in international premium segment****Volume of the Heineken brand in international premium segment**

| (mhl)                      | 2009 HY     | 2008 HY     | Change       |
|----------------------------|-------------|-------------|--------------|
| Western Europe             | 3.7         | 3.9         | -3.9%        |
| Central and Eastern Europe | 1.2         | 1.4         | -13%         |
| Africa and the Middle East | 1.1         | 0.9         | 19%          |
| Americas                   | 4.0         | 4.4         | -9.7%        |
| Asia Pacific               | 2.3         | 2.3         | -0.2%        |
| <b>Total</b>               | <b>12.3</b> | <b>12.9</b> | <b>-4.7%</b> |

Heineken® is the leading international premium beer with a strong global position, selling 12.3 million hectolitres in the first half of 2009.

Given the current global economic downturn, pressure on volume in Europe and the Americas persists, however Heineken® outperformed the overall portfolio. Despite down trading in certain markets at the present time, the company believes that premiumisation remains a long-term trend supporting growth of profit pools in its markets.

Heineken® volume in the international premium segment was 4.7% lower than last year. Africa and the Middle East continued to show strong growth. In Western Europe and the Americas, the volume decline trend slowed in the second quarter. In contrast, Central and Eastern Europe experienced a weak volume performance during both quarters. Volume in Asia Pacific remained constant.

The company continues to invest in marketing and innovation, key drivers of the brand equity and the overall success. Heineken® Extra Cold, introduced in 2006, continues to grow and already represents 5% of total Heineken® volume. In the first half of 2009 another 12,000 Extra Cold installations have been added, taking the overall total to more than 77,000 across 112 markets. Volume of innovative, higher-priced products, like the Draught Keg, was affected more by down trading than other pack types.

Total volume of the Heineken brand (including 1.5 million hectolitres in The Netherlands, where the brand is not positioned as a premium beer) decreased by 5.2% to 13.7 million hectolitres.

**Amstel and Cider**

Group volume of the Amstel brand remained broadly stable at 5.0 million hectolitres, due to an additional 300,000 hectolitres sold in Africa. Western Europe is the largest market for Amstel, accounting for almost half of the volume, followed by Africa and the Middle East, generating a quarter of the volume.

Total cider volume was 2.3 million hectolitres. In the UK, Heineken has a strong brand portfolio with Strongbow and Bulmers Original, together with recently introduced brand extensions, such as Bulmers Pear. In a cider market showing a small increase, Heineken managed to grow its volume by almost 4%, gaining market share in both the on-trade and off-trade.

In The Netherlands, the cider category continues to grow strongly, albeit from a low base driven by Jillz and the newly introduced Strongbow. In South Africa, Strongbow will be introduced in September.

### **Total Cost Management Programme (TCM)**

TCM is a 3-year cost reduction programme covering the period 2009-11. All initiatives are clustered in four business streams: Supply Chain, Commerce, Wholesale and Others.

In the first half of 2009, TCM delivered savings of EUR50 million, which, on an annualised basis, represents EUR120 million of cost savings. Drivers of these early results were:

- Further reduction of the workforce across breweries (mostly Western Europe);
- Reduction of fixed costs in wholesale and greater leveraging scale in drinks purchases from third parties;
- Commercial headcount reductions (mostly in Russia and the USA);

Of the realised savings, 28% is attributable to Supply Chain, 40% to Commerce, 22% to Wholesale and 10% to Others.

### **Hunt for Cash 2 (H4C2): Significant improvement in cash flow and working capital**

H4C2 is a 3-year programme covering the period 2009-11 that aims to improve the cash conversion ratio to more than 100%. The programme is mainly focused on initiatives that reduce net working capital and capital expenditures.

In the first half year 2009, free operating cash flow totalled EUR383 million versus EUR148 million negative in the comparable period last year. Positive contributions from a higher EBITDA, a reduced seasonal outflow of working capital and lower capex were partly offset by increased interest expenses, as a result of past acquisitions.

An intensified focus on working capital resulted in a year-on-year reduction of EUR143 million in the first half 2009. Days of sales outstanding improved compared to half-year 2008. The benefit of lower inventories and receivables was partly reduced by lower payables.

Gross capital expenditures were EUR345 million compared with EUR572 million in the same period of last year.

### Regional Review

#### **Consolidated Beer Volume**

| (mhl)                      | 2009<br>HY  | 2008<br>HY  | Total<br>Change | First-time<br>Consol. | Organic<br>change |
|----------------------------|-------------|-------------|-----------------|-----------------------|-------------------|
| Western Europe             | 22.8        | 19.2        | 19%             | 26%                   | -6.8%             |
| Central and Eastern Europe | 22.5        | 24.9        | -9.8%           | 3.3%                  | -13%              |
| Africa and Middle East     | 9.6         | 8.4         | 15%             | 1%                    | 14%               |
| Americas                   | 4.6         | 4.9         | -5.3%           | 4.5%                  | -9.8%             |
| Asia Pacific               | 1.3         | 1.2         | 2.1%            | -                     | 2.1%              |
| <b>Total</b>               | <b>60.8</b> | <b>58.6</b> | <b>3.8%</b>     | <b>10%</b>            | <b>-6.6%</b>      |

#### **Total Heineken Group**

| As percentage of           | Cons. beer<br>volume | Revenue     | EBIT (beia) |
|----------------------------|----------------------|-------------|-------------|
| Western Europe             | 37%                  | 57%         | 36%         |
| Central and Eastern Europe | 37%                  | 21%         | 16%         |
| Africa and Middle East     | 16%                  | 13%         | 26%         |
| Americas                   | 8%                   | 11%         | 13%         |
| Asia Pacific               | 2%                   | 2%          | 6%          |
| Head office / Eliminations | -                    | -4%         | 3%          |
| <b>Total</b>               | <b>100%</b>          | <b>100%</b> | <b>100%</b> |

#### **Western Europe**

|                                | 2009 HY | 2008 HY | Change |
|--------------------------------|---------|---------|--------|
| Consolidated beer volume, mhl  | 22.8    | 19.2    | 19%    |
| Revenue, EUR m                 | 4,090   | 3,372   | 21%    |
| EBIT (beia), EUR m             | 361     | 360     | 0.2%   |
| Operating Profit (beia) margin | 8.8%    | 10.5%   |        |

EBIT (beia) increased to EUR361 million. Organically, a stronger increase was achieved with pricing in part compensating for lower volumes. Lower media tariffs, increased marketing efficiency and, in particular, TCM cost savings contributed to organic profit growth.

The integration of Scottish & Newcastle (S&N) and Heineken operations progressed well. In the first half of 2009, EUR65 million of synergies were realised. So far, synergies amounting to EUR145 have been unlocked, almost 80% of the total expected synergies of EUR184 million.

In addition to the impact of weak economies, the region faced excise duty increases and the ongoing effect of smoking bans in The Netherlands and Switzerland. Beer consumption remained under pressure, particularly in the on-trade and consolidated beer volume declined 6.8% organically.

The consolidated beer volume of 22.8 million hectolitres in Western Europe includes, as first-time consolidation change, four months of Scottish & Newcastle and six months for

Beamish & Crawford in Ireland and Eichhof Brewery in Switzerland, adding 5.8 million hectolitres.

Volume of the Heineken® was 3.9% lower, with growth in France and Portugal, whilst Spain and Italy reported volume declines.

### The United Kingdom

Revenue more than doubled due to the first-time consolidation of four months of S&N UK and healthy pricing. EBIT (beia) was marginally negative, partly due to profitability being skewed to the second half of the year. S&N UK's turnaround strategy is progressing well, growing market share, building brands, lowering the cost base and planned reduction in headcount of 750 by the end of the first quarter 2010. Price increases implemented early this year have held.

In the first half of 2009, the UK beer market remained tough, declining 6% to 22 million hectolitres. On-trade (-5%) did relatively better than off-trade (-7%). Consolidated beer volume more than doubled. On a like-for-like basis, volume was 1.8% lower, with volume in the off-trade about stable and lower volume in the on-trade resulting in market share gains in both channels.

Brand building and disciplined pricing are two key ingredients to grow the long-term profitability of the UK business. In line with the chosen strategy to build long-term value, the company continues to optimise its brand portfolio. The Heineken® developed well after its integration into the S&N portfolio and the margin per hectolitre improved. Foster's volume grew marginally and the brand gained market share. In May and June, new promotional activities and a new media campaign were launched to reinforce its strong position in the UK.

In a cider market showing a small increase, Heineken managed to grow its cider volume by almost 4%, gaining market share in both the on-trade and off-trade. Heineken has a strong brand portfolio with Strongbow and Bulmers Original, together with recently introduced brand extensions, such as Bulmers Pear.

### Spain

Heineken España reported slightly lower revenue whilst EBIT (beia) grew strongly, driven by favourable pricing across all channels and lower marketing investments.

Beer consumption fell only 2% in the first half of 2009. Consumption of low-priced beer is growing strongly in the off-trade.

Volume of Heineken España developed below the market average, impacted by the rise of private labels, two transport strikes and strong pricing, the latter not fully being followed by competition. Market share loss was mainly in the off-trade.

### France

Heineken France continued to grow volume and value market share, revenue and EBIT (beia). Beer volumes were slightly lower, partly due to stock building at distributor level at the end of 2008.

After a weak first quarter, the French market benefitted from favourable weather in the second quarter, posting only a modest decline. The on-trade channel continues to feel the impact of the recession, but the off-trade continues to grow, partly driven by the growth of private labels.

Heineken®, Pelforth and Desperados gained share in the second quarter. The Heineken® extended its value market leadership and Heineken France became value market leader. Revenue increased, driven by better pricing and EBIT (beia) also benefitted from reduced costs.

### Italy

The Italian market has recovered compared to the very weak first quarter, posting a decline of just more than 6%. Volume of Heineken Italy was down almost 8%. Market share increased in the on-trade. Market share which was lost in the off-trade in the first quarter - due to temporary delisting by several retailers - was regained in the second quarter. Revenue and EBIT (beia) declined only slightly, thanks to pricing and tight cost control. In the second quarter most main brands posted stable volumes.

### The Netherlands

The Dutch market continued to be weak, exacerbated by the recession and an excise duty increase (which drove forward buying in late 2008), a more price-competitive off-trade and the continued effect of the smoking ban on the on-trade.

Volume of Heineken Nederland was lower resulting in a small market share loss. Revenue fell modestly with pricing (partly driven by excise duty increases) largely offsetting the volume impact. EBIT (beia) was lower than last year.

By lowering fixed and variable expenses, the soft drink operation Vrumona kept EBIT (beia) broadly stable, despite lower volumes, partly caused by a delisting.

### Other markets

In Belgium, the market declined mid-single digit. Alken-Maes relaunched its mainstream Maes brand with a new advertising campaign and redesigned bottles and crates, resulting in favourable consumer response. Maes DraughtKeg was introduced. Brand awareness increased strongly and latest developments of volume and value share are favourable.

In Finland, the beverages market recovered in the second quarter resulting in a 1% decline over the half year. In beer and soft drinks, Hartwall gained market share, driven by strong performances by mainstream brand Karjala and Foster's. Hartwall further consolidated its leadership of the cider market. Revenue and EBIT (beia) grew strongly, due to the effect of four months of first-time consolidation. The successful implementation of price increases contributed to the organic increase in EBIT (beia).

Heineken Ireland continues to gain market share in both on-trade and off-trade. The severe economic conditions resulted in a decline in the beer market of more than 8%. Revenue increased due to the first-time consolidation of Beamish & Crawford for six months, whilst on an organic basis EBIT (beia) grew modestly.

The integration of Beamish & Crawford is ahead of plan. Systems, back office and sales force have been fully integrated and the B&C brewery has now ceased operations.

In Portugal, the beer market declined 2% with the off-trade performing slightly better than the on-trade. Centralcer successfully increased prices ahead of competition. Mainstream brand Sagres managed to sustain brand leadership and gained market share, especially in the off-trade. Sagres Draught Keg has been launched successfully. Heineken® is continuing to develop extremely well. Mineral water volumes are being negatively impacted by strong discounting of private labels, whilst soft drinks are performing well.

In Switzerland, the integration of Eichhof Brewery - acquired in 2008 - with Heineken Switzerland is on track. Synergies are being delivered, most procurement savings have been realised, headcount has been reduced and the consolidation of distribution is underway. The Swiss market was marginally lower with some weakness in the on-trade as a result of the economy and smoking bans in several cantons. Revenue, EBIT (beia) and organic EBIT (beia) showed strong growth.

### Central and Eastern Europe

|                                | 2009 HY | 2008 HY | Change |
|--------------------------------|---------|---------|--------|
| Consolidated beer volume, mhl  | 22.5    | 24.9    | -9.8%  |
| Revenue, EUR m                 | 1,517   | 1,761   | -14%   |
| EBIT (beia), EUR m             | 159     | 177     | -10%   |
| Operating Profit (beia) margin | 10.4%   | 9.8%    |        |

Organically, EBIT (beia) showed a healthy increase, with better pricing and cost savings compensating for volume losses. EBIT (beia) fell 10% to EUR159 million.

The region is being severely affected by the recession and beer consumption fell 6-7%. Favourable pricing and unfavourable weather also impacted consolidated beer volume, resulting in a 9.8% decline.

Adverse currency movements had a translational impact on revenue, that declined 14%. Organically, revenue declined 3.3% with a healthy price and mix effect due to strong pricing in the last 12 months across all countries, partially offsetting lower volume.

The negative transactional and translational effect on EBIT (beia) was EUR67 million, mostly caused by the weaker Polish zloty and Russian rouble. Several hard currency purchasing contracts have now been renegotiated and converted to local currency contracts resulting in a reduction of foreign currency exposure.

Fixed costs are largely stable on an organic basis. On the one hand, this was driven by higher depreciation due to the completion of capacity expansion and on the other hand personnel expenses decreased organically, mainly as a result of headcount reductions in Russia.

All key brands received full marketing support and maintained their share-of-voice. Marketing costs though were lower by almost 6% thanks to lower rates and increased efficiency.

### Austria

The Austrian market showed signs of recovery in the second quarter compared to the very weak start of the year. Beer consumption in the first six months declined 6% due to weather, the introduction of a partial smoking ban, depressed on-trade and challenging comparables (2008 European Football Championship).

Consolidated beer volume of Brau Union Austria fell 11%, whereas revenue was broadly stable. Volume of Heineken® grew slightly. In line with Brau Union's brand strategy, volume of economy brands was reduced by more than 20%. The main competitor did not follow price increases. Price and mix effects more than compensated for lower volumes at the EBIT (beia) level.

### Greece

The Greek market fell by nearly 10% driven by the recession, lower tourist numbers, an excise duty increase in February and bad weather.

Volumes of Athenian Brewery developed in line with the market, despite the decision to limit distribution inventories. The Heineken® gained market share despite somewhat lower volumes. Revenue decreased only mid single digit. EBIT (beia) was lower with the effect of lower volume exceeding favourable mix effects, lower expenses and reduced marketing.

### Poland

In Poland, the economy, unfavourable weather, a weak on-trade and destocking at wholesalers all contributed to a nearly 10% decline in the beer market.

Grupa Zywiec improved its market share slightly. Due to down trading, the premium brands Zywiec and Heineken® trailed Grupa Zywiec's average. The weak zloty reduced revenue in Euro by 26%. Organically, revenue decreased only slightly thanks to increased selling prices that offset foreign currency-driven input costs increases.

Total transactional and translational impact of the weaker zloty severely affected EBIT (beia).

### Russia

EBIT (beia) rose significantly due to price increases, lower raw material, transportation and personnel costs, resulting in a substantial increase in margins.

Heineken Russia is in the midst of refocusing the brand portfolio and rationalising SKUs, helping to reduce complexity and improve profitability by delisting numerous non-strategic, low-profitable SKUs. Focus will be a limited number of strategic national brands and maintaining a platform of strong regional brands.

In the first half of 2009, the Russian beer market fell by 8% (Goskomstat production data). Above-market price increases, brand portfolio refocusing and SKU rationalisation led to a volume decline of 18%. Revenue is 21% lower in part due to a more than 10% year-on-year weakening of the rouble. Organically, revenue declined by only 4%.

### Other markets

At the end of June, Brau Holding International (BHI), a joint venture with the Schörghuber Group in Germany, agreed to divest its 45-percent share in German Karlsberg International Brand once the agreement has been approved by the German cartel office.

In Romania, the market declined an estimated 11% with the mainstream segment performing relatively better. Heineken Romania lost some market share. The integration of Bere Mures was completed.

In a weak Czech market, Heineken increased market share, helped by the acquisition of Drinks Union last year. EBIT (beia) increased on an organic basis. PET bottles were introduced in April. Two breweries will be closed.

In Hungary, market share declined slightly due to the increase of low-priced can imports. Organically, EBIT (beia) decreased, driven by market decline and transactional currency effects.

Croatia and Slovakia also achieved organic EBIT (beia) growth.

### **Africa and the Middle East**

|                                | 2009 HY | 2008 HY | Change |
|--------------------------------|---------|---------|--------|
| Consolidated beer volume, mhl  | 9.6     | 8.4     | 15%    |
| Revenue, EUR m                 | 920     | 753     | 22%    |
| EBIT (beia), EUR m             | 254     | 206     | 23%    |
| Operating Profit (beia) margin | 26.6%   | 25.9%   |        |

Once again, the region was the outstanding performer, delivering strong organic volume, revenue and profit growth. Increased market share, improved pricing and rigorous cost control all contributed. The region also benefited from continued political stability and economic growth.

Almost all countries showed volume growth, with substantial gains in Nigeria, South Africa and the Democratic Republic of Congo (DRC). Across the region, volume of the Heineken® grew 19% to almost 1.1 million hectolitres. Group volume of the Amstel brand grew 31% to 1.3 million hectolitres.

Consolidated soft drink volume increased substantially, driven by strong performances in DRC, Tunisia and Burundi. Fayrouz, a malt-based soft drink, continues to grow strongly.

Organic revenue growth was 22%, driven by higher volumes, better pricing and an improvement in sales mix.

### Nigeria

In Nigeria, Heineken operates through controlling stakes in Nigerian Breweries (54.1%) and Consolidated Breweries of Nigeria (50.5%).

Combined beer volume grew 9% in the first half of the year, although the rate of growth has decelerated somewhat. Volumes of Star and Gulder in the mainstream segment grew double-digit and the Heineken brand grew more than 40%. Due to the installation of a second canning line, Gulder and Fayrouz also became available in cans, contributing to higher volumes.

Revenue grew 12%, driven by higher volume and pricing. Together with cost control, EBIT (beia) grew almost 25%, despite a lower naira.

### Egypt

Despite lower spending by tourists, beer volume at Al Ahram Beverages grew 1% whilst wine, soft drinks and spirits showed a volume decline.

EBIT (beia) was flat due to a positive currency effect but, in local currency, mix improvements and price increases could not fully counter the higher marketing spend and the effect of lower volumes.

### DRC

Consolidated beer volume rose 16% (versus a market growth of 5%), with the Primus and Turbo King brands performing particularly well. Pricing and mix improvement also contributed to a growth in revenue of more than 30%. EBIT (beia) decreased due to the combined effects of increased fixed costs related to the new brewery in Lubumbashi coming on stream, currency weakness and significant promotions.

### South Africa

The construction of the 3 million hectolitres brewery at Sedibeng (near Johannesburg) is being finalised, allowing commercial production to commence in the fourth quarter. The production of returnable bottles will commence in the first quarter 2010.

Volume increased to 1.1 million hectolitres. Both Amstel and Heineken® grew strongly. In September, Strongbow cider will be launched. EBIT (beia) remained negative due to high transportation costs and the weak rand. However, this is expected to reverse with the start of local brewing.

### **The Americas**

|                                | 2009 HY | 2008 HY | Change |
|--------------------------------|---------|---------|--------|
| Consolidated beer volume, mhl  | 4.6     | 4.9     | -5.3%  |
| Revenue, EUR m                 | 791     | 749     | 5.6%   |
| EBIT (beia), EUR m             | 131     | 109     | 21%    |
| Operating Profit (beia) margin | 12.1%   | 11.2%   |        |

The Americas region was affected by weak economic conditions with imports across the region continuing to be impacted and trading down evident in many markets. Consolidated beer volume was 5.3% lower. Organically, the decline was 9.8%, with the second quarter showing a clear deceleration, down 2.7%.

Revenue increased 5.6%, supported by price increase, positive packaging mix and the positive currency effects of EUR54 million (7.2%), especially the US dollar. Organically, revenue declined 5.9%

EBIT (beia) rose 21% to EUR131 million. The impact of lower volumes was more than offset by favourable price and mix effects and cost savings with reduced personnel expenses being the key driver. EBIT (beia) included a positive currency translation effect of EUR13 million.

### United States

According to AC Nielsen data, volume of the US import segment declined 4.2% in the first half 2009 due in part to the economic recession and down trading. The on-trade and convenience store channels in particular were under pressure.

Beer volume of Heineken USA was 8% lower, with Dutch brands declining 12% and Mexican brands 1% lower. Total depletions (sales by distributors to retailers) were down 7%, with volumes of the Dutch portfolio, Mexican portfolio and Newcastle Brown Ale -11%, +3% and -7% respectively.

Volume of the Heineken® declined 12% (although with a deceleration in the second quarter) with the continued recession, a 4% price increase in November 2008 and the poor start of the summer in the Northeast affecting volumes. The FEMSA portfolio gained share in the import segment and in the Mexican import category, led by a strong performance of Dos Equis and Tecate Light.

Revenue was lower. Improved pricing, headcount reductions and other fixed cost reductions could not fully compensate for lower volume. There was a small organic decline in EBIT (beia). Despite the heavyweight media plan, more efficient spending and lower media tariffs resulted in organic marketing spend to be broadly stable.

Heineken USA appointed one of its existing agencies - already responsible for the groundbreaking and successful Dos Equis advertising - to develop creative work for the Heineken® based on the "Give Yourself a Good Name" platform.

### Canada

In Canada, volume was affected by trading down and a weak performance in the on-trade, with some deceleration of the downward trend visible.

### Latin America and the Caribbean

Heineken operates in the region through

- Controlled operations: Panama, Bahamas, St. Lucia, Martinique and Suriname
- Exports to a number of markets, most significantly Puerto Rico
- CCU, the joint venture controlling the leading Chilean and number two Argentinian brewer
- Minority stakes in FEMSA Cervejas Brazil and FIFCO in Costa Rica

Controlled operations grew volumes, driven by Suriname and Panama. Revenues and EBIT (beia) grew, thanks to higher volume, implementation of price increases and tight cost control. Volume in the Caribbean markets dropped due to weaker tourism, especially in Puerto Rico.

At CCU, beer volume declined 1% in Chile. Heineken® and Escudo continued to grow. In Argentina, mainly due to consolidation changes, beer volume was up 16% with Heineken® growing. CCU contributed positively to profit growth.

### Asia Pacific

|                                | 2009 HY | 2008 HY | Change |
|--------------------------------|---------|---------|--------|
| Consolidated beer volume, mhl  | 1.3     | 1.2     | 2.1%   |
| Revenue, EUR m                 | 141     | 127     | 11%    |
| EBIT (beia), EUR m             | 57      | 40      | 41%    |
| Operating Profit (beia) margin | 23.8%   | 15.3%   |        |

Heineken operates in Asia Pacific through:

- Asia Pacific Breweries (APB), the joint venture with Fraser & Neave
- A 37.5% stake in United Breweries (UBL), the market leader in India
- Its own operations - Multi Bintang Indonesia (MBI), Grande Brasserie de Nouvelle Calédonie (GBNC), both market leaders in their respective countries
- Export and licensing

Across the region, consolidated beer volume grew slightly. Group volume of the Heineken brand was stable at 2.3 million hectolitres. Revenue grew 11% as a result of mix and price improvements. Organic EBIT (beia) increased significantly by 41%, benefiting from strong profit growth at MBI, at GBNC and in Taiwan. Marketing expenses and fixed costs as a percentage of revenue were lower due to strict cost control and the timing of marketing expenses.

#### Asia Pacific Breweries

Some markets experienced a negative volume impacted as a result of the global economic downturn, whereas others weathered this and grew volumes. Volume of the premium Tiger brand continued to grow. The profit contribution of APB increased.

APB Singapore volume grew, with export and domestic sales up compared to last year. In Vietnam, volume grew strongly, despite the current weak economic conditions. Price increases and lower marketing expenditure led to higher profit. In China, operations recorded a loss due to higher net losses from its associate company, Kingway Brewery, and more intense competition.

In Papua New Guinea, higher sales volume and profits, and better margins from price increases were recorded. In New Zealand, falling beer consumption, a weakening of the New Zealand dollar, lower margins due to price competition and higher input costs resulted in a significant decline of profits. Political and regulatory conditions led to lower volume in Thailand. However, with lower overheads, earnings grew slightly. In Mongolia, volume grew double-digit.

#### United Breweries, India

Heineken has a stake of 37.5% in UBL, the market leader in India. UBL announced that it continued to grow its volume with operating profit and net profit growing strongly. For the quarter ending 30 June 2009, UBL reported that its market share (excluding Andhra Pradesh) for the first time exceeded 50% and that Kingfisher Strong has enjoyed significant growth, and is now the largest selling beer brand in India.

Heineken is optimistic of reaching agreement with all relevant parties on how best to benefit from the opportunity presented by the Indian beer market.

### Own operations

Multi Bintang Indonesia reported higher revenue and EBIT (beia) despite marginally lower volume. EBIT (beia) was higher as a result of prior year price increases and good cost control in the current year. Volume, revenue and EBIT (beia) at GBNC all developed favourably despite a challenging economic environment.

### Export and licensing operations in the region Asia Pacific

In Taiwan, the Heineken brand continued to grow by double-digits. Volumes of Heineken® in Hong Kong, South Korea and Australia were impacted by the recession.

### **Head office Costs and Eliminations**

|                    | 2009 HY | 2008 HY | Change |
|--------------------|---------|---------|--------|
| EBIT (beia), EUR m | 31      | 33      | -3.0%  |

## **Financial Review**

### **EBIT and EBIT (beia)**

#### **Development of EBIT**

|   | 2009 HY    | 2008 HY    |
|---|------------|------------|
| EBIT  | 925        | 772        |
| Amortisation of brands and customer relations | 39         | 19         |
| Exceptional items                             | 29         | 134        |
| <b>EBIT (beia)</b>                            | <b>993</b> | <b>925</b> |

|                            | 2008 HY    | Change      |
|----------------------------|------------|-------------|
| <b>EBIT (beia) 2008 HY</b> | <b>925</b> |             |
| Organic EBIT growth        | 117        | 13%         |
| Exchange rate effects      | -13        | -1.4%       |
| First time consolidations  | -36        | -3.9%       |
| <b>EBIT (beia) 2009 HY</b> | <b>993</b> | <b>7.4%</b> |

Reported EBIT rose 20% to EUR925 million. EBIT (beia) of EUR993 million rose 7.4%. Marketing and selling costs increased 5%, fully due to first-time consolidations. As a percentage of revenue, expenses decreased from 12.4% to 11.8%. The 6.3% organic decline in marketing and selling expenses was the result of efficiency improvement programmes, more favourable media rates and optimisation of brand allocation.

Input costs - raw materials and packaging - increased by 0.7% to EUR1,464 million. The organic decline was -3.2%, mainly due to lower volumes. Input costs per hectolitre are slightly higher versus the first half of 2008 also due to mix effects.

Personnel expenses increased 5.9% to EUR1,188 million of which 1.8% was organic. Transportation costs increased 21% to EUR490 million with the rise attributable to the first-time inclusion of S&N.

### Net Profit and Net Profit (beia)

#### Development of Net Profit

|  | 2009 HY    | 2008 HY       |
|--|------------|---------------|
| Net Profit                                 | 489        | 407           |
| Amortisation of brands, customer relations | 39         | 15            |
| Exceptional items                          | -45        | 118           |
| <b>Net Profit (beia)</b>                   | <b>483</b> | <b>540</b>    |
| <b>Net Profit (beia) 2008 HY</b>           | <b>540</b> | <b>Change</b> |
| Organic Net Profit growth                  | 66         | 12%           |
| Exchange rate effects                      | 6          | 1.1%          |
| First time consolidations                  | -128       | -24%          |
| <b>Net Profit (beia) 2009 HY</b>           | <b>483</b> | <b>-10%</b>   |

Higher EBIT led to organic net profit growth of 12%. First-time consolidations were dilutive due to a negative contribution relating to acquired companies and increased financing costs. The positive foreign exchange effect on net profits was EUR6 million.

Net interest costs increased to EUR263 million, from EUR110 million last year. This was mostly due to higher consolidated debt resulting from the S&N and other acquisitions and higher interest rates related to the new issue of GBP and EUR bonds. Organically, interest costs increased by EUR11 million.

Other net finance income (including dividend income) amounted to EUR68 million, largely due to the realised total book gain of EUR84 million on the purchase of Globe bonds and bank debt below its book value. Excluding exceptional items, other net financing expenses were EUR16 million negative due to negative transactional foreign exchange rate results mainly in Russia.

The effective tax rate (beia) was 26.1% versus 28.0% in the first half of 2008. For the full year 2009, Heineken estimates an effective tax rate (beia) of between 26-27%.

Minority interest totalled EUR66 million. A EUR2 million change in consolidation and a positive translation effect of EUR8 million were offset by an organic decrease of EUR9 million mainly due to lower profitability in Poland.

### Exceptional items and amortisation of brands and customer relations

|   | EUR m     |
|---|-----------|
| Amortisation of brands and customer relations               | 39        |
| Exceptional costs at EBIT level                             | 29        |
| Exceptional other net financing expenses (related to Globe) | -84       |
| Fair value movement non-IFRS compliant derivative portfolio | 7         |
| Tax effect  | 3         |
| <b>Total 2009 HY</b>  | <b>-6</b> |

The amortisation of brands and customer relations totalled EUR39 million (H1 2008: EUR19 million).

At EBIT level, exceptional items amounted to EUR29 million, of which EUR18 million related to restructuring in the UK and EUR11 million to France.

The Globe group owns more than 400 pubs across the United Kingdom. Scottish & Newcastle companies act as managing agent for the pub estate and have a 30-year beer supply contract with Globe. For accounting purposes, Globe is fully consolidated by Heineken. During April and May, Heineken acquired most of Globe's notes outstanding, as well as over 20% of its syndicated bank debt. Heineken also assumed the economic interest of the counterparty of Globe in an existing floating-to-fixed swap transaction related to the bank debt. Because Heineken has purchased the Notes and syndicated bank debt at substantial discounts a total book gain of EUR84 million was realised, which is included as an exceptional item under Other net finance expenses.

### Foreign exchange-rate movements

The translational effect of exchange-rate fluctuations on EBIT (beia) and Net profit (beia) was EUR13 million negative and EUR6 million positive, respectively. At EBIT (beia) level, translational effects of the British pound and US dollar only partly offset the weakening of the Nigerian naira, and particularly the Polish zloty. On net profit (beia) level, the impact of the weakening naira and zloty was limited because of minority shareholdings in these companies.

Heineken delays the impact of the US dollar fluctuation by hedging the net cash inflow in dollars from exports and cost in US dollars up to 18 months in advance.

In the first half of 2009, the average EUR/USD rate inclusive of hedging costs was 1.38, compared to 1.34 in the first half of 2008. For the full year 2009, the net dollar inflow is forecast at USD866 million, hedged at EUR/USD 1.43, for 93% hedged and for 2010, the net dollar inflow is forecast at USD848 million, of which 65% is hedged at EUR/USD 1.35 as at 24 August 2009.

**Financial structure / Net interest bearing debt**

The financial structure of Heineken remains sound. On 30 June 2009, Net interest bearing debt of Heineken amounted to EUR8,806 million, implying a Net debt/EBITDA (beia) ratio of 3.1 (year-end 2008: ratio of 3.3). On 30 June 2009, Heineken's gross debt (including cross currency interest rate swaps) was approximately 85% euro denominated with the remaining debt mainly denominated in British pounds. 86% of net debt is fixed for the next 12 months, for a substantial part due to the use of floating-to-fixed hedges.

The maturity profile of Heineken's long-term debt (including the currency effects of cross currency interest rate swaps on the long-term debt) per 30 June 2009 is as follows:

| Repayment long-term liabilities | EUR m |
|---------------------------------|-------|
| 2009                            | 271   |
| 2010                            | 1,186 |
| 2011                            | 405   |
| 2012                            | 720   |
| 2013                            | 2,937 |
| 2014                            | 1,834 |
| 2015 and beyond                 | 1,541 |

On 17 February 2009, Heineken obtained a fully committed two-year stand-by revolving credit facility of EUR250 million, later syndicated and increased to EUR375 million. In April, an additional fully committed two-year stand-by revolving credit facility of EUR150 million was obtained.

In February, under its Euro Medium Term Note (EMTN) programme, Heineken placed 6-year 7.25% Sterling Notes for a principal amount of GBP400 million (EUR450 million). In March, under the same EMTN programme, Heineken placed 5-year Euro Notes for a principal amount of EUR1 billion with a coupon of 7.125%. The EMTN programme's base prospectus will be updated early September 2009 in order to maintain it as an effective tool.

On 30 June 2009, Heineken had directly committed headroom available of over EUR2 billion under its revolving credit facilities. Because of its financing activities and internally generated cash flows, Heineken has sufficient financial resources to cover debt repayments without refinancing until March 2012.

Heineken is fully committed to debt reduction and is targeting a Net debt/EBITDA (beia) of 2.5 times. Heineken has a Net debt/EBITDA (beia) incurrence covenant in some of its financing facilities, which, amongst others, adjusts for the pro-forma full-year EBITDA of acquisitions made during the previous twelve months. If the ratio were to be beyond a level of 3.5 times, the incurrence covenant would prevent Heineken from conducting further significant debt-financed acquisitions.

In the first half of 2009, the average interest rate amounted to 5.8%. Barring unforeseen circumstances, an average interest rate for 2009 of around 6% is forecast.

**Balance sheet**

Intangible assets increased EUR205 million to EUR7,314 million (31 December 2008: EUR7,109 million). The increase is largely due to a positive currency impact of EUR164 million on goodwill, mainly being caused by the strengthening of the British pound, partly offset by the weakening of the Russian rouble.

Property, plant and equipment (PP&E) decreased to EUR6,197 million (31 December 2008: EUR6,314 million). The decrease is due to a negative currency impact of EUR27 million and a negative consolidation change of EUR25 million (mainly due to adjustments to the opening balance sheet of S&N). Furthermore, overall investments in PP&E were below depreciation.

Inventory increased EUR65 million (30 June 2009: EUR1,311 million) versus 31 December 2008, mainly due to the seasonality of the business with increased inventory levels at half-year compared to year-end. Trade and other receivables increased EUR452 million to EUR2,956 million, mainly because only 2 months of S&N were included in 2008. Days of sales outstanding also decreased compared to year-end 2008.

Trade and other payables increased EUR342 million to EUR4,188 million (31 December 2008: EUR3,846 million), due to the seasonal effect of higher inventory levels at half-year end and the increase of other current liabilities.

Retained earnings increased to EUR4,068 million (31 December 2008: EUR3,761 million) mainly due to realised profits of EUR413 million which is partly offset by dividends paid to shareholders of EUR167 million.

Total equity (equity attributable to equity holders of the company and minority interests) increased EUR476 million to EUR5,228 million mainly driven by realised profits (EUR555 million, including minority interests) and other comprehensive income including foreign currency translation differences of EUR202 million. This was partly offset by dividends paid (to shareholders and minority interests) of EUR231 million and a negative EUR54 million fair value movement on derivatives qualifying for hedge accounting.

**Update risk paragraph**

The Annual Report 2008 describes Heineken's main risks and mitigation activities at the time of closing the 2008 financial year. In our view, the nature and potential impact of these risks have not materially changed in the first half of 2009. Reference is made to pages 45 to 48 of the Annual Report 2008 for a detailed description of these main risks.

These risks can be summarised as follows:

- Strategic risks: damage to Heineken brand and Company reputation, pressure from alcohol-related issues, attractiveness of beer market under pressure, volatility of input costs, stability of Africa and the Middle East Region and the economic downturn;
- Operational risks: risks connected to reorganizations, acquisitions and business integration, supply continuity to USA and information security;
- Financial risks: currency risks and capital availability;
- Regulatory risks: tax (excise duties) and increasing legislation (alcohol, anti-trust).

The risks connected to the economic crisis are critical and receive the highest management attention. Some related risks have evolved; e.g. an increased effect of economic crisis on consumer spending and customer solvency, increased likelihood to increase taxes, including excise duties, development of currencies and reduced stability in the African and Middle East Region (e.g. the economic and security situation in Nigeria).

*There may be current risks not having a significant impact on the business but which could - at a later stage - develop a material impact on the Company's business. The Company's risk management systems are focused on timely discovery of such risks.*

**Executive Board**

Jean-François van Boxmeer (Chairman/CEO)  
René Hooft Graafland (CFO)

Amsterdam, 25 August 2009

**Condensed consolidated interim financial statements for the six months period ended 30 June 2009**

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### Condensed consolidated interim income statement

#### For the six months period ended 30 June

| <i>In millions of EUR</i>   | Note | 2009         | 2008         |
|---|------|--------------|--------------|
| <b>Revenue</b>  | 4    | <b>7,147</b> | <b>6,411</b> |
| <b>Other income</b>   | 4    | <b>10</b>    | <b>14</b>    |
| Raw materials, consumables and services   | 6    | 4,669        | 4,203        |
| Personnel expenses  |      | 1,188        | 1,122        |
| Amortisation, depreciation and impairments  |      | 440          | 378          |
| <b>Total expenses</b>   |      | <b>6,297</b> | <b>5,703</b> |
| <b>Results from operating activities</b>  | 4    | <b>860</b>   | <b>722</b>   |
| Interest income   | 7    | 30           | 31           |
| Interest expenses   | 7    | (294)        | (141)        |
| Other net finance (expenses)/ income  | 8    | 68           | (23)         |
| <b>Net finance expenses</b>   |      | <b>(196)</b> | <b>(133)</b> |
| Share of profit of associates and joint ventures, and impairments thereof (net of income tax) |      | 65           | 50           |
| <b>Profit before income tax</b>   |      | <b>729</b>   | <b>639</b>   |
| Income tax expenses   | 9    | (174)        | (165)        |
| <b>Profit</b>   |      | <b>555</b>   | <b>474</b>   |
| Attributable to:  |      |              |              |
| Equity holders of the Company (net profit)  |      | 489          | 407          |
| Minority interest   |      | 66           | 67           |
| <b>Profit</b>   |      | <b>555</b>   | <b>474</b>   |
| Weighted average number of shares – basic   | 14   | 488,721,256  | 488,931,569  |
| Weighted average number of shares – diluted   | 14   | 489,974,594  | 489,974,594  |
| Basic earnings per share (EUR)  |      | 1.00         | 0.83         |
| Diluted earnings per share (EUR)  |      | 1.00         | 0.83         |

### Condensed consolidated interim statement of comprehensive income

#### For the six months period ended 30 June

*In millions of EUR*

|   | Note | 2009       | 2008        |
|---|------|------------|-------------|
| <b>Profit</b>   |      | <b>555</b> | <b>474</b>  |
| <b>Other comprehensive income:</b>  |      |            |             |
| Foreign currency translation differences for foreign operations             |      | 183        | (65)        |
| Effective portion of change in fair value of cash flow hedge                |      | (61)       | 76          |
| Effective portion of cash flow hedges transferred to the income statement   |      | 1          | (47)        |
| Ineffective portion of cash flow hedges transferred to the income statement |      | 6          | -           |
| Net change in fair value available-for-sale investments                     |      | 14         | (9)         |
| Share of other comprehensive income of associates/joint ventures            |      | 19         | (15)        |
| <b>Other comprehensive income, net of tax</b>                               | 13   | <b>162</b> | <b>(60)</b> |
| <b>Total comprehensive income</b>   |      | <b>717</b> | <b>414</b>  |
| Attributable to:  |      |            |             |
| Equity holders of the Company   |      | 651        | 355         |
| Minority interest   |      | 66         | 59          |
| <b>Total comprehensive income</b>   |      | <b>717</b> | <b>414</b>  |

### Condensed consolidated interim statement of financial position

As at

*In millions of EUR*

|   | Note | 30 June 2009  | 31 December 2008 |
|---|------|---------------|------------------|
| <b>Assets</b>   |      |               |                  |
| Property, plant & equipment                                 | 10   | 6,197         | 6,314            |
| Intangible assets   | 11   | 7,314         | 7,109            |
| Investments in associates and joint ventures                |      | 1,325         | 1,145            |
| Other investments   |      | 608           | 641              |
| Advances to customers                                       |      | 357           | 346              |
| Deferred tax assets   |      | 294           | 259              |
| <b>Total non-current assets</b>                             |      | <b>16,095</b> | <b>15,814</b>    |
| Inventories   |      | 1,311         | 1,246            |
| Other investments   |      | 10            | 14               |
| Trade and other receivables                                 |      | 2,956         | 2,504            |
| Prepayments and accrued income                              |      | 159           | 231              |
| Cash and cash equivalents                                   |      | 466           | 698              |
| Assets classified as held for sale                          |      | 62            | 56               |
| <b>Total current assets</b>                                 |      | <b>4,964</b>  | <b>4,749</b>     |
| <b>Total assets</b>   |      | <b>21,059</b> | <b>20,563</b>    |
| <b>Equity</b>   |      |               |                  |
| Share capital   |      | 784           | 784              |
| Reserves  |      | 97            | (74)             |
| Retained earnings   |      | 4,068         | 3,761            |
| <b>Equity attributable to equity holders of the Company</b> | 14   | <b>4,949</b>  | <b>4,471</b>     |
| Minority interests  |      | 279           | 281              |
| <b>Total equity</b>   |      | <b>5,228</b>  | <b>4,752</b>     |
| <b>Liabilities</b>  |      |               |                  |
| Loans and borrowings  | 15   | 7,833         | 9,084            |
| Employee benefits   |      | 637           | 688              |
| Provisions  | 16   | 353           | 344              |
| Deferred tax liabilities                                    |      | 607           | 637              |
| <b>Total non-current liabilities</b>                        |      | <b>9,430</b>  | <b>10,753</b>    |
| Bank overdrafts   |      | 104           | 94               |
| Loans and borrowings  | 15   | 1,838         | 875              |
| Trade and other payables                                    |      | 4,188         | 3,846            |
| Tax liabilities   |      | 136           | 85               |
| Provisions  | 16   | 135           | 158              |
| <b>Total current liabilities</b>                            |      | <b>6,401</b>  | <b>5,058</b>     |
| <b>Total liabilities</b>                                    |      | <b>15,831</b> | <b>15,811</b>    |
| <b>Total equity and liabilities</b>                         |      | <b>21,059</b> | <b>20,563</b>    |

### Condensed consolidated interim statement of cash flows

For the six months period ended 30 June

In millions of EUR

|  | Note | 2009         | 2008           |
|--|------|--------------|----------------|
| <b>Operating activities</b>  |      |              |                |
| Profit   |      | 555          | 474            |
| Adjustments for:   |      |              |                |
| Amortisation, depreciation and impairments   |      | 440          | 378            |
| Net interest (income)/expenses   | 7    | 264          | 110            |
| Gain on sale of property, plant & equipment, intangible assets and subsidiaries, joint ventures and associates |      | (10)         | (14)           |
| Investment income and share of profit of associates and joint ventures   |      | (71)         | (51)           |
| Income tax expenses  | 9    | 174          | 165            |
| Other non-cash items   |      | 30           | 19             |
| <b>Cash flow from operations before changes in working capital and provisions</b>                              |      | <b>1,382</b> | <b>1,081</b>   |
| Change in inventories  |      | (67)         | (289)          |
| Change in trade and other receivables  |      | (424)        | (1,003)        |
| Change in trade and other payables   |      | 252          | 910            |
| <b>Total change in working capital</b>   |      | <b>(239)</b> | <b>(382)</b>   |
| Change in provisions and employee benefits   |      | (102)        | (104)          |
| <b>Cash flow from operations</b>   |      | <b>1,041</b> | <b>595</b>     |
| Interest paid & received   |      | (237)        | (80)           |
| Dividend received  |      | 48           | 45             |
| Income taxes paid  |      | (117)        | (128)          |
| <b>Cash flow used for interest, dividend and income tax</b>  |      | <b>(306)</b> | <b>(163)</b>   |
| <b>Cash flow from operating activities</b>   |      | <b>735</b>   | <b>432</b>     |
| <b>Investing activities</b>  |      |              |                |
| Proceeds from sale of property, plant & equipment and intangible assets  |      | 43           | 28             |
| Purchase of property, plant & equipment  | 10   | (345)        | (572)          |
| Purchase of intangible assets  | 11   | (11)         | (112)          |
| Loans issued to customers and other investments  |      | (70)         | (94)           |
| Repayment on loans to customers  |      | 31           | 170            |
| <b>Cash flow used in operational investing activities</b>  |      | <b>(352)</b> | <b>(580)</b>   |
| <b>Free operating cash flow</b>  |      | <b>383</b>   | <b>(148)</b>   |
| Acquisition of subsidiaries and minority interests, net of cash acquired                                       | 5    | (56)         | (3,266)        |
| Acquisition of associates, joint ventures and other investments  |      | (57)         | (81)           |
| Disposal of associates, joint ventures and other investments   |      | 7            | 52             |
| <b>Cash flow used for acquisitions and disposals</b>   |      | <b>(106)</b> | <b>(3,295)</b> |
| <b>Cash flow used in investing activities</b>  |      | <b>(458)</b> | <b>(3,875)</b> |

### Condensed consolidated interim statement of cash flows – continued

#### For the six months period ended 30 June

*In millions of EUR*

|  | 2009              | 2008              |
|--|-------------------|-------------------|
| <b>Financing activities</b>                            |                   |                   |
| Proceeds from loans and borrowings                     | 1,532             | 5,286             |
| Repayment of loans and borrowings                      | (1,857)           | (1,534)           |
| Dividends paid   | (236)             | (293)             |
| Purchase own shares                                    | (10)              | (11)              |
| Other  | 24                | 72                |
| <b>Cash flow from / (used in) financing activities</b> | <u>(547)</u>      | <u>3,520</u>      |
| <b>Net Cash Flow</b>                                   | <b>(270)</b>      | <b>77</b>         |
| Cash and cash equivalents as at 1 January              | 604               | 309               |
| Effect of movements in exchange rates                  | 28                | (29)              |
| <b>Cash and cash equivalents as at 30 June</b>         | <u><b>362</b></u> | <u><b>357</b></u> |

### Condensed consolidated interim statement of changes in equity

In millions of EUR

|                                     | Note | Share capital | Translation reserve | Hedging reserve | Fair value reserve | Other legal reserves | Reserve for own shares | Retained earnings | Equity attributable to equity holders of the Company | Minority interests | Total equity |
|-------------------------------------|------|---------------|---------------------|-----------------|--------------------|----------------------|------------------------|-------------------|--|--------------------|--------------|
| <b>Balance as at 1 January 2008</b> |      | <b>784</b>    | <b>7</b>            | <b>44</b>       | <b>99</b>          | <b>571</b>           | <b>(29)</b>            | <b>3,928</b>      | <b>5,404</b>   | <b>307</b>         | <b>5,711</b> |
| Other comprehensive income          | 13   | -             | (74)                | 31              | (9)                | (5)                  | -                      | 5                 | (52)   | (8)                | (60)         |
| Profit                              |      | -             | -                   | -               | -                  | 53                   | -                      | 354               | 407  | 67                 | 474          |
| <b>Total comprehensive income</b>   |      | <b>-</b>      | <b>(74)</b>         | <b>31</b>       | <b>(9)</b>         | <b>48</b>            | <b>-</b>               | <b>359</b>        | <b>355</b>   | <b>59</b>          | <b>414</b>   |
| Transfer to retained earnings       |      | -             | -                   | -               | -                  | (28)                 | -                      | 28                | -  | -                  | -            |
| Dividends to shareholders           |      | -             | -                   | -               | -                  | -                    | -                      | (225)             | (225)  | (99)               | (324)        |
| Purchase minority shares            |      | -             | -                   | -               | -                  | -                    | -                      | -                 | -  | 13                 | 13           |
| Purchase own shares                 |      | -             | -                   | -               | -                  | -                    | (11)                   | -                 | (11)   | -                  | (11)         |
| Share-based payments                |      | -             | -                   | -               | -                  | -                    | -                      | 2                 | 2  | -                  | 2            |
| Changes in consolidation            |      | -             | -                   | -               | -                  | -                    | -                      | -                 | -  | 4                  | 4            |
| <b>Balance as at 30 June 2008</b>   |      | <b>784</b>    | <b>(67)</b>         | <b>75</b>       | <b>90</b>          | <b>591</b>           | <b>(40)</b>            | <b>4,092</b>      | <b>5,525</b>   | <b>284</b>         | <b>5,809</b> |
| <b>Balance as at 1 January 2009</b> |      | <b>784</b>    | <b>(595)</b>        | <b>(122)</b>    | <b>88</b>          | <b>595</b>           | <b>(40)</b>            | <b>3,761</b>      | <b>4,471</b>   | <b>281</b>         | <b>4,752</b> |
| Other comprehensive income          | 13   | -             | 202                 | (54)            | 14                 | -                    | -                      | -                 | 162  | -                  | 162          |
| Profit                              |      | -             | -                   | -               | -                  | 76                   | -                      | 413               | 489  | 66                 | 555          |
| <b>Total comprehensive income</b>   |      | <b>-</b>      | <b>202</b>          | <b>(54)</b>     | <b>14</b>          | <b>76</b>            | <b>-</b>               | <b>413</b>        | <b>651</b>   | <b>66</b>          | <b>717</b>   |
| Transfer to retained earnings       |      | -             | -                   | -               | -                  | (63)                 | -                      | 63                | -  | -                  | -            |
| Dividends to shareholders           |      | -             | -                   | -               | -                  | -                    | -                      | (167)             | (167)  | (64)               | (231)        |
| Purchase own shares                 |      | -             | -                   | -               | -                  | -                    | (10)                   | -                 | (10)   | -                  | (10)         |
| Own shares granted                  |      | -             | -                   | -               | -                  | -                    | 6                      | (6)               | -  | -                  | -            |
| Share-based payments                |      | -             | -                   | -               | -                  | -                    | -                      | 4                 | 4  | -                  | 4            |
| Changes in consolidation            |      | -             | -                   | -               | -                  | -                    | -                      | -                 | -  | (4)                | (4)          |
| <b>Balance as at 30 June 2009</b>   |      | <b>784</b>    | <b>(393)</b>        | <b>(176)</b>    | <b>102</b>         | <b>608</b>           | <b>(44)</b>            | <b>4,068</b>      | <b>4,949</b>   | <b>279</b>         | <b>5,228</b> |

**Notes to the condensed consolidated interim financial statements****1 Reporting entity**

Heineken N.V. (the 'Company') is a company domiciled in the Netherlands. The condensed consolidated interim financial statements of the Company as at and for the six months period ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as 'Heineken' or the 'Group' and individually as 'Heineken' entities) and Heineken's interests in Joint Ventures and associates.

The consolidated financial statements of the Group as at and for the year ended 31 December 2008 are available upon request from the Company's registered office at Tweede Weteringplantsoen 21, Amsterdam or at [www.heinekeninternational.com](http://www.heinekeninternational.com).

**2 Basis of preparation****(a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as endorsed by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

These condensed consolidated interim financial statements were approved by the Executive Board of the Company on 25 August 2009.

**(b) Functional and presentation currency**

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest million unless stated otherwise.

**(c) Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

**3 Significant accounting policies****(a) General**

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2008.

**Notes to the condensed consolidated interim financial statements****(b) Change in accounting policies*****Borrowing costs***

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of that asset. Previously all borrowing costs were immediately recognised as an expense. This change in accounting policy was due to the prospective adoption of IAS 23 Revised (refer to 4(c)) in accordance with the transitional provisions of that standard; comparative figures have not been restated. The change in accounting policy had no material impact on assets, profit or earnings per share for the six months period ended 30 June 2009.

***Amendments to IAS 1 'presentation of financial statements'***

The amendment introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners. The revised IAS 1 constitutes a change on the presentation of the consolidated financial statements. The Company provides total comprehensive income in an income statement and a separate statement of comprehensive income and this has been applied in these condensed interim consolidated financial statements as of and for the six months period ended 30 June 2009. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since IAS 1 revised only impacts presentation aspects, there is no impact on earnings per share.

***Other standards and interpretations***

Other standards and interpretations effective from 1 January 2009 did not have a significant impact on the Company.

**(c) Taxes**

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for tax exempt income or non-deductible expenses.

**(d) Financial risk management**

The aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

### 4. Segment reporting

For the six months period ended 30 June

|  | Note | Western Europe |               | Central and Eastern Europe |              | Africa and the Middle East |              | The Americas |            | Asia Pacific |            | Head Office / Eliminations |              | Consolidated  |               |
|--|------|----------------|---------------|----------------------------|--------------|----------------------------|--------------|--------------|------------|--------------|------------|----------------------------|--------------|---------------|---------------|
| <i>In millions of EUR</i>  |      | 2009           | 2008          | 2009                       | 2008         | 2009                       | 2008         | 2009         | 2008       | 2009         | 2008       | 2009                       | 2008         | 2009          | 2008          |
| <b>Revenue</b>   |      | <b>4,090</b>   | <b>3,372</b>  | <b>1,517</b>               | <b>1,761</b> | <b>920</b>                 | <b>753</b>   | <b>791</b>   | <b>749</b> | <b>141</b>   | <b>127</b> | <b>(312)</b>               | <b>(351)</b> | <b>7,147</b>  | <b>6,411</b>  |
| Other income   |      | 4              | 2             | 6                          | 4            | -                          | 8            | -            | -          | -            | -          | -                          | -            | 10            | 14            |
| <b>Results from operating activities</b>                                 |      | <b>300</b>     | <b>299</b>    | <b>152</b>                 | <b>167</b>   | <b>250</b>                 | <b>196</b>   | <b>97</b>    | <b>85</b>  | <b>35</b>    | <b>19</b>  | <b>26</b>                  | <b>(44)</b>  | <b>860</b>    | <b>722</b>    |
| Net finance expenses   |      |                |               |                            |              |                            |              |              |            |              |            |                            |              | (196)         | (133)         |
| Share of profit of associates and joint ventures and impairments thereof |      | (1)            | (12)          | 1                          | 5            | 9                          | 11           | 34           | 25         | 22           | 21         | -                          | -            | 65            | 50            |
| Income tax expenses  |      |                |               |                            |              |                            |              |              |            |              |            |                            |              | (174)         | (165)         |
| <b>Profit</b>  |      |                |               |                            |              |                            |              |              |            |              |            |                            |              | <b>555</b>    | <b>474</b>    |
| <b>EBIT</b>  |      | <b>299</b>     | <b>287</b>    | <b>153</b>                 | <b>172</b>   | <b>259</b>                 | <b>207</b>   | <b>131</b>   | <b>110</b> | <b>57</b>    | <b>40</b>  | <b>26</b>                  | <b>(44)</b>  | <b>925</b>    | <b>772</b>    |
| via  | 12   | 62             | 73            | 6                          | 5            | -                          | (1)          | -            | (1)        | -            | -          | -                          | 77           | 68            | 153           |
| <b>EBIT (beia)</b>   |      | <b>361</b>     | <b>360</b>    | <b>159</b>                 | <b>177</b>   | <b>259</b>                 | <b>206</b>   | <b>131</b>   | <b>109</b> | <b>57</b>    | <b>40</b>  | <b>26</b>                  | <b>33</b>    | <b>993</b>    | <b>925</b>    |
| <b>Assets</b>  |      | <b>12,398</b>  | <b>12,734</b> | <b>5,075</b>               | <b>5,978</b> | <b>1,955</b>               | <b>1,717</b> | <b>1,514</b> | <b>899</b> | <b>592</b>   | <b>950</b> | <b>(656)</b>               | <b>269</b>   | <b>20,878</b> | <b>22,547</b> |
| Unallocated assets   |      |                |               |                            |              |                            |              |              |            |              |            |                            |              | 181           | 292           |
| <b>Total assets</b>  |      |                |               |                            |              |                            |              |              |            |              |            |                            |              | <b>21,059</b> | <b>22,839</b> |

#### Seasonality

The performance of the Group is subject to seasonal fluctuations as a result of weather conditions. The Group's full year results and volumes are dependent on the performance in the peak-selling season (May-August), typically resulting in higher revenue and profitability in the second half year for the regions Western Europe, Central and Eastern Europe and Americas.

### Notes to the condensed consolidated interim financial statements

#### 5. Acquisitions and disposals of subsidiaries and minority interests

##### *Provisional accounting Scottish & Newcastle ('S&N') acquisition in 2008*

In the consolidated financial statements as at and for the year ended 2008, the fair values of assets and liabilities of the acquisition of Scottish & Newcastle ('S&N') were determined on a provisional basis.

The purchase price adjustments of S&N have been finalised (except for the purchase price and the shareholdings in India, refer to comments below) with some changes compared to the provisional values. The main change concerns a decrease of the deferred tax liabilities of EUR40 million due to the fact that S&N received certainty that part of the pre-acquisition losses will be available for utilisation in the future, which can be offset against deferred tax liabilities already included in the opening balance. Given the fact that the amount is considered not significant on the balance sheet total, the comparatives have not been restated.

With respect to the purchase price, the final settlement with the consortium partner Carlsberg has not yet been completed and is further explained in note 17 Contingencies.

In March 2008, the joint venture partners of Heineken in United Breweries Limited (UBL) filed legal proceedings in India against various Scottish & Newcastle, Heineken and Carlsberg entities claiming that the rights enjoyed by Scottish & Newcastle India Private Limited (the entity through which Heineken holds its investment in UBL) in a shareholders agreement relating to UBL and the Articles of Association of UBL are personal to S&N and do not survive the takeover of S&N by Sunrise Acquisitions Limited in April 2008. Since this date, the joint venture partners and UBL itself have effectively excluded Heineken from the management of UBL and restricted the scope of the financial information previously available to Scottish & Newcastle. The latter is also applicable for our 50% share in Millenium Alcobev Private Limited (MAPL) in which UBL also has a 50% share. At year-end the share price of UBL has been used for impairment testing. Since that date no information, other than the public Indian GAAP information has been made available to Heineken. Consequently, the purchase price adjustments have not been finalized and the results included are based on the latest publicly available information.

##### *Provisional accounting other acquisitions in 2008*

For the other acquisitions during the first six months of 2008 (United Serbian Breweries, Bere Mures, Sierra Leone, Tango and SNBG), the purchase price adjustments have been finalised without significant changes.

##### *Acquisitions in HY 2009*

During the six months ended 30 June 2009, two minor acquisitions occurred within the UK and Egypt. The total investment for these two acquisitions was EUR56 million. Total goodwill on these acquisitions amounts to EUR13 million. These acquisitions both individually and in aggregate are deemed immaterial in respect of IFRS disclosure requirements.

#### 6. Raw materials, consumables and services

| <i>In millions of EUR</i>      | <b>2009</b>         | <b>2008</b>         |
|--------------------------------|---------------------|---------------------|
| Raw materials                  | 581                 | 581                 |
| Non-returnable packaging       | 883                 | 873                 |
| Goods for resale               | 1,112               | 819                 |
| Inventory movements            | (158)               | (130)               |
| Marketing and selling expenses | 839                 | 798                 |
| Transport expenses             | 490                 | 404                 |
| Energy and water               | 166                 | 158                 |
| Repair and maintenance         | 151                 | 133                 |
| Other expenses                 | 605                 | 567                 |
|                                | <b><u>4,669</u></b> | <b><u>4,203</u></b> |

**Notes to the condensed consolidated interim financial statements****7. Interest income and expense**

Interest income and expenses amount to a net expense of EUR264 million, mostly due to higher consolidated net debt for the first six months resulting from the 2008 acquisitions.

**8. Other net finance costs**

The other net finance costs include the (total) book gain of EUR84 million on the purchase of Globe bonds (S&N Pub Enterprises). This amount is treated as an exceptional item below EBIT. Refer to note 15 for further explanation.

**9. Income tax expense**

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2009 was 26.2% (for the six months period ended 30 June 2008: 28.0%).

**10. Property, plant and equipment***Acquisitions*

During the six months ended 30 June 2009 the Group acquired assets with a cost of EUR320 million (six months ended 30 June 2008: EUR2,353 million).

*Capital commitments*

During the six months ended 30 June 2009 the Group entered into contracts to purchase property, plant and equipment for EUR231 million (six months ended 30 June 2008: EUR236 million).

**11. Intangible assets***Impairment tests for cash-generating units containing goodwill*

A review of the impairment triggers has been performed as at 30 June 2009. Based on this review, an impairment test was not considered necessary. Annual impairment tests are performed in December of each year.

**12. EBIT and EBIT(beia)**

EBIT is defined as earnings before interest and taxes and net finance expenses. EBIT (beia) is defined as earnings before interest and taxes and net finance expenses, before exceptional items and amortisation of brands and customer relationships. EBIT (beia) is a non-GAAP measurement and is used by management for internal purposes and press releases only and not for IFRS purposes.

Exceptional items are defined as items of income and expense of such size, nature or incidence, that in view of management their disclosure is relevant to explain the performance of Heineken for the period.

Exceptional items for the six months ended 30 June 2009 on EBIT level amounted to EUR29 million (six months ended 30 June 2008: EUR134 million), mainly relating to Fit to Fight (F2F) in the UK. The amortisation of brands and customer relationships amounted to EUR39 million (six months ended 30 June 2008: EUR19 million).

### Notes to the condensed consolidated interim financial statements

#### 13. Tax effects relating to each component of other comprehensive income

| <i>In millions of EUR</i>   | 2009                     |            |                          | 2008                     |             |                          |
|---|--------------------------|------------|--------------------------|--------------------------|-------------|--------------------------|
| <b>Other comprehensive income:</b>  | <b>Amount before tax</b> | <b>Tax</b> | <b>Amount net of tax</b> | <b>Amount before tax</b> | <b>Tax</b>  | <b>Amount net of tax</b> |
| Foreign currency translation differences for foreign operations             | 183                      | -          | 183                      | (65)                     | -           | (65)                     |
| Effective portion of changes in fair value of cash flow hedge               | (82)                     | 21         | (61)                     | 101                      | (25)        | 76                       |
| Effective portion of cash flow hedges transferred to the income statement   | 1                        | -          | 1                        | (59)                     | 12          | (47)                     |
| Ineffective portion of cash flow hedges transferred to the income statement | 8                        | (2)        | 6                        | -                        | -           | -                        |
| Net change in fair value available-for-sale investments                     | 14                       | -          | 14                       | (9)                      | -           | (9)                      |
| Share of other comprehensive income of associates                           | 19                       | -          | 19                       | (15)                     | -           | (15)                     |
| <b>Total other comprehensive income</b>                                     | <b>143</b>               | <b>19</b>  | <b>162</b>               | <b>(47)</b>              | <b>(13)</b> | <b>(60)</b>              |

#### 14. Equity

##### *Weighted average number of shares – basic*

| <i>In shares</i>   | 2009               | 2008               |
|--|--------------------|--------------------|
| Number of shares – basic- as at 1 January                        | 488,930,361        | 489,174,594        |
| Effect of own shares held  | (209,105)          | (243,025)          |
| <b>Weighted average number of shares – basic - as at 30 June</b> | <b>488,721,256</b> | <b>488,931,569</b> |

##### *Dividends*

The following dividends were declared and paid by Heineken:

| <i>In millions of EUR</i>  | 2009       | 2008       |
|--|------------|------------|
| Final dividend previous year EUR0.34, respectively EUR0.46 per qualifying ordinary share | 167        | 225        |
| <b>Total dividend declared and paid</b>  | <b>167</b> | <b>225</b> |

After the balance sheet date the Executive Board proposed the following dividends. These interim dividends have not been provided for.

| <i>In millions of EUR</i>                             | 2009 | 2008 |
|---|------|------|
| EUR0.25 per qualifying ordinary share (2008: EUR0.28) | 122  | 137  |

### Notes to the condensed consolidated interim financial statements

#### 15. Loans and borrowings

*In millions of EUR*

|   | 30 June 2009 | 31 Dec 2008  |
|---|--------------|--------------|
| Non-current interest-bearing liabilities                    | 7,339        | 8,675        |
| Non-current non-interest-bearing liabilities                | 494          | 409          |
| <b>Total</b>  | <b>7,833</b> | <b>9,084</b> |
| Current portion of non-current interest-bearing liabilities | 1,476        | 527          |
| Deposits from third parties                                 | 362          | 348          |
| <b>Total</b>  | <b>1,838</b> | <b>875</b>   |

In February 2009, the Company placed 6-year Sterling Notes for a principal amount of GBP400 million with a coupon of 7.25%. These Notes were issued under its European Medium Term Note Programme. The Notes are listed on the Luxemburg Stock Exchange.

The proceeds of the offering have been used to partially refinance bank credit facilities related to the Scottish & Newcastle acquisition and for general corporate purposes.

Most of the proceeds have been swapped into fixed-rate Euro, with an effective interest rate below 7%.

In March 2009, the Company placed 5-year Euro Notes for a principal amount of EUR1 billion with a coupon of 7.125%. These Notes have been issued under the EMTN Programme and are listed on the Luxembourg Stock Exchange. The proceeds of these notes have been used to partially refinance bank credit facilities related to the Scottish & Newcastle acquisition and for general corporate purposes.

In May 2009 the Company acquired a further 55.6% of Class A1 Notes representing a face value of GBP111.2 million issued by Globe Pub Issuer plc ('Globe'). In addition, the Company acquired 31.6% of Class B1 Notes issued by Globe, representing a face value of GBP18 million, and a 21.7% participation in the syndicated bank debt (being GBP50 million out of an aggregate of GBP230 million).

These additional purchases follow the Company's initial acquisition of 30.1% of Class A1 Notes issued by Globe, representing a face value of GBP60.2 million, on 17 April 2009. The Company therefore now owns a total of 85.7% of the Class A1 Notes. In addition, Heineken has assumed the economic interest of the counterparty of Globe Pub Management Limited in a swap transaction. The swap was entered in 2006, when the floating interest rate in relation to the syndicated bank debt was swapped for a fixed interest rate.

The Company has purchased the Notes and syndicated bank debt at a substantial discount to face value. As Globe is part of the Group as per 28 April 2008, the net debt of Globe is included in the consolidated balance sheet of the Group and therefore, the acquisition of debt of Globe at a discount, results in a reduction of the Group's total net debt position and a realisation of a net book gain as explained in note 8.

On 17 February 2009, Heineken obtained a fully committed two-year stand-by revolving credit facility of EUR250 million, subsequently increased to EUR375 million after syndication. In April 2009, an additional fully committed two-year stand-by revolving credit facility of EUR150 million was obtained.

#### 16. Provisions

##### *Restructuring*

The provision for restructuring mainly relates to restructuring programmes in The Netherlands, France, Spain and the UK.

##### *Other provisions*

Other provisions consist of, amongst others, provisions formed for onerous contracts, surety provided, litigation and claims, and environmental provisions.

**Notes to the condensed consolidated interim financial statements****17. Contingencies***Netherlands*

Heineken is involved in an antitrust case initiated by the European Commission for alleged violations of the European Union competition laws. By decision of 18 April 2007 the European Commission stated that Heineken and other brewers operating in the Netherlands, restricted competition in the Dutch market during the period 1996-1999. This decision follows an investigation by the European Commission that commenced in March 2000. Heineken fully cooperated with the authorities in this investigation. As a result of its decision, the European Commission has imposed a fine on Heineken of EUR219 million in 2007.

All cartel decisions by the European Commission may be appealed against before the European Court of First Instance and then before the Court of Justice of the European Communities in Luxembourg. These two courts are empowered to annul decisions in whole or in part and to reduce or increase fines, where this is deemed appropriate.

On 4 July 2007 Heineken filed an appeal with the European Court of First Instance against the decision of the European Commission as Heineken disagrees with the findings of the European Commission. Pending appeal, Heineken was obliged to pay the fine to the European Commission. This imposed fine was paid in 2007 and was treated as an expense in our 2007 Annual Report.

The European Commission filed its defense on 22 November 2007. Heineken has filed its statement of reply in March 2008. The European Commission has filed its reply by rejoinder in May 2008, Heineken is entitled to request for oral pleadings before the court. A final decision by the European Court is expected thereafter.

*Carlsberg*

The consideration paid (purchase price) for the acquisition of S&N is subject to change as, in line with the consortium agreement, the final net debt settlement is being discussed between the consortium partners. Given that the outcome is not virtually certain it would be impracticable to estimate the financial effects of the net debt settlement.

**18 Related party transactions**

Heineken has related party relationships with its associates and joint ventures. These transactions are conducted on terms comparable to transactions with third parties. The related party transactions with associates and joint ventures in the first six months period ended 30 June 2009 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year ended 31 December 2008.

**19. Subsequent events**

There are no significant subsequent events to report.

**Executive Board**

Jean-François van Boxmeer (Chairman/CEO)  
René Hoofdt Graafland (CFO)

Amsterdam, 25 August 2009

To: the Executive Board of Heineken N.V.

Review report

*Introduction*

We have reviewed the accompanying condensed consolidated interim financial information for the six month period ended 30 June 2009 of Heineken N.V., Amsterdam as set out on pages 26 to 39, which comprises the condensed consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows and the selected explanatory notes for the six month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, '*Interim Financial Reporting*' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

*Scope of review*

We conducted our review in accordance with Dutch law including standard 2410, "*Review of Interim Financial Information Performed by the Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*', as adopted by the European Union.

Amstelveen, 25 August 2009

KPMG ACCOUNTANTS N.V.

G.L.M. van Hengstum RA

**Glossary****Beia**

Before exceptional items and amortization of brands and customer relationships.

**Cash conversion ratio**

Free operating cash flow/Net profit (beia) before deduction of minority interests.

**Depletions**

Sales by distributors to the retail trade.

**Dividend payout**

Proposed dividend as percentage of net profit (beia).

**Earnings per share****Basic**

Net profit divided by the weighted average number of shares – basic – during the year.

**Diluted**

Net profit divided by the weighted average number of shares – diluted – during the year

**EBIT**

Earnings before interest, taxes and net finance expenses.

**EBITDA**

Earnings before interest, taxes, net finance expenses, depreciation and amortisation.

**Effective tax rate**

Income tax expenses divided by profit before income tax excluding share of profit of associates and joint ventures (including impairments thereof).

**Fit2Fight**

Completed cost saving programme reduced the fixed cost base in 2008 versus 2005 by EUR 469 million.

**Fixed costs ratio**

Fixed costs as a percentage of revenue.

**Free operating cash flow**

This represents the total of cash flow from operating activities, and cash flow from operational investing activities.

**Net debt**

Non-current and current interest-bearing loans and borrowings and bank overdrafts less investments held for trading and cash.

**Net debt/EBITDA (beia) ratio**

The ratio is based on a twelve month rolling calculation for EBITDA (beia).

**Net profit**

Profit after deduction of minority interests (profit attributable to equity holders of the Company).

**Organic growth**

Growth excluding the effect of foreign exchange rate movements, consolidation changes, exceptional items, amortisation of brands and customer relationships and changes in accounting policies.

### **Organic volume growth**

Increase in consolidated volume, excluding the effect of the first time consolidation of acquisitions.

### **Profit**

Total profit of the Group before deduction of minority interests.

### **®**

All brand names mentioned in this report, including those brand names not marked by an ®, represent registered trade marks and are legally protected.

### **Region**

A region is defined as Heineken's managerial classification of countries into geographical units.

### **Revenue**

Net realised sales proceeds in Euros.

### **Total Cost Management Programme (TCM)**

TCM is a 3-year cost reduction programme covering the period 2009-11. All initiatives are clustered in four business streams: Supply Chain, Commerce, Wholesale and Others.

### **Top-line growth**

Growth in net revenue.

### **Volume**

#### Amstel® volume

The group beer volume of the Amstel brand.

#### Consolidated beer volume (excluding Joint Ventures)

100 per cent of beer volume produced and sold by fully consolidated companies excluding the beer volume brewed and sold by joint venture companies.

#### Group beer volume

The part of the total Group volume that relates to beer.

#### Heineken® volume

The Group beer volume of the Heineken brand.

#### Heineken® volume in premium segment

The Group beer volume of the Heineken brand in the premium segment (Heineken volume in the Netherlands is excluded).

#### Total beer volume

The Group beer volume in a country.

#### Total group volume

100 per cent of beer, soft drinks and other beverages volume produced and sold by fully consolidated companies and joint-venture companies as well as the volume of Heineken's brands produced and sold under licence by third parties.

### **Weighted average number of shares**

#### Basic

Weighted average number of issued shares adjusted for the weighted average of own shares purchased in the year.

#### Diluted

Weighted average number of basic shares after adjustment for the effects of all dilutive own shares purchased.