Heineken NV

Press release

Heineken N.V. reports solid operating performance for the first half 2011

Amsterdam, 24 August 2011 – Heineken N.V. today announced:

- Organic growth in group beer volume of 4.2% with higher volume across all regions. Volume of the Heineken® brand in the premium segment increased 4.7%, led by growth in Asia Pacific and Western Europe;
- On an organic basis, revenue grew 3.3%, driven by a positive volume effect of 2.2% and increased price and sales mix of 1.1%;
- Organically, EBIT (beia) grew 3.9%, as an increase in revenues, cost savings and higher profit from joint ventures was partially offset by planned higher marketing investment and increased input costs;
- Net profit (beia) of €694 million (+5.7% organic growth), reflecting higher EBIT (beia) and lower interest expenses, partly offset by higher taxation expense. Reported net profit declined 14%, primarily reflecting a significant exceptional gain last year;
- Total Cost Management (TCM) programme delivered €82 million of pre-tax savings in the first half 2011;
- Strong free operating cash flow generation of €779 million, resulting in an improved net debt/EBITDA (beia) ratio of 2.1x;
- Interim dividend of €0.30 per share, an increase of 15% compared with last year's interim dividend.

Key figures[1] (in mhl or €m unless stated otherwise)	**HY 2011**	**HY 2010**[2]	**Change %**	**Organic Growth %**
Group beer volume	104.1	86.4	20	4.2
Total consolidated volume[3]	94.3	80.4	17	2.7
Of which: Consolidated beer volume	79.8	63.9	25	3.9
Heineken® premium volume	13.4	12.8	4.7	4.7
Revenue	8,358	7,520	11	3.3
EBIT	1,113	1,201	-7.4	
EBIT (beia)	1,259	1,137	11	3.9
Net profit	605	700	-14	
Net profit (beia)	694	626	11	5.7
Free operating cash flow	779	699	11	
Net debt/EBITDA (beia)[4]	2.1x	2.6x		
Diluted EPS (beia) (in €)	1.17	1.19	-1.7	

1 For an explanation of the terms used please refer to the Glossary in the Appendix. Unless otherwise stated, any reference to volume growth rates throughout the release relate to group beer volume.
2 2010 financials at group and region level have been restated for a change in accounting policy and/or segment reporting. Refer to Scope and Accounting changes under the Financial Review section for details.
3 This new metric has been introduced to aid investor understanding of total volume performance and revenue development. Total consolidated volume is defined as 'Volume produced and sold by fully consolidated companies (including beer, cider, soft drinks and other beverages), volume of third party products and volume of Heineken's brands produced and sold under license by third parties'.
4 Including acquisitions on a 12 month pro-forma basis.

CEO Statement

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

"This is a solid performance for the first half of the year, with higher organic group beer volume across all regions. Our focus on transforming our geographic footprint, aligned with increased marketing investment has enabled us to deliver robust top-line growth and gains in market share. Furthermore, we delivered an incremental €82 million of cost savings through our Total Cost Management programme, driving organic growth in EBIT (beia).

Continuing to invest in our key brands is helping us to win with consumers. The Heineken® brand continued to outperform our overall portfolio, driven by strong marketing and innovation propositions. We are delighted with the early consumer response to our new global "Open Your World" campaign, with its success evident from recent awards received at the 2011 Cannes Lions International Creativity Festival. In March, we launched Heineken® in the Mexican market, and in August we started brewing the Heineken® brand locally in India as we progress our exciting UBL partnership. New campaigns to support the international roll-out of Desperados and Strongbow Gold have also made a positive impact.

We will continue our relentless focus on tight cost management, realisation of planned synergies from earlier acquisitions and strong cash flow generation to support near-term performance. Whilst mindful of the continuing volatility and increased uncertainties in the global economy, I remain confident that these efforts combined with our strengthened global platform and higher marketing investments, position the company well to deliver sustainable growth over the long-term."

2011 Full Year Outlook

Heineken expects trading conditions in Latin America, Sub-Saharan Africa and Asia Pacific to benefit from a continued positive economic environment. Volume development in parts of Europe and the USA is expected to remain challenging given the current economic uncertainty, high unemployment and ongoing weak consumer confidence.

Heineken expects a slightly higher rate of input cost inflation in the second half of the year (compared with the first half of 2011). For the full year, Heineken continues to expect a low single-digit increase in input costs (on a per hectolitre basis). Heineken will continue its focus on long-term brand building through higher marketing investment. In the second half of the year marketing and selling (beia) expense, on an organic basis, is expected to increase by low single-digits, compared with the second half of 2010.

The current 3-year TCM programme covering the period 2009 to 2011 is expected to deliver further cost savings in the second half of the year. With a culture of continuous improvement now firmly embedded across its business, Heineken plans to introduce a new 3-year cost saving programme from the beginning of 2012. A key initiative involves the formation of a Global Business Services organisation that will enable the Company to better leverage the scale of its global operations. Investment in this new global function is expected to give rise to additional efficiency benefits and support profitability in future years.

For 2011, gross capital expenditure related to property, plant and equipment is forecast to be approximately €800 million.

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Heineken does not expect material changes to the effective tax rate (beia) in 2011 (2010: 27.3%). The effective tax rate (beia) in the second half of 2011 will be slightly lower than the rate in the second half of 2010. Heineken forecasts an average interest rate of around 5.5% for 2011.

Heineken is targeting a cash conversion rate of around 100% for the full year 2011, supported by strong cash flow generation and disciplined capital allocation.

Heineken has witnessed volume weakness in the high-selling season of July and early August 2011, reflecting poor weather conditions in Europe, in combination with lower consumer confidence in some key markets. This will affect second half 2011 volume and profit performance and therefore Heineken expects full year net profit (beia), on an organic basis, to be broadly in line with last year. Heineken remains confident that its highly diversified geographic footprint, ongoing cost saving programmes and higher investment in long-term brand building initiatives will support growth in future years.

Interim dividend

In accordance with the existing dividend policy, Heineken N.V. fixes its interim dividend at 40% of the total dividend of the previous year. As a result, an interim dividend of €0.30 per share of €1.60 nominal value will be paid on 6 September 2011. The shares will trade ex-dividend on 26 August 2011.

Attachment: Half-year report and Glossary

Heineken N.V. Agenda:

Trading update for Q3 2011	26 October 2011
Financial Markets Conference	8-9 December 2011
Financial results for the full year 2011	15 February 2012
Trading update for Q1 2012	18 April 2012
Annual General Meeting of Shareholders (AGM)	19 April 2012

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Editorial information:

Heineken 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 it operates and to have the world's most valuable brand portfolio. The Company is present in over 70 countries and operates 140 breweries with volume of 205 million hectolitres of beer sold on a pro-forma basis. 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, Dos Equis, Foster's, Kingfisher, Newcastle Brown Ale, Ochota, Primus, Sagres, Sol, Star, Strongbow, Tecate, Tiger and Zywiec. On a 2010 pro-forma basis, including FEMSA Cerveza, revenue totalled €17 billion and EBIT (beia) was €2.7 billion. The average number of people employed is more than 70,000. 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. Most recent information is available on Heineken's website: www.heinekeninternational.com.

Disclaimer:

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 2011 consists of the statement of the Executive Board, the management report and the condensed consolidated interim financial statements. The condensed consolidated interim financial statements have been reviewed. The review report of KPMG Accountants N.V. is included in the condensed consolidated interim financial statement on page 45.

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 2011, 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 2011 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, 23 August 2011

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MANAGEMENT REPORT

OPERATIONAL REVIEW

Heineken delivered a solid operating performance in the first half of 2011 with EBIT (beia) increasing by 3.9% on an organic basis. This result was driven by increased revenue, TCM cost savings and higher profit from joint venture operations, partly offset by higher planned marketing investment and increased input costs. EBIT (beia) increased in Western Europe, Asia Pacific, Africa & Middle East and The Americas, while profit was lower in Central & Eastern Europe.

Revenue grew 11% to €8,358 million, mainly reflecting a positive net consolidation scope impact of €700 million (+9.3%). Foreign currency movements had a negative 1.5% impact on revenue. On an organic basis, revenue rose 3.3%, reflecting a positive volume effect of 2.2% (including the impact of country mix) and increased price and sales mix of 1.1%.

Reported net profit was 14% lower in the first half of 2011, primarily reflecting a large exceptional gain recorded last year. On an organic basis, net profit (beia) grew 5.7% driven by higher EBIT (beia) and lower interest expenses, partly offset by a higher taxation (beia) expense.

Heineken generated strong free operating cash flow of €779 million in the first half of 2011, representing an increase of €80 million compared to the prior year period. This increase was driven by higher cash flow from operations and lower interest paid, partly offset by higher net capital expenditure and income taxes paid. Net debt declined to €7,980 million at 30 June 2011 (from €8,099 million at 31 December 2010), with the net debt/EBITDA (beia) ratio improving to 2.1x, in line with the Company's long-term target of below 2.5x.

Volume development

In the first half of 2011, group beer volume increased by 20% to 104 million hectolitres, largely reflecting the first time consolidation of the beer operations of FEMSA for the four months ending April 2011. On an organic basis, group beer volume grew 4.2%, with growth achieved across all regions. Central & Eastern Europe represented approximately half of total group beer volume growth, reflecting a strong volume recovery in Russia following the impact of last year's price increase to cover higher excise duties.

Organically, total consolidated volume grew 2.7%. On an organic basis, consolidated beer growth of 3.9% and mid single-digit volume growth of soft drinks, was partly offset by a low single-digit decline in volume of third party products sold through wholesale operations and a mid single-digit decline in cider volumes.

Global brands and innovation

Volume of the **Heineken**® brand in the premium segment grew 4.7% to 13.4 million hectolitres, again outpacing group beer volume growth. The most significant contributors to this growth include Vietnam, France, Brazil, Chile, Nigeria, Taiwan, China, Russia and the UK. Heineken® brand volumes were lower in the USA and Greece, reflecting the challenging economic conditions in both markets.

Higher marketing investment in the Heineken® brand continues to support long-term brand equity building. In the first half of the year, the Company effectively leveraged the brand's sponsorships of the Heineken Cup and UEFA Champions League and launched the new global Heineken® 'Open Your World' marketing campaign in new markets. Following the highly successful launch of 'The Entrance' commercial in December 2010, a sequel, 'The Date', will be introduced in key markets from this September. The campaign has now been launched in 30 markets and received five awards at the 2011 Cannes Lions International Festival of Creativity. As part of a global initiative to standardise packaging for the Heineken® brand, the new global Heineken bottle has now been introduced in over 85% of countries where the brand is sold.

Volume of the **Amstel** brand declined slightly to 4.9 million hectolitres, largely due to lower volumes in Greece, which was partially offset by a strong brand performance in Spain.

Desperados, our high-margin, tequila-flavoured specialty beer, grew volume by over 25%, primarily driven by sustained growth in key existing markets such as France, Germany and Poland. In the first half of the year, the brand was successfully launched in ten new markets, supported by a strong communication platform and activation in both on- and off-trade channels.

Volume of the Company's main cider brand, **Strongbow**, declined in the mid single-digits. This performance reflects a high single-digit decline in the UK following strong growth last year leading up to the 2010 FIFA World Cup, increased competition and the voluntary discontinuation of Strongbow Black on social responsibility considerations. In the second quarter of 2011, Strongbow was launched in Italy and a new marketing campaign was introduced in the Netherlands.

Heineken continues to invest for growth through **innovation** with a target to double its innovation rate from 3% to 6% by 2020. The Company continues to support local premium brands with the introduction of new flavour and package varieties. In the growing non-alcoholic beer segment, Cruzcampo Sin was launched in Spain and a new line extension for the Golden Brau brand in Romania. Sagres Festa, a low-alcohol beer was launched in Portugal. In addition, new flavour variants were introduced in several markets including Zlaty Bazant Radler Citron in Slovakia, Karlovacko Radler in Croatia and Soproni Orange in Hungary. In Poland, non-pasteurised bottle variants of the Lezajsk and Krolewskie brands were launched. In the Netherlands, the launch of a new 4 litre PET keg for the Heineken® and Amstel brands has achieved a positive early consumer response.

Beer operations of FEMSA

The beer operations of FEMSA were consolidated from 1 May 2010, thereby contributing to the organic growth performance of Heineken N.V. in May and June 2011. Heineken remains on track to achieve its stated targeted cost synergies of €150 million in 2013. Since the beginning of 2011, €45 million of pre-tax cost synergies have been realised, resulting in cumulative cost synergies of €87 million since the acquisition in May 2010. Savings have been primarily achieved in the areas of purchasing, sales, distribution and administration. As part of our brand portfolio strategy in Mexico, we launched the Heineken® brand in March 2011.

Total Cost Management (TCM)

In the first half of 2011, pre-tax savings of €82 million were realised under the Company's TCM programme, resulting in cumulative savings of €517 million since 2009. The supply chain function has contributed 55% of the year-to-date savings driven by productivity and efficiency improvements across manufacturing and logistics. Commerce contributed 16% of the savings, wholesale operations 5% and the remainder was mainly realised in 'non-product' related spend areas. At a regional level, Europe accounted for 80% of year-to-date savings, with Africa & the Middle East representing the majority of the balance. Pre-tax exceptional costs related to TCM were €81 million in the first half of 2011.

Leveraging increased global scale

Heineken has taken important steps to better leverage its global scale and drive further harmonisation of processes and systems to deliver operational improvements and efficiencies across the group.

Since the formation of a Global Business Services organisation in late 2010, significant progress has been made in determining the optimal organisational structure to drive efficiencies in global purchasing, information technology and transactional finance shared services. We have now entered the detailed design phase of these initiatives with a planned phased implementation across markets from the second quarter of 2012.

REGIONAL REVIEW

Western Europe

In mhl or €m unless stated otherwise	Half Year 2011	Half Year 2010 (restated)[1]	Total change %	Organic change %
Group beer volume	22.6	22.3	1.0	1.0
Total consolidated volume	32.2	32.9	-1.9	0.0
Of which: Consolidated beer volume	22.4	22.2	1.0	1.0
Heineken® premium volume	3.9	3.7	5.3	5.3
Revenue	3,804	3,929	-3.2	0.7
EBIT (beia)	456	394	16	13
Operating profit (beia) margin	12.0%	10.0%	200 bp	

[1] 2010 financials at group and region level have been restated for a change in accounting policy and/or segment reporting. Refer to Scope and Accounting changes under the Financial Review section for details.

Group beer volume grew 1% in the first half of the year, benefiting from favourable weather early in the second quarter and higher volume in off-trade channels. This performance was led by growth in France, Italy and Ireland, partly offset by lower volume in the UK and the Netherlands. Volumes in Spain and Portugal were in line with last year. Total consolidated volume was stable, on an organic basis, with higher beer volume offset by a low single-digit decline in wholesale operations and high single-digit volume decrease in cider.

The **Heineken**® brand in the international premium segment grew by 5.3%, driven by strong performances in France, the UK, Italy and Portugal.

The decline in reported revenue primarily reflects the deconsolidation of the Waverley TBS wholesale business in the UK from June 2010. EBIT (beia) grew 13% on an organic basis as higher revenue and the benefit of TCM cost savings were only partially offset by higher marketing spend. The prior year deconsolidation of the Waverley TBS wholesale business and other cost saving initiatives in the UK contributed to an increase in regional operating profit (beia) margin.

In the **UK**, EBIT (beia) grew, driven by the benefit of cost savings from current and prior year operational efficiency initiatives. Heineken UK outperformed the overall beer market in the first half, building on continued marketing investment and a new campaign for Foster's and Heineken®. Strong activation of the Heineken® brand supported brand volume growth of 15%. Overall, economic weakness and low consumer confidence more than offset the volume recovery from a delisting last year with key retailers, contributing to a low single-digit decline in beer volume. Cider volumes declined high single-digits following strong growth during last year's FIFA World Cup and the voluntary discontinuation of Strongbow Black on social responsibility considerations. This, combined with the introduction of new competition, contributed to some loss in cider share.

Volume in **France** grew in the high single-digits as favourable weather conditions and successful trade marketing programmes drove solid growth in off-trade channels. All four strategic brands – Heineken®, Desperados, Pelforth and Affligem – grew volume. This contributed to market share gains in the first half of 2011. EBIT (beia) grew substantially, reflecting higher revenues and lower fixed costs.

In **Spain**, the beer market remains resilient despite ongoing economic challenges, with Heineken Espana delivering volumes in line with last year. Growth of our leading mainstream brand, Cruzcampo, and Amstel benefited from strong activation in off-trade channels. EBIT (beia) remained broadly stable.

Volume in **Italy** grew in the low single-digits benefiting from warm weather in April and May and strong Easter activation. EBIT (beia) was broadly unchanged as higher revenues and lower fixed costs were offset by increased marketing spend. Strongbow Gold cider was launched in the second quarter.

The beer market in the **Netherlands** remained broadly stable, benefiting from favourable weather conditions early in the second quarter. Heineken Netherlands volume declined in the low single-digits, partly reflecting the effect of FIFA World Cup promotional activity in June last year. In the second quarter, the Company introduced a new 4 litre PET keg in the market for the Heineken® and Amstel brands. In addition, a new marketing campaign and packaging was introduced for Strongbow Gold. Organically, EBIT (beia) declined, reflecting lower revenues that were partly offset by improved cost efficiencies.

Central & Eastern Europe

In mhl or €m unless stated otherwise	Half Year 2011	Half Year 2010 (restated)[1]	Total change %	Organic change %
Group beer volume	25.4	23.6	7.5	7.5
Total consolidated volume	23.3	21.6	7.8	7.8
Of which: Consolidated beer volume	21.8	20.1	8.6	8.6
Heineken premium® volume	1.1	1.1	-2.9	-2.9
Revenue	1,577	1,515	4.1	4.4
EBIT (beia)	155	159	-2.5	-2.1
Operating profit (beia) margin	9.5%	10.1%	-60 bp	

[1] 2010 financials at group and region level have been restated for a change in accounting policy and/or segment reporting. Refer to Scope and Accounting changes under the Financial Review section for details.

Group beer volume in Central & Eastern Europe increased 7.5%, reflecting growth across Russia, Poland, Romania and Austria and continued volume weakness in Greece. Russia accounted for around two thirds of regional volume growth. The growth in total consolidated volume reflects strong consolidated beer and soft drink category, while volume of wholesale operations was stable.

Heineken® volume declined 2.9% reflecting very challenging economic conditions in Greece, partly offset by strong growth in Russia and Germany.

Organically, EBIT (beia) was lower as higher volumes were offset by unfavourable price and sales mix, additional marketing investments and higher input costs.

Volume in **Russia** grew by over 25% reflecting a strong volume rebound following the effect of higher pricing last year to cover a significant increase in excise tax. All four strategic brands – Heineken®, Zlaty Bazant, Ochota and Three Bears – grew strongly, contributing to market share gains. EBIT (beia) was lower, driven by negative price and sales mix, higher input costs and increased marketing investment.

The economic environment in **Poland** remains resilient, supporting overall growth in the beer market. Volume in Poland increased in the mid single-digits with strong growth of the Tatra and Lezajsk brands. The Zywiec and Warka brands both declined, affected by increased price competition. EBIT (beia) was lower organically, due to negative channel and product mix and higher marketing investments.

In **Austria**, the beer market started positively in 2011, mostly driven by growth in the off-trade channel. Heineken increased market share, following the success of new flavour extensions under the Gösser and Zipfer brands. EBIT (beia) grew driven by increased volume, higher prices and tight cost management.

In **Romania**, volume grew in the mid single-digits, contributing to market share gains. EBIT (beia) grew significantly led by improved price mix and lower fixed costs.

The **Greek** economy continues to be negatively impacted by a decline in real wages, high levels of unemployment and austerity measures. Volume declined in the mid-teens, in line with the overall beer market, as consumption continues to be impacted by increases in excise duties and VAT, outlet closures in the on-trade and reduced consumer confidence and spending. The volume decrease led to a significant decline in EBIT (beia). In the second quarter, the Amstel Premium Pilsner and Sol brands were both successfully launched.

The Americas

In mhl or €m unless stated otherwise	Half Year 2011	Half Year 2010 (restated)[1]	Total change %	Organic change %
Group beer volume	28.9	16.2	78	0.4
Total consolidated volume	24.4	13.0	89	-2.0
Of which: Consolidated beer volume	24.3	11.8	106	-2.4
Heineken premium® volume	3.9	4.0	-1.6	-1.6
Revenue	1,965	1,231	60	0.4
EBIT (beia)	294	229	28	1.7
Operating profit (beia) margin	13.1%	15.7%	-260 bp	

[1] 2010 financials at group and region level have been restated for a change in accounting policy and/or segment reporting. Refer to Scope and Accounting changes under the Financial Review section for details.

The beer operations of FEMSA were consolidated for the first time on 1 May 2010 and contribute to organic changes in May and June 2011.

The **Heineken**® brand declined 1.6% following lower shipments to distributors in the US, partially offset by higher volumes in Mexico, Brazil, Chile and Argentina.

EBIT (beia) grew 28%, mainly due to the first time contribution of the beer operations of FEMSA for the first four months of 2011. On an organic basis, EBIT (beia) increased 1.7% as lower fixed costs more than offset higher marketing expenses. The decrease in operating profit (beia) margin in the region primarily reflects the effect of the first time consolidation of the beer operations of FEMSA.

In **Mexico**, volume on a six-month pro-forma basis increased 0.8%. This was below beer market growth, resulting in some market share loss. Volume declined for the two-month period ending June, contributing to an organic volume decline in the country. Strong growth of the Tecate and Dos Equis brands was offset by declines in the Sol and Carta Blanca brands. Heineken® was successfully launched in March 2011. EBIT (beia) on a pro-forma basis grew driven by higher pricing and cost synergies.

In **Brazil**, the overall beer market declined slightly reflecting a federal excise tax increase in April, unfavourable weather and strong activation of the FIFA World Cup event last year. Heineken Brasil volume grew 5.7% organically, driven by strong gains of Heineken® and higher volumes for the Kaiser and Bavaria brands. EBIT (beia) was adversely impacted by higher fixed costs and increased marketing spend.

The **US** beer market declined 2% in the first half of 2011, as an uncertain economic environment continues to impact consumer spending. Depletions were down by 4%, leading to slight share loss. The new global Heineken® campaign was launched earlier in the year. Dos Equis achieved strong volume gains following increased outlet distribution. Organically, EBIT (beia) decreased due to lower volume, higher logistical costs and a planned increase in marketing spend.

Companias Cervecerias Unidas (CCU), the Company's joint venture business in **Chile** and **Argentina**, grew volume, led by growth of the Escudo and Heineken® brands in Chile. Heineken's share of net profit in CCU declined in the first half of 2011. This performance partly reflects a higher comparable 2010 profit result following the recognition of a net gain on the sale of real estate recorded in the second quarter of last year.

Africa & the Middle East

In mhl or €m unless otherwise stated	Half Year 2011	Half Year 2010 (restated)[1]	Total change %	Organic change %
Group beer volume	13.7	12.3	12	5.9
Total consolidated volume	13.7	12.3	11	5.6
Of which: Consolidated beer volume	10.7	9.2	16	8.5
Heineken premium® volume	1.3	1.2	7.5	7.5
Revenue	1,052	971	8.4	11
EBIT (beia)	284	278	2.3	5.9
Operating profit (beia) margin	25.4%	27.1%	-170 bp	

[1] 2010 financials at group and region level have been restated for a change in accounting policy and/or segment reporting. Refer to Scope and Accounting changes under the Financial Review section for details.

Organically, group beer volume rose 5.9%, driven by strong growth momentum across most markets. Total consolidated volume grew 5.6% organically, driven by consolidated beer volume growth and higher soft drink volume, partly offset by lower water volume. Segment results include the first time consolidation of the Sona breweries in Nigeria (acquired in January 2011).

The **Heineken**® brand grew 7.5% with strong performances in Nigeria, Algeria and South Africa, partially offset by a decline in Egypt.

EBIT (beia) increased 2.3% as organic growth of 5.9% was partially eroded by the devaluation of the Nigerian naira. The first-time contribution from the newly acquired Sona business in Nigeria was not significant. The decline in operating profit (beia) margin is mainly due to a lower profit result in Egypt.

Growth of the **Nigerian** beer market was driven by continued economic growth and rising per capita income. Strong volume growth was driven by the Star, Gulder, Maltina, Amstel and Heineken® brands. Growth in EBIT (beia), on an organic basis, was primarily driven by increased volume and higher pricing. Heineken International is in discussions with Nigerian Breweries and Consolidated Breweries regarding the transfer of ownership of the breweries of the Sona group acquired in January 2011.

Volume of our **South African** joint venture increased in the mid single-digits. This was achieved in a broadly stable beer market reflecting cold weather and strong comparable growth from last year's FIFA World Cup.

Volume in the **Democratic Republic of the Congo** (DRC) increased in the low single-digits led by growth of our key brand, Primus. Favourable economic conditions underpinned volume growth of 10% for our joint venture in the **Republic of the Congo**, contributing to a higher share of net profit.

Volume in **Egypt** declined by over 20% due to the social unrest in the country and lower tourism levels. Despite the timely deployment of a recovery plan, the effect of lower volumes led to a significant reduction in EBIT (beia).

On 11 August 2011, Heineken completed its acquisition of the Harar and Bedele breweries from the government of **Ethiopia**. The beer market in Ethiopia offers attractive growth potential with per capita beer consumption still relatively low compared with other Eastern African countries. The acquired breweries will be consolidated in the results of Heineken from the third quarter of 2011.

Asia Pacific

In mhl or €m unless stated otherwise	Half Year 2011	Half Year 2010 (restated)[1]	Total change %	Organic change %
Group beer volume	13.5	12.0	13	7.2
Total consolidated volume	0.6	0.7	-14	7.8
Of which: Consolidated beer volume	0.6	0.7	-12	8.0
Heineken premium® volume	3.1	2.7	15	15
Revenue	99	101	-2	11
EBIT (beia)	76	62	23	22
Operating profit (beia) margin	26.1%	19.6%	650 bp	

[1] 2010 financials at group and region level have been restated for a change in accounting policy and/or segment reporting. Refer to Scope and Accounting changes under the Financial Review section for details.

The Asia Pacific region achieved strong results, with group beer volume up 7.2% and EBIT (beia) growing 22% on an organic basis. This result was achieved despite the impact of a significant weakening of the Vietnamese dong on the profit of our Asia Pacific Breweries (APB) joint venture. India accounted for around 60% of total group beer volume growth in the region, with further strong contributions from Vietnam, Taiwan and Papua New Guinea.

The higher EBIT (beia) performance reflects higher volume and the success of pricing initiatives in key markets. The strong expansion in operating profit (beia) margin is mainly driven by significantly improved profitability in Taiwan.

The **Heineken**® brand continued to grow across the region driven by strong performances in Vietnam, Taiwan and China.

On an organic basis, EBIT (beia) of **APB**, our joint venture with Fraser and Neave, increased by 14%, contributing to an increase in Heineken's share of net profit. In **Vietnam**, higher volume, increased prices and increased regional distribution of the Heineken® brand supported solid volume and EBIT (beia) growth. Volume growth was also achieved across other key APB markets, including **Papua New Guinea** and **Singapore** against a backdrop of sustained economic growth. In **China**, higher volume was driven by Heineken® brand growth of over 30%. In May 2011, APB started production at a new 1 million hectolitre capacity brewery in Guangzhou where the Heineken®, Tiger and Anchor brands are brewed. The sale by Heineken-APB China (HAPBC) of its 21% stake in Kingway Breweries in May 2011 will result in the realisation of a net capital gain of around €19 million for Heineken to be recorded in the second half of 2011. In July 2011, HAPBC announced the divestment of its stake in Jiangsu Dafuhao and Shanghai Asia Pacific Brewery. This sale is expected to result in a net capital gain of approximately €10 million for Heineken. These divestments are in line with APB's focus on generating value in the international premium beer segment.

Volume of United Breweries Limited (UBL), Heineken's joint venture in **India**, increased by 11% following strong growth in the Maharashtra, Rajasthan and Andhra Pradesh states. UBL is the clear market leader in India with a market share of over 50%, twice the size of its nearest competitor. As of August 2011, the Heineken® brand is being brewed locally and following its launch in Mumbai, there are plans to introduce the brand across other regions in India.

Our export market **Taiwan** achieved double-digit volume and EBIT (beia) growth driven by a strong performance of the Heineken® brand.

Head Office costs, other items and eliminations

(in €m)	Half Year 2011	Half Year 2010 (restated)[1]	Total change %	Organic change %
EBIT (beia)	-6	15	NA	NA

[1] 2010 financials at group and region level have been restated for a change in accounting policy and/or segment reporting. Refer to Scope and Accounting changes under the Financial Review section for details.

Results of the Head Office division have been restated to reflect changes in reporting (refer to Scope and Accounting changes section below). On an organic basis, EBIT (beia) declined by €39 million, mainly reflecting higher costs associated with global marketing initiatives and the Global Business Services function.

FINANCIAL REVIEW

Key financials

(in €m)	Half year 2010[1]	Consol. impact	Currency translation	Organic Growth	Half year 2011	Organic change
Revenues	7,520	700	-111	249	8,358	3.3%
Operating profit (beia)	1,041	93	-19	36	1,151	3.5%
EBIT (beia)	1,137	96	-19	45	1,259	3.9%
Net profit (beia)	626	41	-9	36	694	5.7%

[1] 2010 financials at group and region level have been restated for a change in accounting policy and/or segment reporting. Refer to Scope and Accounting changes below for details

Scope and accounting changes

Changes in the scope of operations include:

- The beer operations of FEMSA, consolidated as of 1 May 2010;
- The de-consolidation of Multi Bintang in Indonesia and GBNC as of 1 February 2010;
- The de-consolidation of Waverley TBS as of 21 June 2010; and
- The beer operations of the Sona group, in Nigeria, consolidated as of 12 January 2011.

Accounting changes include:

a) Changes affecting financials at group and regional level
   - On 1 January 2011, Heineken changed its accounting policy with respect to employee benefits, consistent with industry practice and in accordance with the updated standard, IAS 19 Employee Benefits, as published by the International Accounting Standards Board. Heineken recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income. This change was applied retroactively to the 2010 financials. The net effect of this accounting policy change is set out in the table below.

(in €m)	HY 2010 reported	HY 2010 restated	FY 2010 reported	FY 2010 restated
Results from operating activities	1,097	1,105	2,283	2,298
EBIT	1,193	1,201	2,476	2,491
EBIT (beia)	1,129	1,137	2,608	2,623
Net profit	695	700	1,436	1,447
Net profit (beia)	621	626	1,445	1,454
Total equity	10,476	10,084	10,517	10,220

b) Changes affecting financials at regional level only
   - Managerial transfer of the Mexican packaging operations (Empaque) from the Americas to Head Office, resulting in a transfer in EBIT between both divisions of €17 million for the half year 2010 and €54 million for the full year 2010

- Reallocation of certain management costs from regions to Head Office reflecting a change in the Company's operating framework from regional to global reporting lines for certain roles within global functions. This results in a shift in costs from regions to Head Office of €20 million for the first half 2010 and €43 million for the full year 2010.

The net impact of accounting changes (i.e. a) and b) above) to half year 2010 EBIT (beia) is set out in the table below:

(in €m)	EBIT (beia) HY 2010 reported	EBIT (beia) HY 2010 restated
Heineken NV	**1,129**	**1,137**
Western Europe	383	394
Central & Eastern Europe	152	159
Americas	243	229
Africa & The Middle East	273	278
Asia Pacific	61	62
Head Office	17	15

The net impact of accounting changes (i.e. a) and b) above) to full year 2010 EBIT (beia) is set out in the table below:

(in €m)	EBIT (beia) FY 2010 reported	EBIT (beia) FY 2010 restated
Heineken NV	**2,608**	**2,623**
Western Europe	904	925
Central & Eastern Europe	363	378
Americas	651	600
Africa & The Middle East	549	560
Asia Pacific	122	124
Head Office	19	36

Revenue

Revenue increased 11% reflecting revenue growth of 3.3% on an organic basis, a positive net consolidation effect of 9.3% and a negative 1.5% impact from unfavourable foreign currency movements (mainly related to the Nigerian naira, US dollar and British pound). The net consolidation impact of €700 million primarily relates to the beer operations of FEMSA for the period January to April 2011 and the de-consolidation of Waverley TBS in the UK.

Total Expenses

Total expenses (beia) increased 11% in absolute terms, and 3.3% on an organic basis (in line with revenues). Organically, personnel costs decreased 1.7% reflecting the benefit of earlier restructuring initiatives, particularly in Europe.

On an organic basis, input costs increased 3.9%, up 0.5% on a per hectolitre basis. Reported input costs increased 18%, owing to first time consolidations of €249 million.

Marketing and selling expenses totalled €1,141 million, growing 15% on a reported basis and 6% organically. This higher spend supported new product launches and roll-out of the new global Heineken® campaign. Marketing and selling (beia) expenses as a percentage of revenue reached 13.6%, partly influenced by the first time inclusion of the beer operations of Femsa for the first four months of 2011 and the deconsolidation of Waverley TBS.

EBIT and EBIT (beia)

EBIT (beia) grew 10.7% to €1,259 million. First time consolidations added €96 million (+8.5%) to EBIT (beia), mostly related to the beer operations of FEMSA. Unfavourable foreign currency movements reduced EBIT (beia) by €19 million (-1.7%). On an organic basis, EBIT (beia) grew €45 million (+3.9%). Reported EBIT decreased 7.4% to €1,113 million.

The share of profit of associates and joint ventures reached €107 million, up 8.6% on an organic basis. The increase is largely attributable to improved profitability of our UBL and APB joint venture operations.

Net finance expenses

On an organic basis, net interest costs declined by 30% reflecting strong free operating cash flow generation and a lower average interest rate of around 5.5%.

Other net finance income of €2 million (including dividend income) was broadly in line with last year. On an organic basis, other net finance income was below last year.

Taxation

The Group's effective tax rate (beia) for the six months ended 30 June 2011 was 29.5% (for the six months period ended 30 June 2010: 27.2%). The higher half year 2011 effective tax rate (beia) includes the impact of a different country profit mix, certain one-off items and a tax law change related to interest deductibility in Austria.

Net profit and net profit (beia)

Net profit (beia) grew 11%. Adverse foreign currency movements reduced net profit by €9 million (-1.5%), while the net contribution from first time consolidations added €41 million (+6.5%).

On an organic basis, net profit (beia) grew 5.7%, driven by a higher operating profit result and lower interest costs, partially offset by higher taxation (beia) expenses.

Reported net profit amounted to €605 million (HY 2010: €700 million), a decline of 14%, largely driven by a €162 million shift in exceptional items and amortisation of brands (as presented in the table below).

Exceptional items and amortisation of brands and customer relations (EIA)

(in €m)	HY 2011	HY 2010
Amortisation of brands & customer relations incl. in EBIT		
Amortisation of brands and customer relations	86	57
Exceptional items included in EBIT		
TCM programme	81	0
Book gain on divestments	0	(199)
Others	(21)	78
Net EIA losses/(gains) included in EBIT	**146**	**(64)**
Net EIA losses/(gains) incl. in net finance expenses	**(14)**	**9**
EIAs included in income tax expenses		
Tax on amortisation of brands and customer relations	(24)	(18)
Tax on other exceptional items	(19)	0
Exceptional tax items	0	0
Net EIA losses/(gains) incl. in income tax expenses	**(43)**	**(18)**
Total EIAs	**89**	**(73)**

The increase in amortisation of brands and customer relations relates to the first time consolidation of the beer operations of FEMSA, for the period January to April 2011.

At EBIT level, Heineken recorded a €21 million gain related to a decision of the Court of the European Union during the first half of the year to reduce the amount of the fine paid to the European Commission in 2007. In the first half of 2010, Heineken reported a capital gain of €199 million, related to the transfer of a controlling stake in Multi Bintang Indonesia and GBNC to our APB joint venture.

Foreign exchange rate movements

Unfavourable currency fluctuations reduced EBIT by €20 million in the first half of 2011, with more than half of this impact attributable to an 8% devaluation of the Nigerian naira. At the net profit level, foreign currency movements had a negative impact of €9 million.

Heineken delays the impact of the US dollar fluctuations versus the euro by hedging the net cash inflow of US dollars for up to 18 months in advance.

The average EUR/USD exchange rate inclusive of hedging was 1.37 in the first half of 2011 compared to 1.35 in the first half of 2010. For the full year 2011, the net dollar inflow is forecast at USD737 million, of which 94% has been hedged at EUR/USD 1.35 versus EUR/USD 1.35 for the full year 2010. For the full year 2012, the net dollar inflow is forecast at USD774 million, of which 69% has been hedged at EUR/USD 1.37, as of 19 August 2011.

Financial structure

Continued strong cash flow generation led to a €119 million reduction in net debt to €7,980 million (from €8,099 million at the end of December 2010), despite increased business development activity and the execution of the Allocated Share Delivery Instrument (ASDI) share buy-back programme in the first half of 2011. Cash and cash equivalents amounted to €662 million at 30 June 2011.

The net debt/EBITDA (beia) ratio improved from 2.6x on 30 June 2010 to 2.1x at the end of June 2011, consistent with the Company's long-term target for a ratio below 2.5x.

Total gross debt amounts to €8,654 million and is 80% euro denominated, with the remaining part mostly denominated in US dollars, British pounds and Mexican pesos. The maturity profile of Heineken's long-term gross debt is the following:

Long-term debt maturity profile

Year	€ million
2012	545
2013	2,897
2014	1,949
2015	712
2016	827
2017	14
2018	843
Beyond 2018	27

On May 5th, Heineken N.V. announced the successful closing of a new Revolving Credit Facility for an amount of €2 billion with a syndicate of 17 banks. The new self-arranged credit line has a tenor of five years with two 1-year extension options and can be used for general corporate purposes. The new Revolving Credit Facility replaces the existing €2 billion facility. As at 30 June 2011, the committed available financing headroom was approximately €1.9 billion.

Balance sheet and cash flow

Total assets reduced to €26.8 billion (half year 2010: €29.1 billion). Property, plant and equipment decreased to €7.5 billion, including the assets of the beer operations of FEMSA. Gross capital expenditures were €276 million representing 3.3% of revenues.

Free operating cash flow grew by 11% to €779 million. This increase was driven by higher cash flow from operations and lower interest paid, partly offset by higher net capital expenditure and income taxes paid.

Equity attributable to equity holders of the Company decreased to €9,525 million, primarily due to a negative currency impact on translation reserve, a change in pension accounting policy and the purchase of own shares related to the ASDI share repurchase programme. This was only partly offset by a positive movement in retained earnings.

Reconciliation of reported and (beia) financial measures

(in €m, except per share data)	Half Year ended 30 June, 2011			
	Reported	EIA		(beia)
		Amortisation of brands, customer relationships	Exceptional Items	
Results from operating activities	1,006	86	60	1,152
Attributable share of net profit from associates and joint ventures	107	-	-	107
EBIT	**1,113**	**86**	**60**	**1,259**
Net Profit	605	62	27	694
Diluted EPS[1]	1.02	0.10	0.05	1.17

(in €m, except per share data)	Half Year ended 30 June, 2010 restated			
	Reported	EIA		(beia)
		Amortisation of brand, customer relationship	Exceptional Items	
Results from operating activities	1,105	57	-121	1,041
Attributable share of net profit from associates and joint ventures	96	-	-	96
EBIT	**1,201**	**57**	**-121**	**1,137**
Net Profit	700	57	-131	626
Diluted EPS[1]	1.32	0.11	-0.25	1.19

[1] Per share amounts may not add due to rounding

Average number of shares

The weighted average number of shares for the first half 2011 includes 86,028,019 shares issued on 30 April 2010 in relation to the acquisition of the beer operations of FEMSA. At the time of acquisition, Heineken entered an undertaking to deliver a further 29,172,504 shares under the ASDI share repurchase programme. As at 19 August 2011, Heineken had bought 20,286,572 of these shares of which 15,416,985 shares have been delivered to FEMSA.

In the calculation of **basic** EPS, the shares not yet repurchased in relation to the ASDI share repurchase programme are added, and the shares held for the employee incentive programmes are deducted from the weighted average number of ordinary shares outstanding. The weighted average number of shares outstanding during the first half of 2011 was 591,373,311. In the calculation of **diluted** EPS, shares outstanding in relation to the employee incentive programme are not deducted from the weighted average shares outstanding. The weighted average diluted number of shares outstanding during the first half of 2011 was 592,462,592.

UPDATE RISK PARAGRAPH

The annual report 2010 describes Heineken's main risks and mitigation activities at the time of closing the 2010 financial year. In our view, the nature and potential impact of these risks have not materially changed in the first half of 2011. Reference is made to pages 30 to 34 of the Annual Report 2010 for a detailed description of these main risks.

These risks can be summarised as follows:

- Strategic risks: damage to Heineken brand and Company reputation, alcohol under pressure, attractiveness of beer market under pressure, volatility of input costs, political instability and natural disasters in developing countries and the economic downturn;
- Operational risks: risks connected to reorganisations and change programs, business integration, supply continuity and information security;
- Financial risks: currency risks, capital availability and pension;
- Regulatory risks: tax and increasing litigation.

The risks connected to the reputation of Heineken brand and company, weak economic environment, product integrity, strategic change programs and business continuity receive the highest management attention. Some related risks have evolved; e.g. markets to be adversely impacted by difficult economic conditions and increased effect of austerity measures by governments aimed at reducing budget deficits. However, the business impact differs across regions and operations.

Heineken has undertaken economic activity with other parties in the market in the form of joint ventures and associates. As Heineken is not in full control of these entities, it is not certain that decisions taken by these entities are fully in line with Heineken's objectives.

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, 23 August 2011

Condensed consolidated interim financial statements for the six month period ended 30 June 2011

Contents

Condensed consolidated interim income statement

For the six months period ended 30 June

In millions of €	Note	2011	2010*
Revenue	4	**8,358**	**7,520**
Other income	4	**18**	**216**
Raw materials, consumables and services	6	5,348	4,890
Personnel expenses		1,452	1,257
Amortisation, depreciation and impairments		570	484
Total expenses		**7,370**	**6,631**
Results from operating activities	4	**1,006**	**1,105**
Interest income	7	62	43
Interest expenses	7	(281)	(282)
Other net finance (expenses)/ income		2	6
Net finance expenses		**(217)**	**(233)**
Share of profit of associates and joint ventures, and impairments thereof (net of income tax)		107	96
Profit before income tax		**896**	**968**
Income tax expenses	8	(229)	(204)
Profit		**667**	**764**
Attributable to:			
Equity holders of the Company (net profit)		605	700
Non-controlling interests		62	64
Profit		**667**	**764**

Weighted average number of shares – basic	13	591,373,311	527,291,593
Weighted average number of shares – diluted	13	592,462,592	528,493,089
Basic earnings per share (€)		1.02	1.33
Diluted earnings per share (€)		1.02	1.32

***Comparatives have been adjusted due to the accounting policy change in Employee Benefits (see Note 3b)

Condensed consolidated interim statement of comprehensive income

For the six months period ended 30 June *In millions of €*	**Note**	**2011**	**2010***
Profit		**667**	**764**
Other comprehensive income:			
Foreign currency translation differences for foreign operations		(462)	814
Effective portion of change in fair value of cash flow hedge		80	(64)
Effective portion of cash flow hedges transferred to the income statement		(4)	32
Ineffective portion of cash flow hedges transferred to the income statement		-	9
Net change in fair value available-for-sale investments		2	7
Net change in fair value available-for-sale investments transferred to the income statement		(1)	-
Share of other comprehensive income of associates/joint ventures		(11)	(5)
Actuarial gains/losses	15	-	-
Other comprehensive income, net of tax	12	**(396)**	**793**
Total comprehensive income		**271**	**1,557**
Attributable to:			
Equity holders of the Company		226	1,467
Non-controlling interests		45	90
Total comprehensive income		**271**	**1,557**

*Comparatives have been adjusted due to the accounting policy change in Employee Benefits (see Note 3b)

Condensed consolidated interim statement of financial position

In millions of €	Note	30 June 2011	31 December 2010*
Assets			
Property, plant & equipment	9	7,452	7,687
Intangible assets	10	10,711	10,890
Investments in associates and joint ventures		1,599	1,673
Other investments and receivables		959	1,103
Advances to customers		391	449
Deferred tax assets		494	542
Total non-current assets		**21,606**	**22,344**
Inventories		1,443	1,206
Other investments		12	17
Trade and other receivables		2,794	2,273
Prepayments and accrued income		298	206
Cash and cash equivalents		662	610
Assets classified as held for sale		3	6
Total current assets		**5,212**	**4,318**
Total assets		**26,818**	**26,662**
Equity			
Share capital		922	922
Share premium		2,701	2,701
ASDI		484	666
Reserves		477	814
Retained earnings		4,941	4,829
Equity attributable to equity holders of the Company	13	**9,525**	**9,932**
Non-controlling interests		259	288
Total equity		**9,784**	**10,220**
Liabilities			
Loans and borrowings	14	7,744	8,078
Employee benefits	15	1,072	1,097
Tax liabilities		168	178
Provisions	16	438	475
Deferred tax liabilities		973	991
Total non-current liabilities		**10,395**	**10,819**
Bank overdrafts	14	393	132
Loans and borrowings	14	848	862
Trade and other payables		4,978	4,265
Tax liabilities		234	241
Provisions	16	186	123
Liabilities classified as held for sale		-	-
Total current liabilities		**6,639**	**5,623**
Total liabilities		**17,034**	**16,442**
Total equity and liabilities		**26,818**	**26,662**

*Comparatives have been adjusted due to the accounting policy change in Employee Benefits (see Note 3b)

Condensed consolidated interim statement of cash flows

For the six months period ended 30 June			
In millions of €	**Note**	**2011**	**2010***
Operating activities			
Profit		667	764
Adjustments for:			
Amortisation, depreciation and impairments		570	484
Net interest (income)/expenses	7	219	239
Gain on sale of property, plant & equipment, intangible assets and subsidiaries, joint ventures and associates		(18)	(216)
Investment income and share of profit of associates and joint ventures		(112)	(98)
Income tax expenses	8	229	204
Other non-cash items		133	32
Cash flow from operations before changes in working capital and provisions		**1,688**	**1,409**
Change in inventories		(264)	(113)
Change in trade and other receivables		(575)	(356)
Change in trade and other payables		567	427
Total change in working capital		**(272)**	**(42)**
Change in provisions and employee benefits		9	(57)
Cash flow from operations		**1,425**	**1,310**
Interest paid & received		(214)	(283)
Dividend received		68	51
Income taxes paid		(233)	(179)
Cash flow used for interest, dividend and income tax		**(379)**	**(411)**
Cash flow from operating activities		**1,046**	**899**
Investing activities			
Proceeds from sale of property, plant & equipment and intangible assets		46	66
Purchase of property, plant & equipment	9	(276)	(213)
Purchase of intangible assets	10	(15)	(12)
Loans issued to customers and other investments		(55)	(48)
Repayment on loans to customers		33	7
Cash flow used in operational investing activities		**(267)**	**(200)**
Free operating cash flow		***779***	***699***
Acquisition of subsidiaries and non-controlling interests, net of cash acquired	5	(254)	(61)
Acquisition of associates, joint ventures and other investments		(63)	(43)
Disposal of subsidiaries and non-controlling interests, net of cash disposed of		-	275
Disposal of associates, joint ventures and other investments		32	32
Cash flow from / (used for) acquisitions and disposals		**(285)**	**203**
Cash flow from / (used in) investing activities		**(552)**	**3**

Condensed consolidated interim statement of cash flows – continued

For the six months period ended 30 June *In millions of €*	**2011**	**2010***
Financing activities		
Proceeds from loans and borrowings	816	1,587
Repayment of loans and borrowings	(996)	(1,979)
Disposal of non-controlling interests	43	-
Dividends paid	(365)	(262)
Purchase own shares	(200)	(195)
Other	10	17
Cash flow from / (used in) financing activities	**(692)**	**(832)**
Net Cash Flow	**(198)**	**70**
Cash and cash equivalents as at 1 January	478	364
Effect of movements in exchange rates	(11)	66
Cash and cash equivalents as at 30 June	**269**	**500**

***Comparatives have been adjusted due to the accounting policy change in Employee Benefits (see Note 3b)

Condensed consolidated interim statement of changes in equity
In millions of €

	Note	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	ASDI	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2010		**784**	**-**	**(451)**	**(124)**	**100**	**676**	**(42)**	**-**	**4,408**	**5,351**	**296**	**5,647**
Policy changes		-	-	-	-	-	-	-	-	(397)	(397)	-	(397)
Restated balance at 1 January 2010		**784**	**-**	**(451)**	**(124)**	**100**	**676**	**(42)**	**-**	**4,011**	**4,954**	**296**	**5,250**
Other comprehensive income	12	-	-	785	(25)	7	60	-	-	(60)	767	26	793
Profit		-	-	-	-	-	73	-	-	627	700	64	764
Total comprehensive income		**-**	**-**	**785**	**(25)**	**7**	**133**	**-**	**-**	**567**	**1,467**	**90**	**1,557**
Transfer to retained earnings		-	-	-	-	-	(20)	-	-	20	-	-	-
Dividends to shareholders		-	-	-	-	-	-	-	-	(195)	(195)	(114)	(309)
Shares Issued		138	2,701	-	-	-	-	-	1,026		3,865	-	3,865
Purchase own shares		-	-	-	-	-	-	(195)	-	-	(195)	-	(195)
ASDI		-	-	-	-	-	-	195	(194)	(1)	-	-	-
Own shares granted		-	-	-	-	-	-	6	-	(6)	-	-	-
Share-based payments		-	-	-	-	-	-	-	-	5	5	-	5
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	(56)	(56)	(33)	(89)
Balance as at 30 June 2010		**922**	**2,701**	**334**	**(149)**	**107**	**789**	**(36)**	**832**	**4,345**	**9,845**	**239**	**10,084**

Condensed consolidated interim statement of changes in equity - continued
In millions of €

	Note	Share capital	Share premium	Transla-tion reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	ASDI	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2011		**922**	**2,701**	**(93)**	**(27)**	**90**	**899**	**(55)**	**666**	**5,125**	**10,228**	**289**	**10,517**
Policy changes		-	-	-	-	-	-	-	-	(296)	(296)	(1)	(297)
Restated balance at 1 January 2011		**922**	**2,701**	**(93)**	**(27)**	**90**	**899**	**(55)**	**666**	**4,829**	**9,932**	**288**	**10,220**
Other comprehensive income	12	-	-	(451)	74	(2)	(40)	-	-	40	(379)	(17)	(396)
Profit		-	-	-	-	-	142	-	-	463	605	62	667
Total comprehensive income		**-**	**-**	**(451)**	**74**	**(2)**	**102**	**-**	**-**	**503**	**226**	**45**	**271**
Transfer to retained earnings		-	-	-	-	-	(66)	-	-	66	-	-	-
Dividends to shareholders		-	-	-	-	-	-	-	-	(299)	(299)	(81)	(380)
Purchase own shares		-	-	-	-	-	-	(200)	-	-	(200)	(1)	(201)
ASDI		-	-	-	-	-	-	201	(182)	(19)	-	-	-
Own shares granted		-	-	-	-	-	-	5	-	(5)	-	-	-
Share purchase mandate		-	-	-	-	-	-	-	-	(179)	(179)	-	(179)
Share-based payments		-	-	-	-	-	-	-	-	12	12	-	12
Disposal of NCI without a change in control		-	-	-	-	-	-	-	-	33	33	10	43
Acquisition of NCI with a change in control		-	-	-	-	-	-	-	-	-	-	(2)	(2)
Balance as at 30 June 2011		**922**	**2,701**	**(544)**	**47**	**88**	**935**	**(49)**	**484**	**4,941**	**9,525**	**259**	**9,784**

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 month period ended 30 June 2011 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. In the half year 2010 consolidated income statement the figures of FEMSA Cerveza are included for the 2 months period from 1 May to 30 June 2010.

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available upon request from the Company's registered office at Tweede Weteringplantsoen 21, Amsterdam or at 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 2010.

These condensed consolidated interim financial statements were approved by the Executive Board of the Company on 23 August 2011.

(b) Functional and presentation currency

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

(c) Use of estimates and judgements

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 judgments 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 2010.

3 Significant accounting policies

(a) General

Except as described hereafter, 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 2010.

(b) Change in accounting policies

Accounting for employee benefits

On 1 January 2011 Heineken changed its accounting policy with respect to the recognition of actuarial gains and losses arising from defined benefit plans. After the policy change, Heineken recognises all actuarial gains and losses arising immediately in other comprehensive income (OCI). In prior years, Heineken applied the corridor method. To the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion was recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss was not recognised. As such, this change means that deferral of actuarial gains and losses within the corridor are no longer applied.

Heineken believes this accounting policy change provides more relevant information as all amounts will be recognised on balance, which is consistent with industry practice and in accordance with the amended reporting standard of Employee Benefits as issued by the International Accounting Standards Board on 16 June 2011.

Impact of change in accounting policy

The change in accounting policy was recognised retrospectively in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’, and comparatives have been restated. This results in a €15 million and €11 million positive impact on ‘Results from operating activities’ and ‘Net profit’ for the year ended 31 December 2010, respectively. The adjustment results in a €297 million decline in ‘Total Equity’ for the full year 2010 on Group level.

For the half year period ended 30 June 2010 the positive impact on ‘Results from operating activities’ and ‘Net profit’ is €8 million and €5 million respectively. For the half year period ended 30 June 2011 the positive impact on ‘Results from operating activities’ and ‘Net profit’ is €2 million and €1.5 million respectively. The adjustment results in a €392 million decline in ‘Total Equity’ for the half year 2010 on Group level.

The following tables summarise the transitional adjustments on implementation of the new accounting policy for the half year and full year 2010:

In millions of €	**FY 2010**	**HY 2010**
Amount accumulated in retained earnings at 1 January	(397)	(397)
Recognised during the (half) year 2010	89	-
Amount accumulated in retained earnings	(308)	(397)
Equity		
Amount accumulated in retained earnings	(308)	(397)
P&L impact for the (HY) period 2010	11	5
Total movement equity for the (HY) period 2010	(297)	(392)

The 2010 amounts as included in the notes to these interim financial statements as at and for the year ended 31 December 2010 have been restated as a result of this policy change.

Other standards and interpretations

Other standards and interpretations effective from 1 January 2011 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.

(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 2010. The risks connected to the weak economic environment receive the highest management attention. Some related risks have evolved; e.g. markets to be adversely impacted by difficult economic conditions and increased effect of austerity measures by governments aimed at reducing budget deficits. However, the business impact differs across regions and operations.

On 12 January 2011, Heineken N.V. ("Heineken") announced that it had reached an agreement with Lewiston Investment SA (Seller) to acquire the two holding companies of the Sona Group, both 100% held by the seller. The two acquired businesses together have controlling interests in Sona Systems Associates Business Management Limited ("Sona Systems"), which holds certain assets of Sona Breweries Plc ("Sona") and International Beer and Beverages Industries Plc ("IBBI"), and shares in Champion Breweries Plc ("Champion"), Benue Breweries Ltd. ("Benue") and Life Breweries Co. Ltd. ("Life") (together referred to as the "acquired businesses").

The general risk of business integration as described in the annual report 2010 applies to this acquisition. In addition, the acquired businesses increase the exposure of Heineken to currency fluctuations, in particular the Nigerian naira as well as the risk of litigation and claims due to the legal environment in Africa.

4. Segment reporting

For the six months period ended 30 June 2011 and 30 June 2010

	Note	Western Europe		Central & Eastern Europe		Africa & the Middle East		The Americas		Asia Pacific		Head Office / Eliminations		Consolidated	
In millions of €		**2011**	**2010***	**2011**	**2010***	**2011**	**2010***	**2011**	**2010***	**2011**	**2010***	**2011**	**2010***	**2011**	**2010***
Revenue		**3,804**	**3,929**	**1,577**	**1,515**	**1,052**	**971**	**1,965**	**1,231**	**99**	**101**	**(139)**	**(227)**	**8,358**	**7,520**
Other income		14	54	4	4	-	-	-	-	-	158	-	-	18	216
Results from operating activities		**362**	**351**	**143**	**147**	**268**	**264**	**214**	**173**	**26**	**178**	**(7)**	**(8)**	**1,006**	**1,105**
Net finance expenses														(217)	(233)
Share of profit of associates and joint ventures and impairments thereof		1	1	6	6	16	14	36	37	50	42	(2)	(4)	107	96
Income tax expenses														(229)	(204)
Profit														**667**	**764**
EBIT		**363**	**352**	**149**	**153**	**284**	**278**	**250**	**210**	**76**	**220**	**(9)**	**(12)**	**1,113**	**1,201**
eia	11	93	42	6	6	-	-	44	19	-	(158)	3	27	146	(64)
EBIT (beia)		**456**	**394**	**155**	**159**	**284**	**278**	**294**	**229**	**76**	**62**	**(6)**	**15**	**1,259**	**1,137**
For the period ended 30 June 2011 and 31 December 2010															
Assets		**10,295**	**10,253**	**4,900**	**4,722**	**2,597**	**2,174**	**7,310**	**8,160**	**614**	**593**	**598**	**269**	**26,314**	**26,171**
Unallocated assets														**504**	491
Total assets														**26,818**	**26,662**

*Comparatives have been adjusted due to:
- the transfer of Empaque causing the move of an amount of €17 million of EBIT from The Americas region to Head Office;
- the centralisation of the Regional Head Offices resulting in a shift of €20 million EBIT from regions to Head Office;
- the policy change in Employee Benefits, causing an increase of €8 million in EBIT (€6 million in region Western Europe and €2 million in The Americas region)

Notes to the condensed consolidated interim financial statements

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 & Eastern Europe and Americas.

Segment assets and results
The main changes in segment assets and results relate to the acquisition of the beer operations of Sona Systems in Africa & Middle East region. Furthermore, Empaque was transferred from the Americas region to Head Office, resulting in a shift between the regions. Starting 1 January 2011 Empaque resides managerial under Global Supply Chain situated in Head Office.
EIA included regionally, mainly in Western Europe, Central & Eastern Europe and Americas, of €146 million, mainly relates to amortisation of brands and customer relation intangibles for €86 million. The EIA in Western Europe of €93 million mainly relates to the restructuring in Spain and a contract restructuring expense in the Western Europe region partly offset by the reduction of the fine by the EU court.

5. Acquisitions and disposal of subsidiaries and non-controlling interests

Acquisition of the beer operations of Sona Group
On 12 January 2011, Heineken N.V. ("Heineken") announced that it had acquired from Lewiston Investments SA ("Seller") two holding companies which together own the Sona brewery group. The two holding companies have controlling interests in Sona Systems Associates Business Management Limited ("Sona Systems"), which holds certain assets of Sona Breweries Plc ("Sona") and International Beer and Beverages (Nigeria) Limited ("IBBI"), Champion Breweries Plc ("Champion"), Benue Brewery Limited ("Benue") and Life Brewery Company Limited ("Life") (together referred to as the "acquired businesses").

The acquired businesses contributed revenue of €45 million and results from operating activities of €7 million (EBIT) for the 6 months period from 12 January 2011 to 30 June 2011. Had the acquisition occurred on 1 January 2011, pro-forma revenue and pro-forma results from operating activities (EBIT) for the 6 months period ended June 30, 2011 would have not been materially different.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

In millions of €	
Property, plant & equipment	152
Intangible assets	53
Other investments	1
Deferred tax assets	9
Inventories	19
Trade and other receivables	4
Cash and cash equivalents	-
Assets acquired	**238**

In millions of €	
Loans and borrowings (current)	85
Employee benefits	4
Provisions	-
Deferred tax liabilities	47
Bank overdraft	-
Tax liabilities (current)	12
Trade and other current payables	22
Liabilities assumed	**170**
Total net identifiable assets	**68**
Consideration transferred	289
Recognition indemnification receivable	(9)
Non-controlling interests	(2)
Net identifiable assets acquired	(68)
Goodwill on acquisition	**210**

Amounts were converted into euro at the rate of EUR/NGN 192.6782. Additionally, certain amounts provided in US dollar, were converted into euro based on the following exchange rate EUR/USD 1.2903.

The purchase price accounting for the acquired businesses is prepared on a provisional basis. The tentative outcome indicates goodwill of approximately €210 million; however this amount is provisional and is likely to change. The derived goodwill includes essentially synergies mainly related to the available production capacity.

Goodwill has provisionally been allocated to Nigeria in the Africa & Middle East region and is held in NGN. The rationale for the allocation is that the acquisition provides access to the Nigerian market: access to additional capacity, consolidate market share within a fast growing market and improve profitability through synergy realisation. The entire amount of goodwill is not expected to be tax deductible.

Between Heineken and the Seller certain indemnifications were agreed on, that primarily relate to tax and legal matters existing at the date of acquisition. Our initial assessment of these contingencies indicates an indemnification receivable of €9 million that is considered an included element of the business combination. The purchase price for the acquired businesses was based on an estimate of the net debt and working capital position of the acquired businesses as at 11 January 2011 (the date of the completion of the acquisition). Heineken and the Seller are determining the exact net debt and working capital position of the acquired businesses as at 11 January by reference to certain agreed accounting principles. Discussions between Heineken and the Seller as to any adjustments to the purchase price are ongoing and the outcome of these discussions is likely to have an impact on the final purchase price. Non-controlling interests are recognised based on their proportional interest in the net identifiable assets acquired of Champion, Benue and Life for a total of €2 million.

Acquisition related costs of €1 million have been recognised in the income statement for the period ended 30 June 2011.

Notes to the condensed consolidated interim financial statements

Provisional accounting other acquisitions in 2010

The FEMSA acquisition accounting has been concluded during the first half year of 2011. A final adjustment was made to provisional accounting for the FEMSA acquisition. Total impact resulted in an increase of goodwill of €4 million.

Other acquisitions

On 5 May 2011 Heineken N.V. announced that the government of the Federal Democratic Republic of Ethiopia has named Heineken N.V. as the preferred bidder for the Bedele and Harar breweries. The winning bids for the breweries were US$85 million and US$78 million, respectively. Heineken is working with the government to finalise the transaction. The decision follows Heineken's participation in the public auction for the two breweries.

In accordance with the bidding rules a prepayment of €35 million has been made on these transactions shortlyafter the announcement in May 2011.

Disposal of non-controlling interest

During the six months ended 30 June 2011, Heineken International disposed of 25% of its 100% interest in Commonwealth Brewery Limited (CBL), situated in the Bahamas, for an amount of €43 million through an initial public offering (IPO) decreasing its ownership to 75% in CBL. After the disposal of a non-controlling interest, Heineken International maintains a controlling interest in CBL.

6. Raw materials, consumables and services

In millions of €	**2011**	**2010**
Raw materials	794	652
Non-returnable packaging	1,050	914
Goods for resale	724	842
Inventory movements	(101)	(37)
Marketing and selling expenses	1,141	990
Transport expenses	507	472
Energy and water	263	192
Repair and maintenance	197	173
Other expenses	773	692
	5,348	**4,890**

7. Interest income and expense

Despite the first-time consolidation of 4 months of interest expenses related to the FEMSA Cerveza acquisition, interest income and expenses still decreased to a net expense of €219 million (2010: €239 million). This is mostly due to a lower average interest rate and lower average consolidated net debt, resulting from strong cash flow generation.

8. Income tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2011 was 29.0% (for the six months period ended 30 June 2010: 23.4%). The low 2010 rate included the result of the transfer of MBI and GBNC which was mostly tax exempt. The higher half year 2011 effective rate includes the impact of a different country mix, certain one-off items and a tax law change related to interest deductibility in Austria.

9. Property, plant and equipment

Acquisitions

During the six months ended 30 June 2011 the Group acquired assets with a cost of €276 million (six months ended 30 June 2010: €213 million).

Capital commitments

As per the six months ended 30 June 2011, the Group entered into contracts to purchase property, plant and equipment for €267 million (six months ended 30 June 2010: €215 million).

10. Intangible assets

Impairment tests for cash-generating units containing goodwill

A review of impairment triggers has been performed as at 30 June 2011. Based on this review no triggering events were noted and no impairments were recognised. Goodwill is tested annually for impairment during December.

11. 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 and amortisation for the six months ended 30 June 2011 on EBIT level amounted to a loss of €146 million (six months ended 30 June 2010: gain of €64 million), mainly relating to a contract restructuring expense in the Western Europe region of €28 million, a gain relating to a fine reduction by the EU court of €21 million, and a restructuring charge in Spain of €53 million. Combined with the amortisation of brands and customer relationships amounted to €86 million (six months ended 30 June 2010: €57 million) this explains the €146 million exceptional items and amortisation.

12. Tax effects relating to each component of other comprehensive income

In millions of €		2011			2010	
Other comprehensive income:	**Amount before tax**	**Tax**	**Amount net of tax**	**Amount before tax**	**Tax**	**Amount net of tax**
Foreign currency translation differences for foreign operations	(462)	-	(462)	814	-	814
Effective portion of changes in fair value of cash flow hedge	107	(27)	80	(86)	22	(64)
Effective portion of cash flow hedges transferred to the income statement	(5)	1	(4)	41	(9)	32
Ineffective portion of cash flow hedges transferred to the income statement	-	-	-	9	-	9
Net change in fair value available-for-sale investments	2	-	2	7	-	7
Net change in fair value available-for-sale investments transferred to the income statement	(1)	-	(1)			
Share of other comprehensive income of associates and joint ventures	(11)	-	(11)	(5)	-	(5)
Actuarial gains / losses	-	-	-	-	-	-
Total other comprehensive income	**(370)**	**(26)**	**(396)**	**780**	**13**	**793**

Notes to the condensed consolidated interim financial statements

13. Equity

Reserves
The reserves consist of translation reserve, hedging reserve, fair value reserve, other legal reserve, reserve for own shares and Allotted Share Delivery Instrument ("ASDI"). The main variance is driven by the ASDI and foreign currency translation in translation reserve.

ASDI
On 30 April 2010 a number of 29 million ASDI were created. The underlying shares have to be delivered to FEMSA over a period of no longer than 5 years. This financial instrument is classified to be equity as the number of shares is fixed. Heineken N.V. has the option to accelerate the delivery of the Allotted Shares at its discretion. Pending delivery of the allotted shares, Heineken N.V. pays a coupon on each undelivered allotted share underlying the ASDI such that FEMSA will be compensated, on an after tax basis, for dividends FEMSA would have received had all such Allotted Shares been delivered to FEMSA on or prior to the record date for such dividends.

During the period of 1 January through 30 June 2011 Heineken N.V. acquired 4,772,727 shares for ASDI delivery with an average quoted market price of € 39.17 for a total of €187 million. During the first half year of 2011 a total of 5,176,432 shares were delivered to FEMSA under the ASDI.

LTIP
During the period of 1 January through 30 June 2011 Heineken N.V. acquired 330,000 shares for Long Term Incentive Programme ("LTIP") delivery with an average quoted market price of €40.91 for a total of €13.5 million.

Share purchase mandate
Heineken has given a mandate to a bank to purchase for €300 million shares over the period from 20 June 2011 up to and including 5 September 2011. Of this running order €26 million has been bought back up to 30 June 2011. The remaining outstanding share purchase mandate liability as per 30 June 2011 of €274 million has been presented as a current liability in accordance with IAS32.23.

Weighted average number of shares – basic

In shares	**2011**	**2010**
Number of shares – basic- as at 1 January	576,002,613	489,974,594
Effect of new shares issued	-	29,153,940
Effect of LTIP own shares held	(1,089,281)	(1,201,496)
Effect of non-purchased ASDI shares*	16,459,979	9,364,555
Weighted average number of shares – basic - as at 30 June	**591,373,311**	**527,291,593**
Effect of own shares held	1,089,281	1,201,496
Weighted average number of shares – diluted – as at 30 June	**592,462,592**	**528,493,089**

*Issued shares and ASDI are included for 2 months in the weighted average in 2010

Dividends

The following dividends were declared and paid by Heineken:

In millions of €	**2011**	**2010**
Final dividend previous year €0.50 (to reach the total of €0.76 per qualifying ordinary share)	299	195
Total dividend declared and paid	**299**	**195**

After the balance sheet date the Executive Board declared the following interim dividend that has not been provided for.

In millions of €	**2011**	**2010**
€0.30 per qualifying ordinary share (2010: €0.26) *(Excluding ASDI)*	172	150

14. Net interest bearing debt position

In millions of €	**30 June 2011**	**31 Dec 2010**
Non-current interest-bearing liabilities	7,413	7,732
Current portion of non-current interest-bearing liabilities	397	437
Deposits from third parties	451	425
Total	**8,261**	**8,594**
Bank overdrafts	393	132
	8,654	**8,726**
Cash, cash equivalents and current other investments	(674)	(627)
Total net interest bearing debt position	**7,980**	**8,099**

In May 2011, Heineken entered into a new Revolving Credit Facility of €2.0 billion with a syndicate of 17 banks. The new multi-currency facility replaces Heineken's existing €2.0 billion Revolving Credit Facility, which was scheduled to mature on 22 April 2012. The new self-arranged credit line has tenure of five years with two 1-year extension options and can be used for general corporate purposes.

15. Employee benefits

In accordance with IAS 34, actuarial gains and losses are reported in the condensed consolidated interim financial statements only if there have been significant changes in the financial markets. In the first six months of 2011 no actuarial gains or losses were recorded as the changes in financial markets during that period were considered not significant. In the first six months of 2010 no actuarial gains and losses were recorded.

Actuarial gains or losses, if any, are reported under Other comprehensive income and against the respective balance sheet item.

Notes to the condensed consolidated interim financial statements

16. Provisions

Restructuring

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

Other provisions

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

17.Contingencies

Netherlands

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 imposed a fine on Heineken of €219 million in 2007.

On 4 July 2007 Heineken filed an appeal with the General Court of the European Union 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 full in July 2007 and reported as an exceptional item in our 2007 Annual Report.

On 16 June 2011 Heineken announced that the General Court of the European Union has largely upheld the finding of the European Commission dated 18 April 2007. At EBIT level, Heineken recorded a €21 million gain related to a decision of the General Court of the European Union during the first half of the year to reduce the initial fine of €219 million paid to the European Commission. The €21 million refund is treated as an exceptional item in the 2011 interim financial statements and was received in July 2011.

Heineken has studied the decision of the General Court and decided to appeal.

18.Related party transactions

Heineken has related party relationships with its shareholders, 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 month period ended 30 June 2011 do not in substance deviate from the transactions as reflected in the financial statements as at and for the year ended 31 December 2010.

19. Subsequent events

Allotted Share Delivery Instrument

Between 1 July and 19 August 2011, Heineken has bought additional 4,449,287 Heineken N.V. shares, which are in portfolio pending delivery to FEMSA.

Acquisition of business in Ethiopia

On 11 August 2011 Heineken N.V. announced that it has completed the acquisitions of the Bedele and Harar breweries from the government of the Federal Democratic Republic of Ethiopia for US$85 million and US$78 million, respectively.

Disposal within Joint Venture

Via a press release on May 5, 2011 APB (the joint venture of Heineken and its partner Fraser and Neave) announced that Heineken-APB (HAPBC) has completed its sale of 365,767,453 ordinary shares in Kingway Brewery to GDH (which is the controlling shareholder of Kingway). The transaction was completed at SGD205 million (€116 million), of which SGD72 million (€41 million) will be recorded as income by APB. As Heineken has a share of 45,95% in HAPBC, Heineken's share is SGD 33 million (€19 million).

APB results are included in the reporting of Heineken with a three-month delay. This income will be recorded as share of profit of associates and joint ventures, and impairments thereof (net of income tax) in Heineken’s figures in August 2011.

Notes to the condensed consolidated interim financial statements

Executive Board

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

Amsterdam, 23 August 2011

Review report

To: the Executive Board of Heineken N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Heineken N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 30 June 2011, the condensed consolidated income statement and the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six months period ended 30 June 2011, and the notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent 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 statements as at 30 June 2011 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 23 August 2011

KPMG ACCOUNTANTS N.V.

E.J.L. van Leeuwen RA

Glossary

Beia
Before exceptional items and amortisation of brands and customer relations.

Cash conversion ratio
Free operating cash flow/Net profit (beia) before deduction of non-controlling 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

ASDI
Allotted share delivery instrument (ASDI) representing Heineken's obligation to deliver Heineken NV shares, either through issuance and/or purchasing of its own shares.

EBIT
Earnings before interest and taxes and net finance expenses. EBIT includes Heineken's share in net profit of associates and joint ventures.

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

Effective tax rate
Taxable profit adjusted for share of profit of associates and joint ventures, dividend income and impairments of other investments.

Fixed costs
Fixed costs include personnel costs, depreciation and amortisation, repair and maintenance costs and other fixed costs. Exceptional items are excluded from these costs.

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.

Gearing
Net debt / total equity.

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 non-controlling 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 relations.

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

Operating profit

Results from operating activities

Profit
Total profit of the Group before deduction of non-controlling interests.

®
All brand names mentioned in this report, including those brand names not marked by an ®, represent registered trademarks 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.

Top-line growth
Growth in net revenue.

Volume
Amstel® volume
The group beer volume of the Amstel brand.

Consolidated beer volume
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
100 per cent of beer 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 license by third parties.

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 Consolidated volume
Volume produced and sold by fully consolidated companies (including beer, cider, soft drinks and other beverages), volume of third party products and volume of Heineken's brands produced and sold under license by third parties.

Weighted average number of shares
Basic
Weighted average number of issued shares including the weighted average of outstanding ASDI, adjusted for the weighted average of own shares purchased in the year.
Diluted
Weighted average number of issued shares including weighted average of outstanding ASDI.

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