HEINEKEN HOLDING N.V. ANNUAL REPORT 2010



Established in Amsterdam

Heineken Holding N.V.



PROFILE

Heineken Holding N.V., which holds 50.005% of the issued share capital of Heineken N.V., heads the Heineken group.

The object of Heineken Holding N.V. pursuant to its Articles of Association is to manage or supervise the management of the Heineken group and to provide services for Heineken N.V. It seeks to promote the continuity, independence and stability of the Heineken group, thereby enabling Heineken N.V. to grow in a controlled and steady manner and to pursue its long-term policy in the interest of all stakeholders.

Heineken Holding N.V. does not engage in operational activities itself. These have been assigned within the Heineken group to Heineken N.V. and its subsidiaries and associated companies. Heineken Holding N.V.'s income consists almost exclusively of dividends received on its interest in Heineken N.V.

Every Heineken N.V. share held by Heineken Holding N.V. is matched by one share issued by Heineken Holding N.V. The dividend payable on the two shares is identical. Heineken Holding N.V. ordinary shares are listed on Euronext Amsterdam.

An abbreviated version of this report is available in the Dutch language.
Een verkorte versie van dit rapport is beschikbaar in de Nederlandse taal.

Both the English and Dutch versions can be downloaded from www.heinekeninternational.com Zowel de Engelse als de Nederlandse versie kunnen worden gedownload vanaf de website www.heinekeninternational.com

8 Board of Directors

REPORT OF THE BOARD OF DIRECTORS

- 9 Policy principles
- 9 Activities
- 10 Review of 2010
- 11 Heineken N.V. performance in 2010 and outlook
- 12 Financial statements and appropriation of profit
- 12 Corporate governance
- 13 Board of Directors
- 14 General Meeting of Shareholders
- 17 Further information pursuant to the Article 10 Takeover Directive Decree

FINANCIAL STATEMENTS 2010

- 20 Balance sheet of Heineken Holding N.V.
- 22 Income statement of Heineken Holding N.V.
- 23 Notes to the balance sheet as at 31 December 2010 and the income statement for 2010 of Heineken Holding N.V.
- 28 Consolidated income statement
- 29 Consolidated statement of comprehensive income
- 30 Consolidated statement of financial position
- 32 Consolidated statement of cash flows
- 34 Consolidated statement of changes in equity
- 36 Notes to the consolidated financial statements

OTHER INFORMATION

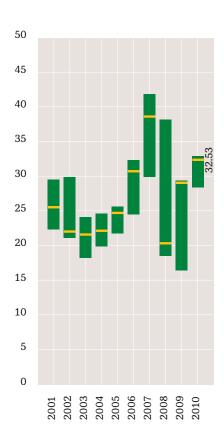
- 129 Rights of holders of priority shares
- 129 Provisions of the Articles of Association concerning appropriation of profit
- 129 Remuneration of the Board of Directors
- 129 Shares held by the Board of Directors
- 129 Proposed appropriation of profit
- 130 Statement of the Board of Directors
- 131 Independent Auditor's report

SHAREHOLDER INFORMATION

Heineken Holding N.V. share price

in euros

Euronext Amsterdam after restatement for share split



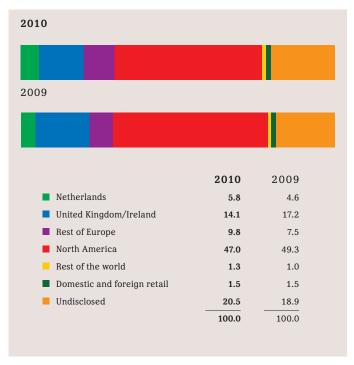
share price range year-end price

Average trade in 2010: 193,315 shares per day

Nationality Heineken Holding N.V. shareholders

in %

Based on 99.3 million shares in free float (excluding the holding of L' Arche Green N.V. and FEMSA in Heineken Holding N.V.)



Source: Capital Precision

Based on best estimate January 2011

HEINEKEN HOLDING N.V.

Heineken Holding N.V. ordinary shares are traded on Euronext Amsterdam.

In 2010, the average daily trading volume of Heineken Holding N.V. shares was 193,315 shares.

Heineken Holding N.V. is not a 'structuurvennootschap' within the meaning of the Dutch Civil Code.

Market capitalisation

Shares in issue as at 31 December 2010
288,030,168 ordinary shares of €1.60 nominal value
250 priority shares of €2 nominal value
At a year-end price of €32.53 on 31 December 2010,
the market capitalisation of Heineken Holding N.V.
as at the balance sheet date was €9.4 billion.

Year-end price	€32.53	31 December 2010
Highest closing price	€33.19	24 December 2010
Lowest closing price	€28.65	21 May 2010

Substantial shareholdings

Pursuant to the Financial Markets Supervision Act (Wet op het financieel toezicht) and the Decree on Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen), the Authority for the Financial Markets (AFM) has been notified about the following substantial shareholdings regarding Heineken Holding N.V.:

- 1 November 2006: Mrs C.L. de Carvalho-Heineken (52.01%, including a 50.005% shareholding by L'Arche Holding S.A.);*
- 29 September 2009: Davis Investments LLC (6.46% in the ordinary share capital, only 5.84% of the voting rights on these shares);
- 30 April 2010: Voting Trust (FEMSA), through its affiliate CB Equity LLP (14.94%).

Dividend per share

in euros	
after res	statement for share split
2001	0.32
2002	0.32
2003	0.32
2004	0.40
2005	0.40
2006	0.60
2007	0.70
2008	0.62
2009	0.65
2010	0.76 (proposed)

^{*} The AFM register for substantial shareholdings is no longer up-to-date. For the present situation reference is made to the organisation chart on page 12.

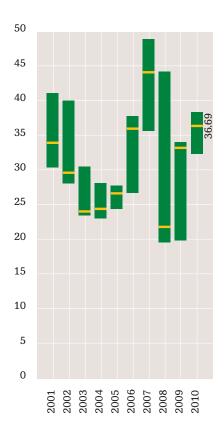
HEINEKEN N.V.

The shares of Heineken N.V. are traded on Euronext Amsterdam, where the company is included in the AEX Index. Options on Heineken N.V. shares are listed on Euronext.Liffe Amsterdam.

In 2010, the average daily trading volume of Heineken N.V. shares was 1,272,404 shares. Heineken N.V. is not a 'structuurvennootschap' within the meaning of the Dutch Civil Code.

Heineken N.V. share price

in euros Euronext Amsterdam after restatement for share split



share price range year-end price

Average trade in 2010: 1,272,404 shares per day

Market capitalisation

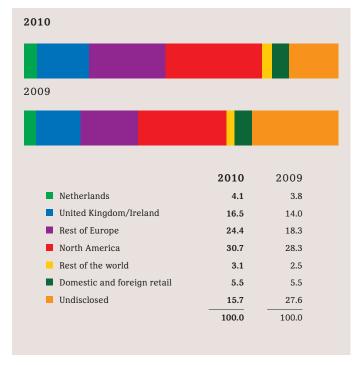
Shares in issue as at 31 December 2010 576,002,613 shares of €1.60 nominal value At a year-end price of €36.69 on 31 December 2010, the market capitalisation of Heineken N.V. as at the balance sheet date was €21.1 billion.

Year-end price	€36.69	31 December 2010
Highest closing price	€38.55	25 March 2010
Lowest closing price	€32.90	7 January 2010

Nationality Heineken N.V. shareholders

in %

Based on 234.8 million shares in free float (excluding the holding of Heineken Holding N.V. and FEMSA in Heineken N.V.)



Source: Capital Precision

Based on best estimate January 2011

Substantial shareholdings

Pursuant to the Financial Markets Supervision Act (Wet op het financieel toezicht) and the Decree on Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen), the Authority for the Financial Markets (AFM) has been notified about the following substantial shareholdings regarding Heineken N.V.:

- Mrs C.L. de Carvalho-Heineken (indirectly 50.005% through L'Arche Holding S.A.; the direct 50.005% shareholder is Heineken Holding N.V.);¹
- Massachusetts Financial Services Company (a direct capital interest of 2.12% and a voting interest of 5% of which 2.94% is held directly and 2.06% is held indirectly);
- Voting Trust (FEMSA), through its affiliate CB Equity LLP (9.24%).

Bonds

On 4 November 2003, Heineken N.V. issued two bonds for a total of \le 1.1 billion, of which a bond with a face value of \le 500 million and a coupon of 4.375% was repaid at maturity in February 2010.

In September 2008, Heineken N.V. established a Euro Medium Term Note (EMTN) Programme which was subsequently updated in 2009 and 2010. The programme allows Heineken N.V. from time to time to issue Notes. Currently, the programme allows to issue Notes for a total amount of up to €5 billion. As currently approximately €1.9 billion is outstanding, Heineken still has capacity of €3.1 billion under the programme. The programme can be used for issuing up to one year after its latest update.

The EMTN Programme and all Heineken N.V. bonds are listed on the Luxembourg Stock Exchange.

Financial calendar in 2011 for both Heineken Holding N.V. and Heineken N.V.

Announcement of 2010 results	16 February
Publication of annual report	7 March
Trading update first quarter 2011	20 April
Annual General Meeting	
of Shareholders, Amsterdam ²	21 April
Quotation ex-final dividend	27 April
Final dividend 2010 payable	5 May
Announcement of half-year results 2011	24 August
Quotation ex-interim dividend	26 August
Interim dividend 2011 payable	6 September
Trading update third quarter 2011	26 October

Contacting Heineken Holding N.V. and Heineken N.V.

Further information on Heineken Holding N.V. is available by telephone $+31\,20\,622\,11\,52$ or $fax\,+31\,20\,625\,22\,13$. Information is also obtainable from the Investor Relations department, telephone $+31\,20\,523\,97\,77$, or by e-mail: investors@heineken.com.

Further information on Heineken N.V. is obtainable from the Global Corporate Relations and/or Investor Relations department, telephone +31 20 523 99 99, or by e-mail: investors@heineken.com.

The website www.heinekeninternational.com also carries further information about both Heineken Holding N.V. and Heineken N.V.

- A new notification was submitted to the AFM in March 2007 that Mrs C.L. de Carvalho-Heineken has a 50.005% interest in Heineken N.V., indirectly via L'Arche Green N.V. and L'Arche Holding S.A. The AFM did not enter this notification in the register because the threshold value had not been exceeded.
- ² Shareholders Heineken Holding N.V. are entitled to attend the meetings of shareholders in Heineken N.V., to put questions at those meetings and to participate in the discussions.

	Issue	Total face	Interest rate	Maturity	ISIN code
	date	value*	(%)		
Heineken N.V.					
Bond 2013	4 November 2003	€600 million	5.0	4 November 2013	XS0179266753
EMTN 2014	6 April 2009	€1 billion	7.125	7 April 2014	XS0421464719
EMTN 2015	10 March 2009	£400 million	7.25	10 March 2015	XS0416081296
EMTN 2016	8 October 2010	€400 million	4.625	10 October 2016	XS0456567055

^{*} The difference versus the amount displayed in the consolidated statement of financial position is due to the amortisation of issue costs.

BOARD OF DIRECTORS

Mr M. Das (1948)

Chairman
Dutch nationality
Member of the Board of Directors since 1994
Lawyer

Mrs C.L. de Carvalho-Heineken (1954)

Delegate Member
Dutch nationality
Member of the Board of Directors since 1988

Mr J.A. Fernández Carbajal (1954)

Mexican nationality Member of the Board of Directors since 2010 Chairman and CEO Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA)

Mr D.P. Hoyer (1940)

Dutch nationality Member of the Board of Directors since 1972 Former director of DOW Europe S.A.

Mr K. Vuursteen (1941)

Dutch nationality
Member of the Board of Directors since 2002
Former chairman of the Executive Board
of Heineken N.V.

REPORT OF THE BOARD OF DIRECTORS

POLICY PRINCIPLES

Heineken Holding N.V. has played an important role in the Heineken group for over fifty years. The company seeks to promote the continuity, independence and stability of the Heineken group. This creates the conditions which enable Heineken N.V. to pursue its long-term policy in the interest of the shareholders, the staff and other stakeholders.

The company's policy has been successful. Thanks in part to its unique and stable structure, the Heineken group now has the widest international presence of all the world's brewing groups and the Heineken brand is one of the best-known international premium lagers.

ACTIVITIES

The Board of Directors met on six occasions with the Preparatory Committee of the Supervisory Board of Heineken N.V. in 2010. The Board of Directors also met separately on two occasions to discuss, among other things, the report of the Board of Directors and the financial statements for 2009 and the first half of 2010.

Other matters considered during the year included the business strategy and its implementation. The acquisition of FEMSA's beer operations was finalised, their management was integrated into the Heineken management structure and Mr J.A. Fernández Carbajal was appointed to the Heineken Holding N.V. Board of Directors. Possible acquisitions, such as the Sona Group in Nigeria and brewery extensions and alliances were reviewed. The transfer of stakes in PT Multi Bintang Indonesia and Grand Brasserie de Nouvelle-Caledonie S.A. to Heineken's joint venture Asia Pacific Breweries were discussed and the subsequent transfer of APB Aurangabad and APB Pearl to joint venture UBL (a joint venture with the VJM Group).

Important developments affecting the business in various countries, such as the political developments in Nigeria and the security situation in Mexico, were also touched upon.

The development of brands, particularly the Heineken brand itself, was another topic of discussion, not least in view of the new possibilities presented by the FEMSA acquisition. The Chief Commercial Officer of Heineken N.V., appointed at the beginning of 2010, gave a presentation to the Board of Directors on his plans.

A recurrent element in all the meetings is a discussion of the results: volumes, revenues and (gross) profits are reviewed by region and country and a member of

Gap between Heineken Holding N.V. and Heineken N.V. share price

in euros

Euronext Amsterdam

after restatement for share split



Heineken Holding N.V. close

Heineken N.V. close

the Executive Board of Heineken N.V. explained the developments in those markets, paying special attention in all cases to cash flow generation. The recently acquired businesses in Mexico and Brazil, and also the UK are reviewed. At two meetings each year, the dividend proposals are considered.

At the meeting of the Board of Directors to consider the directors' report and the financial statements, the external auditors gave a comprehensive report on their activities.

The composition of the Supervisory Board and the Executive Board of Heineken N.V. and management development are also recurring items on the agenda.

There were informal discussions during the year regarding current business matters on which the opinion of the Board of Directors has been sought.

Mrs C.L. de Carvalho-Heineken, delegate member of the Board of Directors, travelled to Mexico for the signing on behalf of Heineken Holding N.V. of the contract to acquire FEMSA's beer operations. She attended the distributors' conference in the US and a forum in South Africa and visited the breweries in Chur in Switzerland and Krušovice in the Czech Republic.

Further information regarding developments during the 2010 financial year of Heineken N.V. and its related companies, and the material risks Heineken N.V. is facing, is given in Heineken N.V.'s annual report.

REVIEW OF 2010

Share price

The share price rose slowly during the year. The gap between the Heineken N.V. and Heineken Holding N.V. share prices moved between 10% and 15%, ending the year at 11.34%.

Price movements are shown in the graph on page 9. More information regarding the shares can be found on page 5 of this report.

Interest in Heineken N.V.

The nominal value of our company's interest in Heineken N.V. as at 31 December 2010 was €461 million (31 December 2009: €392 million). The nominal value of the ordinary shares issued by our company as at the same date was also €461 million. On 30 April 2010, €69 million nominal share capital was issued to finance the acquisition of FEMSA's beer operations. As at 31 December 2010, our company's interest in

Heineken N.V. represented 50.005% of the issued capital (being 50.147% of the outstanding capital) of Heineken N.V.

Results

With regard to the company's balance sheet and income statement, the Board of Directors has the following comments

The Board of Directors has elected to avail itself of the option given by Section 362, subsection 8, of Book 2 of the Dutch Civil Code of using the same accounting policies for the valuation of assets and liabilities and determination of results in the company financial statements as those used for the preparation of the consolidated financial statements of Heineken Holding N.V. Since the interest in Heineken N.V. is measured using the equity method, the equity attributable to the equity holders of Heineken Holding N.V., amounting to €4,702 million, shown in the consolidated statement of financial position, is equal to the shareholders' equity shown in the company balance sheet less the priority shares.

Our company's 50.147% share in Heineken N.V.'s 2010 profit of €1,436 million is recognised as income of €720 million in the 2010 company income statement. This share in Heineken N.V.'s profit consists of both distributed and retained earnings for 2010.

FEMSA acquisition

On 11 January 2010, Heineken announced the acquisition of the beer businesses of Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) through a share transaction. The acquisition was completed on 30 April 2010 (the 'Completion Date'), following approval by all relevant anti-trust authorities and the shareholders of Heineken N.V., Heineken Holding N.V. and FEMSA.

On the Completion Date, Heineken N.V. issued 86,028,019 new shares to FEMSA in exchange for the transfer by FEMSA of its beer operations to Heineken N.V.

Simultaneously on the Completion Date, Heineken Holding N.V. issued 43,018,320 new shares to FEMSA in exchange for the transfer by FEMSA of an equal number of the new Heineken N.V. shares to Heineken Holding N.V.

Heineken N.V. also entered into a commitment to deliver an additional 29,172,504 Heineken N.V. shares (the 'Allotted Shares') to FEMSA over a period of not more than five years from the Completion Date in two instalments per year.

In 2010, 10,240,553 Allotted Shares were delivered to FEMSA.

These Allotted Shares have been repurchased by Heineken N.V. on the market under share repurchase programmes announced in March, July and November 2010. Details of the share repurchase programmes can be found on the website:

http://www.heinekeninternational.com/femsa_acquisition.aspx

As at 31 December 2010, FEMSA (through its affiliate CB Equity LLP) holds a 14.94% shareholding in Heineken Holding N.V. and a 9.24% shareholding in Heineken N.V. Following delivery of all the remaining Allotted Shares, FEMSA's shareholding in Heineken N.V. will be 12.53%. All FEMSA's Heineken Holding N.V. and Heineken N.V. shares (including all Allotted Shares) represent a 20% economic interest in the Heineken group.

HEINEKEN N.V. PERFORMANCE IN 2010 AND OUTLOOK

Heineken N.V. posted a net profit of €1,436 million in 2010. This strong performance was driven by solid profit growth in Western Europe, Africa, Asia Pacific and the Americas regions. Lower results in the Central and Eastern Europe region primarily reflects the challenging operating environment in Russia and Greece following substantial increases in excise duties. Organic profit growth was driven by increased pricing, improved sales mix, significant TCM cost savings, a higher profit contribution from joint venture operations and lower finance costs.

The acquisition of the beer operations of FEMSA was completed on 30 April 2010. Earlier announced targeted cost synergies of approximately €150 million are confirmed. In the first eight months of consolidation, Heineken has realised cost synergies amounting to €42 million before tax, primarily related to savings in the purchasing, sales and distribution areas. The beer operations of FEMSA generated €2,036 million of revenue and €315 million of EBIT (beia). Assuming a first time consolidation as of 1 January 2010, management estimates that revenue and EBIT (beia) of the beer operations of FEMSA would have amounted to €2,873 million and €397 million, respectively (converted at an average rate of EUR/MXN 16.57).

For 2011 Heineken expects volume development in Latin America, Africa and Asia to benefit from ongoing

robust economic conditions and marketing and investment programmes. Although Heineken expects an improving economic environment in Europe and the USA, the impact of austerity measures and high unemployment is expected to result in continued cautious consumer behaviour in these markets. The international premium segment will continue outgrowing the overall beer market, benefiting the Heineken® brand and supporting improved sales mix. Heineken forecasts a low single-digit increase in input costs and plans to mitigate this impact through increased pricing.

In Europe, Heineken will shift its prime focus towards volume and value share growth, with increased investments in marketing and innovation in Heineken® and other key brands, further supported by the international roll-out of higher margin brands. Whilst this is expected to affect profit development in Europe in the near term, it underlines Heineken's commitment to strengthening its leadership position in the region. In addition, continued efforts will be made to improve the performance of companies acquired over the past few years. In the new markets of Mexico and Brazil, improved marketing effectiveness and the realisation of cost synergies will contribute to higher profitability.

The TCM programme will deliver further cost savings, although at a lower level than in 2010 following the earlier than planned realisation of savings in 2010. As a result of ongoing efficiency improvements, Heineken expects a further organic decline in the number of employees.

For 2011, capital expenditure related to property, plant and equipment is forecast to be approximately €850 million.

Heineken does not expect material changes to the effective tax rate (beia) in 2011 (2010: 27.3%) and forecasts an average interest rate slightly above 5.5%.

Free operating cash flow generation is expected to remain strong, further reducing the level of net debt in 2011. Following two consecutive years of substantially reduced capital expenditure and significantly higher cash flow generation, the cash conversion rate for 2011 will be around 100%.

More information is provided in Heineken N.V.'s annual report.

FINANCIAL STATEMENTS AND APPROPRIATION OF PROFIT

The Board of Directors will submit the financial statements for 2010 to the General Meeting of Shareholders. These financial statements, on pages 20 to 128 of this report, have been audited by KPMG Accountants N.V., whose report can be found on page 131.

Heineken N.V. proposes to distribute a dividend for 2010 of $\[\in \]$ 0.76 per share of $\[\in \]$ 1.60 nominal value, of which $\[\in \]$ 0.26 per share of $\[\in \]$ 1.60 nominal value has already been paid as interim dividend.

With the approval of the meeting of priority share-holders, the Board of Directors has resolved to vote at the General Meeting of Shareholders of Heineken N.V. in favour of Heineken N.V.'s dividend proposal. On that basis, the dividend payable to our company for 2010 totals €218.9 million in cash, of which €74.9 million has already been received by way of interim dividend. The final dividend due will therefore be €144 million.

In accordance with the provisions of Article 10, paragraph 9, of the Articles of Association, an interim dividend of $\[\in \]$ 0.26 per share of $\[\in \]$ 1.60 nominal value was distributed to holders of ordinary shares on 3 September 2010. Pursuant to the provisions of Article 10 of the Articles of Association, a final dividend of $\[\in \]$ 0.50 per share of $\[\in \]$ 1.60 nominal value currently in issue will be payable to holders of ordinary shares from 5 May 2011. Like the holders of Heineken N.V. shares, holders of ordinary shares will therefore receive a total dividend for 2010 of $\[\in \]$ 0.76 per share of $\[\in \]$ 1.60 nominal value. A total of $\[\in \]$ 218.9 million will be distributed to holders of ordinary shares and a total of $\[\in \]$ 20 (4% of the nominal value of $\[\in \]$ 20 per share) will be distributed as dividend to holders of priority shares.

CORPORATE GOVERNANCE

On 10 December 2008, a revised Dutch Corporate Governance Code was published, superseding the Corporate Governance Code of 9 December 2003.

While Heineken Holding N.V. endorses the principles of the Corporate Governance Code (the 'Code') referred to in Section 391, subsection 5, of Book 2 of the Dutch Civil Code, the structure of the Heineken group, and in particular the relationship between Heineken Holding N.V. and Heineken N.V., prevents Heineken Holding N.V. from applying a number of the Code's

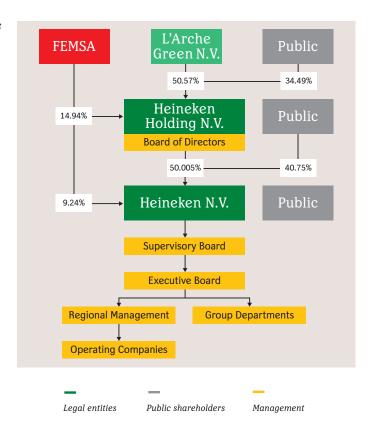
principles and best-practice provisions. At the General Meeting of Shareholders on 20 April 2005, this departure from the 2003 Code was put to the vote and approved.

The departure from the revised Code was discussed with the General Meeting of Shareholders on 22 April 2010.

Structure of the Heineken group

Heineken Holding N.V. has a 50.005% interest in the issued share capital (being 50.147% of the outstanding share capital) of Heineken N.V. Both companies are listed on Euronext Amsterdam. L'Arche Green N.V., a company owned by the Heineken family and the Hoyer family, holds a 50.57% interest in Heineken Holding N.V. The Heineken family holds 88.55% of L'Arche Green N.V. and the remaining 11.45% is held by the Hoyer family.

Standing at the head of the Heineken group, Heineken Holding N.V. is not an ordinary holding company. Since its formation in 1952, Heineken Holding N.V.'s object pursuant to its Articles of Association has been to manage or supervise the management of the Heineken group and to provide services for Heineken N.V., in accordance with the policy principles outlined above.



Within the Heineken group, the primary duties of Heineken N.V.'s Executive Board are to initiate and implement corporate strategy and to manage Heineken N.V. and its related enterprise. It is supervised in the performance of its duties by Heineken N.V.'s Supervisory Board.

Heineken Holding N.V.'s governance structure and risk management and control system

Heineken Holding N.V. is managed by its Board of
Directors, whose activities are directed towards
implementing the policy principles outlined above.

Because Heineken N.V. manages the Heineken group companies, Heineken Holding N.V., unlike Heineken N.V., does not have a Supervisory Board or an internal risk management and control system. Heineken Holding N.V. does not engage in any operational activities and employs no staff. The risk management and control system for the business is described in the Heineken N.V. annual report, page 30. Note 32 to the consolidated financial statements of Heineken Holding N.V. itemises the specific financial risks and explains the control systems relating to those risks.

Pursuant to Article 10, paragraph 6, of the Articles of Association of Heineken Holding N.V., holders of Heineken Holding N.V. ordinary shares receive the same dividend as holders of Heineken N.V. shares.

Within Heineken Holding N.V., there are established rules governing the disclosure of holdings of and transactions in Heineken Holding N.V. and Heineken N.V. shares and other securities that are applicable to the Board of Directors and, where required, other persons directly associated with the company.

Compliance with the Code

Heineken Holding N.V. intends to preserve its existing governance structure and does therefore not apply those principles and best-practice provisions which are inconsistent with this structure.

For the reasons stated above, Heineken Holding N.V. does not engage in any operational activities, employs no staff, has no internal risk management and control system and has no Supervisory Board. Pursuant to its Articles of Association, Heineken Holding N.V. distributes the dividend it receives from Heineken N.V. in full to its shareholders. Heineken Holding N.V. does not apply principles and best-practice provisions which presume that the actual situation is different.

Heineken Holding N.V. will apply best-practice provision II.1.1, which limits the period of appointment and reappointment of a member of the Board of Directors to a maximum of four years. All members were appointed for an indefinite period and a rotation schedule has been drawn up under which they will retire or be proposed for reappointment for a maximum period of four years. This rotation schedule is subject to revision from time to time. The first proposal to reappoint will be put to the General Meeting of Shareholders on 21 April 2011. It is proposed that an age limit of 70 years applies in principle, but that an exception of this age limit is possible in individual cases. The same limit and possibility of exception applies to the Supervisory Board of Heineken N.V. In the context of the Dutch Corporate Governance Code Heineken Holding N.V. has declared that its Board of Directors is comparable with a Supervisory Board and that, therefore, certain rules pertaining to Boards of Directors are not applied but certain rules pertaining to Supervisory Boards are applied.

Heineken Holding N.V. does not apply best-practice provision II.1.8, which limits the number of supervisory directorships of listed companies which may be held by a member of the Board of Directors to a maximum of two and does not permit a member of the Board of Directors to be the chairman of the Supervisory Board of a listed company. The Board of Directors considers this best-practice provision to be inconsistent with the nature of its activities.

Heineken Holding N.V. complies with the other principles and best-practice provisions of the Code.

BOARD OF DIRECTORS

The Board of Directors consists of five members: Chairman Mr M. Das, delegate member Mrs C.L. de Carvalho-Heineken and members Messrs J.A. Fernández Carbajal, D.P. Hoyer and K. Vuursteen.

The members of the Board of Directors are appointed by the General Meeting of Shareholders from a non-binding list of candidates drawn up by the meeting of priority shareholders. The General Meeting may appoint one of the members as delegate member, who shall be charged in particular with the day-to-day management and the implementation of the Board of Directors' resolutions.

In accordance with the rotation schedule referred to above, Mr D.P. Hoyer will stand down at the Annual General Meeting of Shareholders on 21 April 2011 and , in view of his age, will not be proposed for reappointment. Mr D.P. Hoyer has been a member of the Board of Directors since 1972. In that capacity, he has made an invaluable contribution to the achievement of Heineken Holding N.V.'s primary objective, namely to safeguard the long-term independence, continuity and stability of the Heineken group, for which the Board of Directors thanks him most sincerely.

Mrs C.M. Kwist will be nominated by the meeting of priority shareholders for appointment as a member of the Board of Directors. Mrs C.M. Kwist is a director both of Greenfee B.V., the company in which the Hoyer family has placed its interest in L'Arche Green N.V., and of L'Arche Green N.V., the company in which the Heineken and Hoyer families have combined their shareholdings in Heineken Holding N.V. Her background is in marketing. After graduating in psychology, she worked for ten years for Procter & Gamble in a number of management positions. For the past eight years, she has been advising international brand producers and retailers as a consultant in brand management, marketing and communication. Mrs C.M. Kwist has Dutch nationality and lives in Brussels.

Mrs C.L. de Carvalho-Heineken will be nominated by the meeting of holders of priority shares for reappointment as delegate member of the Board of Directors. Mrs C.L. de Carvalho-Heineken was first appointed in 1988. She is also a director of L'Arche Holding S.A., the company in which the Heineken family has placed its shareholding in L'Arche Green N.V., and of L'Arche Green N.V., the company in which the Heineken and Hoyer families have combined their shareholdings in Heineken Holding N.V. The meeting of holders of priority shares proposes to reappoint Mrs C.L. de Carvalho-Heineken in view of the way she fulfils her role as delegate member of the Board of Directors.

The General Meeting of Shareholders can dismiss members of the Board of Directors by an absolute majority of the votes cast which represents at least one-third of the issued capital.

Remuneration policy

Remuneration of the members of the Board of Directors was enabled by an amendment to the company's Articles of Association in 2001. The policy on the remuneration

of members of the Board of Directors was approved by the General Meeting of Shareholders in 2005. Under this policy, the members of the Board of Directors receive the same remuneration as the members of the Supervisory Board of Heineken N.V. For 2011, this means an increase from €60,000 to €90,000 a year for the chairman and from €45,000 to €60,000 a year for the other members of the Board of Directors, subject to approval of the proposal by the General Meeting of Shareholders of Heineken N.V.

More information on how this policy was applied in practice in 2010 can be found in the notes to the consolidated financial statements (see note 35).

GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders shall be held each year within six months of the end of the financial year, the agenda for which shall include: (i) consideration of the annual report, (ii) consideration and adoption of the financial statements, (iii) ratification of the actions of the members of the Board of Directors in respect of their management and (iv) appropriation of profits.

General Meetings of Shareholders shall be held in Amsterdam.

Notice of meeting

Pursuant to the prevailing provisions of the Law, the Board of Directors shall give at least forty-one (41) days' notice of General Meetings of Shareholders (not including the convocation date and the date of the meeting).

The Board of Directors is obliged to call a General Meeting of Shareholders at the request of shareholders who alone or together own at least 25% of the shares.

Such meeting shall be held within four weeks of receipt of the request and shall consider the matters specified by those requesting the meeting.

Right of shareholders to place items on agenda

An item that one or more holders of shares which alone or together (i) represent at least one per cent (1%) of the issued capital or (ii) have a value of at least 50 million euros have requested in writing to be placed on the agenda shall be included in the notice of meeting or announced in a similar manner, unless this would be

contrary to an overriding interest of the company, and provided the Board of Directors receives the request not later than the 60th day before the date of the General Meeting of Shareholders.

Best-practice provision IV.4.4 of the Dutch Corporate Governance Code of 10 December 2008 states: 'A shareholder shall exercise the right of placing an item on the agenda only after consultation with the management board. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the company's strategy, for example through the dismissal of one or more board members, the management board shall be given the opportunity to stipulate a reasonable period in which to respond (the response period). This shall also apply to an intention as referred to above to seek the authorisation of a court of law to call a General Meeting pursuant Section 2:110 of the Dutch Civil Code. The shareholder shall respect the response period stipulated by the management board within the meaning of best-practice provision II.1.9.

If the Board of Directors stipulates a response period, that period shall not exceed 180 days from the date on which the Board of Directors is informed by one or more shareholders of their intention to place an item on the agenda to the date of the General Meeting at which the item is to be considered. The Board of Directors shall use the response period for further deliberation and constructive consultation. A response period shall be stipulated only once for any given General Meeting of Shareholders and shall not apply to an item in respect of which a response period has previously been stipulated.

Record date

For each General Meeting of Shareholders, a record date for the exercise of the voting rights and attendance at the meeting shall apply. This record date is the 28th day prior to the date of the meeting. The record date shall be included in the notice of meeting, as well as the manner in which those entitled to attend and/or vote in the meeting can be registered and the manner in which they may exercise their rights.

Only persons that are shareholders on the record date may attend and vote in the General Meeting of Shareholders.

Attendance by proxy or electronic communication

All shareholders are entitled, either personally or by proxy appointed in writing, to attend the General Meeting of Shareholders, to address the meeting and to exercise their voting rights.

If shareholders wish to exercise their rights through a proxy appointed in writing, the instrument appointing the proxy must be received by the company no later than the date stated in the notice of meeting.

The Board of Directors may determine that the powers set out in the previous sentence may also be exercised by means of electronic communication. The Board of Directors may impose certain conditions on the use of electronic communications, which will in that case be stated in the notice of meeting.

Attendance register

All persons entitled to vote or otherwise entitled to attend a meeting or their representatives shall sign the attendance register, stating the number of shares and votes represented.

Chairman of the General Meeting of Shareholders

All General Meetings of Shareholders shall be presided over by the chairman or the vice-chairman of the Board of Directors or, in their absence, by one of the members of the Board of Directors present at the meeting, to be appointed by the latter in consultation. If none of the members of the Board of Directors is present, the meeting shall appoint its own chairman.

Voting

Adoption of resolutions at all General Meetings of Shareholders shall require an absolute majority of the votes cast, except where a larger majority is required by law or the Articles of Association.

Each share confers the entitlement to cast one vote. Blank votes shall be deemed not to have been cast.

When convening a General Meeting of Shareholders, the Board of Directors may determine that votes cast electronically in advance of the meeting are to be equated to votes cast in the course of the meeting. Such votes may not be cast prior to the record date. A shareholder who has voted electronically in advance of a General Meeting of Shareholders shall still be entitled to attend and address the meeting, either in

person or represented by a proxy appointed in writing. Once cast, a vote cannot be retracted.

Minutes

Minutes shall be kept of the proceedings of General Meetings of Shareholders by a secretary appointed by the General Meeting and shall be confirmed and signed by the chairman of the meeting and by the minutes secretary. If a notarial record is made of the proceedings of a General Meeting of Shareholders, it shall be countersigned by the chairman of the meeting. Shareholders shall be provided on request with copies of the minutes of the General Meeting of Shareholders not later than three months after the end of the meeting.

Resolutions to be adopted by the General Meeting of Shareholders

The General Meeting of Shareholders has authority to adopt resolutions concerning among others the following matters: (i) issue of shares by the company or rights attaching to shares (and authorisation of the Board of Directors to resolve that the company issue shares or rights attaching to shares), (ii) authorisation of the Board of Directors to resolve that the company acquire its own shares, (iii) cancellation of shares and reduction of share capital, but only after a motion of the meeting of priority shareholders, (iv) appointment of members of the Board of Directors from a non-binding list of candidates drawn up by the meeting of priority shareholders, (v) appointment of one of the members of the Board of Directors as delegate member, (vi) the remuneration policy for the Board of Directors, (vii) suspension and dismissal of members of the Board of Directors, (viii) adoption of the financial statements, (ix) ratification of the actions of the members of the Board of Directors in respect of their management, (x) the profit reservation and distribution policy, (xi) a substantial change in the corporate governance structure, (xii) appointment of the external auditors, (xiii) amendment of the Articles of Association and (xiv) winding-up of the company.

Board of Directors' resolutions on any material change in the nature or identity of the company or enterprise shall be subject to the approval of the meeting of priority shareholders and the General Meeting of Shareholders, in any event including resolutions relating to (a) transfer of all or virtually all of the company's enterprise to a third party, (b) entry into or termination of lasting cooperation between the company or a subsidiary and

another legal entity or partnership or as general partner in a limited partnership or general partnership where such cooperation or termination thereof has material significance for the company and (c) acquisition or disposal by the company or a subsidiary of an interest in the capital of another company amounting to one-third or more of the company's assets as disclosed in its consolidated statement of financial position and notes thereto according to its most recently adopted financial statements.

Provision of information

The Board of Directors shall provide the General Meeting of Shareholders with all the information it may require, unless there are compelling reasons to withhold it in the company's interest. If the Board of Directors withholds information on the grounds of the company's interest, it shall give its reasons for doing so.

Priority shares

The company has issued 250 priority shares, 50% of which are held by Stichting Administratiekantoor Priores, the other 50% being held by Stichting Beheer Prioriteitsaandelen Heineken Holding N.V.

A full description of rights conferred by the priority shares is given in the paragraph headed 'Further Information pursuant to the Article 10 Takeover Directive Decree' and the 'Other Information' section (page 129) of this annual report.

Proposal to amend the Articles of Association

The company has prepared a proposal to amend its Articles of Association. The proposal will be included in the agenda for the upcoming Annual General Meeting of Shareholders of the company on 21 April 2011.

The proposed amendments relate mainly to the Act of 30 June 2010 amending Book 2 of the Civil Code and the Financial Markets Supervision Act implementing Directive no. 2007/36/EC of the European Parliament and of the Council of the European Union of 11 July 2007 concerning the exercise of certain rights of shareholders in listed companies (Wet van 30 juni 2010 tot wijziging van Boek 2 van het Burgerlijk Wetboek en de Wet op het financieel toezicht ter uitvoering van richtlijn nr. 2007/36/EG van het Europees Parlement en de Raad van de Europese Unie van 11 juli 2007 betreffende de uitoefening van bepaalde rechten van aandeelhouders in

beursgenoteerde vennootschappen), which came into force on 1 July 2010. The changes affect the preliminary definitions and Articles 4, 5, 7, 8, 11, 12 and 15.

The proposal also includes authorisation to execute the notarial deed of amendment of the Articles of Association. The amendments to the Articles of Association will come into force upon execution of this notarial deed. The full text containing the proposed amendments can be obtained at the company's offices and shall also be available on the website www.heinekeninternational.com/agm

FURTHER INFORMATION PURSUANT TO THE ARTICLE 10 TAKEOVER DIRECTIVE DECREE

Heineken Holding N.V.'s issued and outstanding capital consists of 288,030,168 ordinary shares with a nominal value of €1.60 and 250 priority shares with a nominal value of €2.

The priority shares are registered. The meeting of holders of priority shares has the right to draw up a non-binding list of candidates for each appointment to the Board of Directors by the General Meeting of Shareholders. The approval of the meeting of the holders of priority shares is required for resolutions of the Board of Directors relating to the exercise of voting rights on shares in public limited liability companies and other legal entities and the direction in which such votes are to be cast. Pursuant to Section 107a of Book 2 of the Dutch Civil Code and the Articles of Association of the company, the approval of both the meeting of the holders of priority shares and the General Meeting of Shareholders is required for resolutions of the Board of Directors relating to any material change in the nature or identity of the company or the enterprise, in any event including and subject to the statutory limits, resolutions relating to the transfer of all or virtually all of the company's enterprise to a third party, entry into or termination of lasting cooperation between the company or a subsidiary and another legal entity and acquisition or disposal by the company or a subsidiary of a substantial interest in the capital of another company.

Shares are issued pursuant to a resolution of the General Meeting of Shareholders, without prejudice to its right to delegate that authority. Such a resolution requires that prior or simultaneous approval be given by resolution of the meeting of holders of shares of the

same class as that to which the issue relates, except in the case of stock dividends, bonus shares or rights issues which the company is required to distribute pursuant to Article 10 of the Articles of Association.

Fully paid ordinary shares in its own capital may only be acquired by the company for no consideration or if (a) the shareholders' equity minus the purchase price is not less than the sum of the paid-in and called capital and the reserves prescribed by law and (b) the nominal amount of own shares to be acquired does not exceed half of the issued capital.

Pursuant to the Financial Markets Supervision Act (Wet op het financieel toezicht) and the Decree on Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen), the Authority for the Financial Markets (AFM) has been notified of the following substantial shareholdings in Heineken Holding N.V.:

- 1 November 2006: Mrs C.L. de Carvalho-Heineken (52.01%, including a 50.005% shareholding by L'Arche Holding S.A.);*
- 29 September 2009: Davis Investments LLC (6.46% in the ordinary share capital, only 5.84% of the voting rights on these shares);
- 30 April 2010: Voting Trust (FEMSA), through its affiliate CB Equity LLP (14.94%).

There are no restrictions on the voting rights on ordinary shares. Heineken Holding N.V. has no staff share plan or options plan. Heineken Holding N.V. is not aware of any agreement with a shareholder which might give rise to the restriction of voting rights.

Persons who hold shares on a predetermined record date may attend and exercise their voting rights at General Meetings of Shareholders. The record date for the General Meeting of Shareholders on 21 April 2011 has been set 28 days before the General Meeting of Shareholders, i.e. on 24 March 2011.

The members of the Board of Directors are appointed by the General Meeting of Shareholders from a non-binding list of candidates drawn up by the meeting of priority shareholders.

^{*} The AFM register for substantial shareholdings is no longer up-to-date. For the present situation reference is made to the organisation chart on page 12.

Members of the Board of Directors may be suspended or dismissed by the General Meeting of Shareholders at any time by a resolution adopted by an absolute majority of the votes cast which represents at least one-third of the issued capital.

The Articles of Association may be amended by a resolution adopted on a motion of the meeting of priority shareholders by a General Meeting of Shareholders at which at least half of the issued capital is represented. A resolution to amend the Articles of Association must in all cases be stated in the notice of meeting and a copy of the resolution must be deposited simultaneously at the company's offices for inspection. If the required capital is not represented at the meeting, a second General Meeting of Shareholders must be held within four weeks of that meeting, at which a resolution to amend the Articles of Association may be adopted irrespective of the capital represented.

The Annual General Meeting of Shareholders on 22 April 2010 extended, for the statutory maximum period of 18 months, commencing on 22 April 2010, the authorisation which it had granted to the Board of Directors on 23 April 2009 to acquire own shares subject to the following conditions and with due observance of the law and the Articles of Association:

- a the maximum number of shares which may be acquired is 10% of the issued share capital of the company;
- b transactions must be executed at a price between the nominal value of the shares and 110% of the opening price quoted for the shares in the Official Price List (Officiële Prijscourant) of Euronext Amsterdam on the date of the transaction or, in the absence of such a price, the latest price quoted therein;
- c transactions may be executed on the stock exchange or otherwise.

The Annual General Meeting of Shareholders on 22 April 2010 also extended, for a period of 18 months, commencing on 22 April 2010, the authorisation which it had granted to the Board of Directors on 23 April 2009 to issue shares or grant rights to subscribe for shares, with due observance of the law and the Articles of Association. The authorisation is limited to 10% of the issued share capital of the company on the date of issue.

The Annual General Meeting of Shareholders on 22 April 2010 also extended, for a period of 18 months, commencing on 22 April 2010, the authorisation which

it had granted to the Board of Directors on 23 April 2009 to restrict or exclude shareholders' pre-emptive rights in relation to the issue of shares or the granting of rights to subscribe for shares, with due observance of the law and the Articles of Association.

There are no agreements under which Heineken Holding N.V. is liable to make any payment to members of the Board of Directors or employees on termination of employment following a public offer for all the shares.

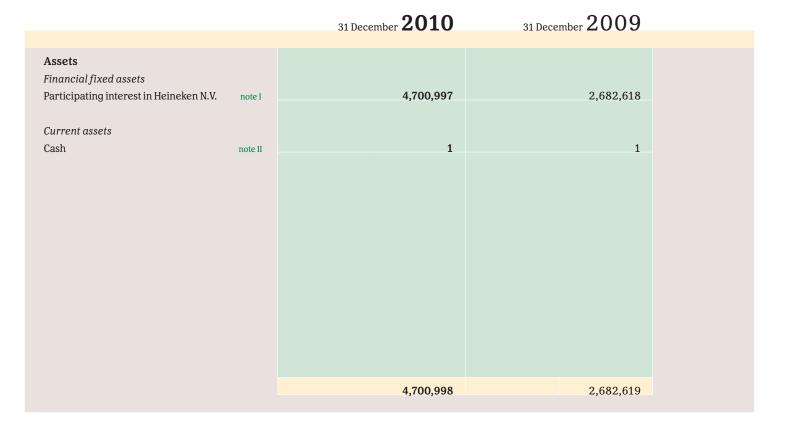
Amsterdam, 15 February 2011

Board of Directors Mr M. Das Mrs C.L. de Carvalho-Heineken Mr J.A. Fernández Carbajal Mr D.P. Hoyer Mr K. Vuursteen



BALANCE SHEET OF HEINEKEN HOLDING N.V.

before appropriation of profit in thousands of euros



	31 December 2010	31 December 2009
Equity and liabilities		
Shareholders' equity		
Issued capital:		
Priority shares	1	1
Ordinary shares	460,848	392,019
	460,849	392,020
Share premium	1,256,996	_
Franslation reserve	-46,707	-226,233
Hedging reserve	-13,082	-61,725
fair value reserve	45,015	50,030
Other legal reserves	450,057	338,230
Retained earnings	1,827,758	1,679,942
Profit for the year	720,111	510,354
note III	4,700,997	2,682,618
Current liabilities		
Other payables	1	1
	4,700,998	2,682,619

INCOME STATEMENT OF HEINEKEN HOLDING N.V.

in thousands of euros

		2010	2009	
Share in result of participating interest				
in Heineken N.V. after income tax	note IV	720,111	510,354	
Other revenues and expenses after				
income tax	note V	_	_	
Profit		720,111	510,354	
		•	·	

Reporting entity

Heineken Holding N.V. (the 'Company') is a company domiciled in the Netherlands.

Basis of preparation

The Company financial statements have been prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code. The Company uses the option of Section 362, subsection 8, of Book 2 of the Dutch Civil Code to prepare the Company financial statements on the basis of the same accounting principles as those applied for the consolidated financial statements. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. Only IFRSs adopted by the EU have been applied in preparation of the consolidated financial statements. For a further description of these principles see the notes to the consolidated financial statements.

Heineken Holding N.V. presents a condensed income statement, using the exemption of Article 402 of Book 2 of the Dutch Civil Code.

The amounts disclosed in the notes to the balance sheet and income statement are in thousands of euros, unless otherwise indicated.

The financial statements have been prepared by the Board of Directors of the Company and authorised for issue on 15 February 2011 and will be submitted for adoption to the Annual General Meeting of Shareholders on 21 April 2011.

Significant accounting policies

Financial fixed assets

Participating interests, over which significant influence is exercised, are measured on basis of the equity method.

Shareholders' equity

The translation reserve and other legal reserves are previously formed under and still recognised in accordance with the Dutch Civil Code.

Profit of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests.

note I PARTICIPATING INTEREST IN HEINEKEN N.V.

The interest of Heineken Holding N.V. in Heineken N.V. is 50.005% of the issued capital (being 50.147% (2009: 50.133%) of the outstanding capital following the purchase of own shares by Heineken N.V.). The nominal value of the Heineken N.V. shares held by the Company amounted to ≤ 461 million as at 31 December 2010 (≤ 392 million as at 31 December 2009).

Valuation of the participating interest in Heineken N.V. is based on 50.147% of the shareholders' equity published by Heineken N.V. in its financial statements.

The market capitalisation of the participating interest in Heineken N.V. as at 31 December 2010 amounted to €10.6 billion (31 December 2009: €8.2 billion).

Balance as at 1 January 2009	2,240,508
50.133% of the profit of Heineken N.V.	510,354
Dividend payments received	-144,557
Movements in translation reserve	72,192
Movements cash flow hedges	-1,003
Movements fair value adjustments	6,016
Purchase/reissuance own shares by	
Heineken N.V. (including dilution effect)	-5,905
Share-based payments by Heineken N.V.	5,013
Balance as at 31 December 2009	2,682,618
Balance as at 1 January 2010	2,682,618
50.147% of the profit of Heineken N.V.	720,111
Dividend payments received	
by Heineken Holding N.V.	-172,893
Declaration ASDI dividends	-3,009
Shares issued	1,325,825
Movements in translation reserve	179,526
Movements cash flow hedges	48,643
Movements fair value adjustments	-5,015
Purchase own shares by Heineken N.V. ASDI	-10,531
Own shares granted by Heineken N.V.	
(including dilution effect)	5,426
Share-based payments by Heineken N.V.	7,522
Purchase mandate Heineken N.V. shares	- 48,141
Movements because of changes in consolidation	-29,085
Balance as at 31 December 2010	4,700,997

note II CASH

This item relates to the balances as at balance sheet date on a current account and a deposit account relating to the priority shares.

note III SHAREHOLDERS' EQUITY

Capital premium reserve reserve reserve reserve reserve earnings the year equivalence of the comprehensive income 298,425 -60,722 44,014 297,622 1,761,265 104,734 2,240,014 297,622 1,761,265 104,734		Issued	Shara							
Balance as at 1 January 2009			Sitate	Translation	Hedging	Fair value	Other legal	Retained	Profit for	Tota
Other comprehensive income 2		capital	premium	reserve	reserve	reserve	reserves	earnings	the year	equity
Other comprehensive income 2										
Profit for the year Total comprehensive income Transfer to retained earnings Dividends to shareholders Dividends D	Balance as at 1 January 2009	392,020	_	-298,425	-60,722	44,014	297,622	1,761,265	104,734	2,240,50
Total comprehensive income	Other comprehensive income $^{\scriptscriptstyle 2}$	-	_	72,192	-1,003	6,016	3,008	-3,008	-	77,20
Transfer to retained earnings Dividends to shareholders Dividends to s	Profit for the year	_	_	_	_	_	75,200	-75,200	510,354	510,35
Dividends to shareholders Purchase/reissuance own shares by Heineken N.V. Balance as at 31 December 2009 392,020 - 226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Balance as at 1 January 2010 392,020 - 226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Balance as at 1 January 2010 392,020 - 226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Other comprehensive income 2 - 179,526 48,643 -5,015 - 223, Profit for the year 158,464 -157,461 720,111 721, Total comprehensive income - 179,526 48,643 -5,015 158,464 -157,461 720,111 944, Transfer of profit to retained earnings 46,637 46,637 - Dividends to shareholders 46,637 46,637 - Dividends to shareholders 1,325, Purchase own shares by Heineken N.V. ASDI 1,325, Purchase own shares by Heineken N.V. ASDI	Total comprehensive income	_	_	72,192	-1,003	6,016	78,208	-78,208	510,354	587,55
Purchase/reissuance own shares by Heineken N.V. Share-based payments by Heineken N.V.	Transfer to retained earnings	_	_	_	_	_	-37,600	142,334	-104,734	
by Heineken N.V.	Dividends to shareholders	_	_	_	_	_	_	-144,557	_	-144,55
Share-based payments by Heineken N.V. Balance as at 31 December 2009 392,020226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Balance as at 1 January 2010 392,020226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Other comprehensive income	Purchase/reissuance own shares									
Balance as at 31 December 2009 392,020 - 226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Balance as at 1 January 2010 392,020 - 226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Other comprehensive income 2 - 179,526 48,643 -5,015 223, Profit for the year 158,464 -157,461 720,111 721, Total comprehensive income - 179,526 48,643 -5,015 158,464 -157,461 720,111 944, Transfer of profit to retained earnings 510,354 -510,354 Transfer between reserves	by Heineken N.V.	_	_	_	_	_	_	-5,905	_	-5,90
Balance as at 31 December 2009 392,020226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Balance as at 1 January 2010 392,020226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Other comprehensive income	Share-based payments by									
Balance as at 1 January 2010 392,020 - 226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Profit for the year - 179,526 48,643 -5,015 - 223, Profit for the year - 179,526 48,643 -5,015 - 158,464 -157,461 720,111 721, Total comprehensive income - 179,526 48,643 -5,015 158,464 -157,461 720,111 944, Transfer of profit to retained earnings 510,354 Transfer between reserves	Heineken N.V.	_	_	_	_	_	_	5,013	_	5,01
Balance as at 1 January 2010 392,020 - 226,233 -61,725 50,030 338,230 1,679,942 510,354 2,682, Profit for the year - 179,526 48,643 -5,015 - 223, Profit for the year - 179,526 48,643 -5,015 - 172,461 720,111 721, Total comprehensive income - 179,526 48,643 -5,015 158,464 -157,461 720,111 944, Transfer of profit to retained earnings										
Balance as at 1 January 2010 392,020	Balance as at 31 December 2009	392,020	_	-226,233	-61,725	50,030	338,230	1,679,942	510,354	2,682,61
Other comprehensive income 2		ĺ		Í	ĺ	·	ĺ		ŕ	
Other comprehensive income 2	Balance as at 1 January 2010	392,020	_	-226,233	-61,725	50,030	338,230	1,679,942	510,354	2,682,61
Profit for the year	· · · · · · · · · · · · · · · · · · ·	_						_		
Total comprehensive income 179,526	•	_	_				158,464	-157,461	720,111	
Transfer of profit to retained earnings		_	_	179,526	48,643					
earnings				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	,	,	
Transfer between reserves		_	_	_	_	_	_	510.354	-510.354	
Dividends to shareholders	•	_	_	_	_	_			_	
Declaration ASDI dividends		_	_	_	_	_			_	- 172.89
Shares issued 68,829 1,256,996 1,325,6 Purchase own shares by Heineken N.V. ASDI 10,531 10,6 Own shares granted by Heineken N.V. Share-based payments by Heineken N.V. Purchase mandate Heineken N.V. shares		_	_	_	_	_				-3,00
Purchase own shares by Heineken N.V. ASDI Own shares granted by Heineken N.V. Share-based payments by Heineken N.V. Purchase mandate Heineken N.V. shares		68.829	1.256.996	_	_	_	_			
Heineken N.V. ASDI		00,020	1,200,000							1,020,01
Own shares granted by Heineken N.V.		_	_	_	_	_	_	-10 531	_	-10.53
Heineken N.V.								10,001		10,00
Share-based payments by Heineken N.V.		_	_	_	_	_	_	4 423	_	4,42
Heineken N.V.								1, 120		.,
Purchase mandate Heineken N.V. shares 48,141 48, Changes in consolidation 29,085 29,0		_	_	_	_	_	_	7 522	_	7,52
shares 48,141 48, Changes in consolidation 29,085 29,0								1,022		1,02
Changes in consolidation 29,085 29,0		_	_	_	_	_	_	_ 18 1/1	_	_ 18 1/
Balance as at 31 December 2010 460,849 1,256,996 -46,707 -13,082 45,015 450,057 1,827,758 720,111 4,700,9	Changes in Consolidation			_		_	_	- 23,000	_	- 29,00
Parameter as an of Percentistic Policy - 400,045 1,250,550 40,050 450,050 1,021,150 120,111 4,100,	Ralance as at 31 December 2010	460 849	1 256 996	-46 707	-13.082	45.015	450.057	1 827 758	720 111	4 700 90
	Datance as at 31 December 2010	400,043	1,200,000	40,101	13,002	40,010	400,001	1,021,130	120,111	4,100,33

For further explanation reference is made to note 22 to the consolidated financial statements.

note IV SHARE IN RESULT OF PARTICIPATING INTEREST IN HEINEKEN N.V. AFTER INCOME TAX

Included here is the share in the profit of Heineken N.V. for 2010, being 50.147% of €1,436 million (2009: 50.133% of €1,018 million).

note V OTHER REVENUES AND EXPENSES AFTER INCOME TAX

Expenses made to manage and provide services to Heineken N.V. amounting to $\ \in \ 7.4$ million (2009: $\ \in \ 7.12$ thousand) are reimbursed by Heineken N.V. to Heineken Holding N.V. in accordance with the management agreement. The increase in comparison to 2009 is caused by the acquisition of FEMSA. The remuneration of the Board of Directors is disclosed in note 35 to the consolidated financial statements.

note VI AUDIT FEES

Other expenses in the consolidated financial statements include €15.2 million of fees in 2010 (2009: €11.7 million) for services provided by KPMG Accountants N.V. and its member firms and/or affiliates. Fees for audit services include the audit of the financial statements of Heineken Holding N.V. and its subsidiaries. Fees for other audit services include sustainability, subsidy and other audits. Fees for tax services include tax compliance and tax advice. Fees for other non-audit services include due diligence related to mergers and acquisitions, review of interim financial statements, agreed upon procedures and advisory services.

In millions of euros		KPMG	Oth	er KPMG		Total
	Account	ants N.V.		er firms		
			and a	affiliates		
	2010	2009	2010	2009	2010	2009
Audit of Heineken Holding N.V. and its subsidiaries	2.3	2.0	7.4	5.5	9.7	7.5
Other audit services	0.3	0.4	0.6	0.4	0.9	0.8
Tax services	_	_	1.7	1.6	1.7	1.6
Other non-audit services	0.2	0.8	2.7	1.0	2.9	1.8
	2.8	3.2	12.4	8.5	15.2	11.7

Amsterdam, 15 February 2011

Board of Directors Mr M. Das Mrs C.L. de Carvalho-Heineken Mr J.A. Fernández Carbajal Mr D.P. Hoyer Mr K. Vuursteen

CONSOLIDATED INCOME STATEMENT

		2	2010		2009
Revenue	note 5		16,133		14,701
Other income	note 8		239		41
Raw materials, consumables and					
services	note 9	-10,291		-9,650	
Personnel expenses	note 10	-2,680		-2,379	
Amortisation, depreciation and					
impairments	note 11	-1,118		-1,083	
Total expenses			- 14,089		-13,112
Results from operating activities			2,283		1,630
		400			
Interest income	note 12	100		90	
Interest expenses	note 12	-590		-633	
Other net finance expenses	note 12	-19		214	
Net finance expenses Share of profit of associates and joint ventures and impairments thereof			-509		-329
(net of income tax)	note 16		193		127
Profit before income tax			1,967		1,428
Income tax expenses	note 13		- 399		-286
Profit			1,568		1,142
Attributable to:					
Equity holders of Heineken Holding N.V.					
(net profit)			720		510
Non-controlling interests in Heineken N.'	V.		716		508
Non-controlling interests in Heineken N.'	V.				
group companies			132		124
Profit			1,568		1,142
Weighted average number of					
ordinary shares – basic	note 23	273	,690,728		245,011,848
Weighted average number of					, , , ,
ordinary shares – diluted	note 23	273	,690,728		245,011,848
Basic earnings per ordinary share (€)	note 23		2.63		2.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
Profit	1,568	1,142
Other comprehensive income:	,	
Foreign currency translation differences		
for foreign operations note 24	400	112
Effective portion of change in fair value		
of cash flow hedges note 24	43	-90
Effective portion of cash flow hedges		
transferred to profit or loss note 24	45	88
Ineffective portion of cash flow hedges note 24	9	_
Net change in fair value available-		
for-sale investments note 24	11	26
Net change in fair value available-		
for-sale investments transferred		
to profit or loss note 24	- 17	-12
Share of other comprehensive income		
of associates/joint ventures note 24	- 29	22
Other comprehensive income, net of tax note 24	462	146
Total comprehensive income	2,030	1,288
Attributable to:		
	945	587
Equity holders of Heineken Holding N.V.	938	585
Non-controlling interests in Heineken N.V. Non-controlling interests in Heineken N.V.	938	585
group companies	147	116
group companies	147	110
Total comprehensive income	2,030	1,288

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 20	10	31 December	2009
Assets					
Non-current assets					
Property, plant & equipment	note 14	7,687		6,017	
Intangible assets	note 15	10,890		7,135	
Investments in associates and					
joint ventures		1,673		1,427	
Other investments and receivables	note 17	1,103		568	
Advances to customers	note 32	449		319	
Deferred tax assets	note 18	429		561	
		22,	231		16,027
Current assets					
Inventories	note 19	1,206		1,010	
Other investments	note 17	17		15	
Trade and other receivables	note 20	2,273		2,310	
Prepayments and accrued income		206		189	
Cash and cash equivalents	note 21	610		520	
Assets classified as held for sale	note 7	6		109	
		4,	318		4,153
		26.	549		20,180
					,

		31 December	2010	31 December	2009
Equity					
Share capital		461		392	
Share premium		1,257		_	
Reserves		436		100	
Retained earnings		2,548		2,190	
Equity attributable to equity holders	s of	_,		_,	
Heineken Holding N.V.			4,702		2,682
Non-controlling interests in Heineke	en N.V.		5,526		2,669
Non-controlling interests in Heineke			Í		ŕ
group companies			289		296
			10,517		5,647
Liabilities					
Non-current liabilities					
Loans and borrowings	note 25	8,078		7,401	
Tax liabilities		178		-	
Employee benefits	note 28	687		634	
Provisions	note 30	475		356	
Deferred tax liabilities	note 18	991		786	
			10,409		9,177
Current liabilities					
Bank overdrafts	note 21	132		156	
Loans and borrowings	note 25	862		1,145	
Trade and other payables	note 31	4,265		3,696	
Tax liabilities		241		132	
Provisions	note 30	123		162	
Liabilities classified as held for sale	note 7			65	
			5,623		5,356
			16,032		14,533
			10,002		14,000
			26,549		20,180

CONSOLIDATED STATEMENT OF CASH FLOWS

			2010		2009
Operating activities					
Profit		1,568		1,142	
Adjustments for:		1,300		1,142	
Amortisation, depreciation and					
impairments	note 11	1,118		1,083	
Net interest expenses		490		543	
Gain on sale of property, plant &	note 12	490		543	
equipment, intangible assets and					
subsidiaries, joint ventures and					
associates		- 239		- 41	
Investment income and share of profit	note 8	- 239		-41	
and impairments of associates and		-200		-138	
joint ventures		399		-136 286	
Income tax expenses Other non-cash items	note 13			200	
Cash flow from operations		163		1	
before changes in working capital					
and provisions			3,299		2,876
and provisions			3,299		2,010
Change in inventories		95		202	
Change in trade and other receivables		515		337	
Change in trade and other payables		- 156		-319	
Total change in working capital		- 130	454	-313	220
Total Change in working Capital			434		220
Change in provisions and employee					
benefits			-205		-67
Cash flow from operations			3,548		3,029
ousit now it out operations			0,040		0,023
Interest paid		-554		-467	
Interest received		15		_	
Dividend received		91		62	
Income taxes paid		-443		-245	
Cash flow related to interest, dividend					
and income tax			-891		-650
Cash flow from operating activities			2,657		2,379
1			,		,

2010 2009 **Investing activities** Proceeds from sale of property, plant & equipment and intangible assets 113 180 Purchase of property, plant & equipment note 14 -648 -678Purchase of intangible assets -56 -99 Loans issued to customers and other investments - 145 -117 72 76 Repayment on loans to customers Cash flow (used in)/from operational -664 -638 investing activities Free operating cash flow 1.993 1.741 Acquisition of subsidiaries, net of cash acquired* 17 -84note 6 Acquisition of associates, joint ventures and other investments -77 -116 Disposal of subsidiaries and non-controlling interests, net of cash 270 17 disposed of note 6 Disposal of associates, joint ventures and 47 34 other investments Cash flow (used in)/from acquisitions 257 and disposals -149 -407 Cash flow (used in)/from investing activities -787Financing activities Proceeds from loans and borrowings 1,920 2,052 Repayment of loans and borrowings -3,127-3,411 Dividends paid -483 -392Purchase own shares and shares issued by Heineken N.V. -381 -13 Acquisition of non-controlling interests - 92 -9 Other -73Cash flow (used in)/from financing activities -2,172-1,837Net cash flow 78 -245Cash and cash equivalents as at 1 January 364 604 36 5 Effect of movements in exchange rates Cash and cash equivalents as at 31 December 478 364 note 21

*The non-controlling interests have moved from Investing to Financing in 2010, comparatives have not been adjusted.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Share	Share	Translation	Hedging	
		capital	premium	reserve	reserve	
Balance as at 1 January 2009		392	_	-298	- 61	
Other comprehensive income	note 24	-	_	72	-1	
Profit		-	_		_	
Total comprehensive income		_	_	72	-1	
Transfer to retained earnings		_	_	_	_	
Dividends to shareholders		_	_	_	_	
Purchase/reissuance own/non-controlling shares						
by Heineken N.V.		_	_	_	_	
Share-based payments by Heineken N.V.		_	_	_	_	
Changes in consolidation		_	_	_	_	
Balance as at 31 December 2009		392	_	-226	-62	
Balance as at 1 January 2010		392	_	-226	-62	
Other comprehensive income	note 24	_	_	180	49	
Profit		_	_	_	_	
Total comprehensive income		_	_	180	49	
Transfer to retained earnings		_	_	_	_	
Dividends to shareholders		_	_	_	_	
Declaration ASDI dividends		_	_	_	_	
Shares issued		69	1,257	_	_	
Purchase own shares by Heineken N.V. ASDI		_	_	_	_	
Own shares granted by Heineken N.V.		_	_	_	_	
Share-based payments by Heineken N.V.		_	_	_	_	
Purchase mandate Heineken N.V. shares		_	_	_	_	
Acquisition of non-controlling interests						
in Heineken N.V. group companies without						
a change in control		_	_	_	_	
Acquisition of non-controlling interests in						
Heineken N.V. group companies with						
a change in control		_	_	_	_	
Changes in consolidation		_	_	_	_	
		461	1,257	-46	-13	

^{*} Equity attributable to equity holders of Heineken Holding N.V.

Fair value	Other legal	Retained	Equity*	Non-controlling	Non-controlling	Total
reserve	reserves	earnings		interests	interests	equity
				in Heineken N.V.	in Heineken N.V.	
					group companies	
44	298	1,866	2,241	2,230	281	4,752
6	3	-3	77	77	-8	146
_	75	435	510	508	124	1,142
6	78	432	587	585	116	1,288
_	-38	38	_	_	_	_
_	_	-145	-145	-144	-96	-385
_	_	-6	-6	-7	-2	-15
_	_	5	5	5	_	10
_	_	_	_	_	-3	-3
50	338	2,190	2,682	2,669	296	5,647
50	338	2,190	2,682	2,669	296	5,647
-5	38	-37	225	222	15	462
_	121	599	720	716	132	1,568
-5	159	562	945	938	147	2,030
_	-47	47	_	_	_	_
_	_	-173	-173	- 172	-138	-483
_	_	-3	-3	-3	_	-6
_	_	_	1,326	2,539	_	3,865
_	_	-10	-10	-371	_	-381
_	_	4	4	-4	_	_
_	_	8	8	7	_	15
_	_	-48	-48	-48	_	-96
_	_	-29	-29	-29	-34	-92
_	_	_	_	_	20	20
_	_	_	_	_	-2	-2
45	450	2,548	4,702	5,526	289	10,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

note 1 REPORTING ENTITY

Heineken Holding N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Tweede Weteringplantsoen 5, Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise Heineken Holding N.V., Heineken N.V., its subsidiaries (together referred to as 'Heineken' or the 'Group' and individually as 'Heineken' entities) and Heineken's interest in jointly controlled entities and associates.

A summary of the main subsidiaries, jointly controlled entities and associates is included in note 36 and 16 respectively.

Heineken is primarily involved in the brewing and selling of beer.

note 2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2010 have been adopted by the EU, except that the EU carved out certain hedge accounting provisions of IAS 39. Heineken does not utilise this carve-out permitted by the EU, as it is not applicable. Consequently, the accounting policies applied by Heineken also comply fully with IFRS as issued by the IASB.

The Company presents a condensed income statement, using the facility of Article 402 of Book 2 of the Dutch Civil Code.

The consolidated financial statements have been prepared by the Board of Directors of the Company and authorised for issue on 15 February 2011 and will be submitted for adoption to the Annual General Meeting of Shareholders on 21 April 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are measured at fair value:

- Available-for-sale investments
- Derivative financial instruments
- Liabilities for equity-settled share-based payment arrangements
- · Long-term interest-bearing liabilities on which fair value hedge accounting is applied

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 6 Acquisitions and disposals of subsidiaries and non-controlling interests
- Note 15 Intangible assets
- Note 16 Investments in associates and joint ventures
- Note 17 Other investments and receivables
- Note 18 Deferred tax assets and liabilities
- Note 28 Employee benefits
- Note 29 Share-based payments Long-Term Incentive Plan
- Note 30 Provisions
- Note 32 Financial risk management and financial instruments
- Note 34 Contingencies

(e) Changes in accounting policies

Accounting for business combinations

From 1 January 2010, the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has no impact on Earnings Per Share.

For acquisition on or after 1 January 2010, the Group measures goodwill on the acquisition date as the fair value of the consideration transferred plus the fair value of any previously-held equity interest in the acquiree and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value on the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has no impact on Earnings Per Share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired on the date of the transaction.

Other standards and interpretations

Other standards and interpretations effective from 1 January 2010 did not have a significant impact on Heineken.

note 3 SIGNIFICANT ACCOUNTING POLICIES

General

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Heineken entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Heineken has changed its accounting policy with respect to accounting for business combinations. See note 2(e) for further details.

(ii) Subsidiaries

Subsidiaries are entities controlled by Heineken. Control exists when Heineken has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Heineken. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Special Purpose Entities (SPEs)

An SPE is consolidated if, based on an evaluation of the substance of its relationship with Heineken and the SPE's risks and rewards, Heineken concludes that it controls the SPE. SPEs controlled by Heineken were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in Heineken receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, on the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the

carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(v) Loss of control

Upon the loss of control, Heineken derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If Heineken retains any interest in the previous subsidiary, then such interest is measured at fair value on the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Investments in associates and joint ventures

Investments in associates are those entities in which Heineken has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities Heineken has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include Heineken's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of Heineken, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When Heineken's share of losses exceeds the carrying amount of the associate, including any long-term investments, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Heineken has an obligation or has made a payment on behalf of the associate or joint venture.

(vii) Transactions eliminated on consolidation

Intra-Heineken balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-Heineken transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted associates and JVs are eliminated against the investment to the extent of the Heineken's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Heineken entities at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies on the reporting date are retranslated to the functional currency at the exchange rate on that date. The foreign currency gain or loss arising on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate on the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale (equity) investments and foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment, which are recognised in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost remain translated into the functional currency at historical exchange rates.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euros at exchange rates on the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to euros at exchange rates approximating the exchange rates ruling on the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and are presented within equity in the translation reserve. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When Heineken disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When Heineken disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the translation reserve.

The following exchange rates were used whilst preparing these consolidated financial statements (for the most important countries in which Heineken has operations):

In euros		Year-end		Average
	2010	2009	2010	2009
GBP	1.1618	1.1260	1.1657	1.1224
EGP	0.1287	0.1273	0.1339	0.1292
NGN	0.0050	0.0047	0.0051	0.0048
PLN	0.2516	0.2436	0.2503	0.2311
BRL	0.4509	0.4001	0.4289	0.3610
MXN	0.0604	0.0533	0.0598	0.0532
RUB	0.0245	0.0232	0.0248	0.0227
USD	0.7484	0.6942	0.7543	0.7170

(iii) Hedge of net investments in foreign operations

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective and regardless of whether the net investment is held directly or through an intermediate parent. These differences are presented within equity in the translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

(c) Non-derivative financial instruments

(i) General

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described hereafter.

If Heineken has a legal right to offset financial assets with financial liabilities and if Heineken intends either to settle on a net basis or to realise the asset and settle the liability simultaneously then financial assets and liabilities are presented in the statement of financial position as a net amount.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of Heineken's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting policies for interest income, interest expenses and other net finance income and expenses are discussed in note 3r.

(ii) Held-to-maturity investments

If Heineken has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Debt securities are loans and long-term receivables and are measured at amortised cost using the effective interest method, less any impairment losses. Investments held-to-maturity are recognised or derecognised on the day they are transferred to or by Heineken.

(iii) Available-for-sale investments

Heineken's investments in equity securities and certain debt securities are classified as available-for-sale. Subsequent to initial recognition, they are measured at fair value and changes therein – other than impairment losses (see 3i(i)), and foreign currency differences on available-for-sale monetary items (see 3b(i)) – are recognised in other comprehensive income and presented within equity in the fair value reserve. When these investments are derecognised, the relevant cumulative gain or loss in the fair value reserve is transferred to profit or loss.

Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit or loss. Available-for-sale investments are recognised or derecognised by Heineken on the date it commits to purchase or sell the investments.

(iv) Investments at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if Heineken manages such investments and makes purchase and sale decisions based on their fair

value in accordance with Heineken's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred.

Investments at fair value through profit or loss are measured at fair value, with changes therein recognised in profit or loss as part of the other net finance income/(expenses). Investments at fair value through profit and loss are recognised or derecognised by Heineken on the date it commits to purchase or sell the investments.

(v) Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Included in non-derivative financial instruments are advances to customers. Subsequently, the advances are amortised over the term of the contract as a reduction of revenue.

(d) Derivative financial instruments (including hedge accounting)

(i) General

Heineken uses derivatives in the ordinary course of business in order to manage market risks. Generally Heineken seeks to apply hedge accounting in order to minimise the effects of foreign currency, interest rate or commodity price fluctuations in profit or loss.

Derivatives that can be used are interest rate swaps, forward rate agreements, caps and floors, commodity swaps, spot and forward exchange contracts and options. Transactions are entered into with a limited number of counterparties with strong credit ratings. Foreign currency, interest rate and commodity hedging operations are governed by internal policies and rules approved and monitored by the Executive Board of Heineken N.V.

Derivative financial instruments are recognised initially at fair value, with attributable transaction costs recognised in profit or loss as incurred. Derivatives for which hedge accounting is not applied are accounted for as instruments at fair value through profit or loss. When derivatives qualify for hedge accounting, subsequent measurement is at fair value, and changes therein accounted for as described in 3b(iii), 3d(ii) and 3d(iii).

(ii) Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and presented in the hedging reserve within equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued and the cumulative unrealised gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity, is recognised in profit or loss immediately, or when a hedging instrument is terminated, but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above-mentioned policy when the transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income is transferred to the same line of profit or loss in the same period that the hedged item affects profit or loss.

(iii) Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss and adjusts the carrying amount of the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(iv) Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

(e) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects recognised as a deduction from equity.

Repurchased shares are classified as treasury shares and are presented in the reserve for own shares.

When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

(iii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(f) Property, Plant and Equipment (P, P & E)

(i) Owned assets

Items of property, plant and equipment are measured at cost less government grants received (refer 3(q)), accumulated depreciation (refer (iv)) and accumulated impairment losses (refer 3i(ii)).

Cost comprises the initial purchase price increased with expenditures that are directly attributable to the acquisition of the asset (like transports and non-recoverable taxes). The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use (like an appropriate proportion of production overheads), and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised as part of the cost of that asset. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Spare parts that are acquired as part of an equipment purchase and only to be used in connection with this specific equipment are initially capitalised and amortised as part of the equipment. For example,

purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Leased assets

Leases in terms of which Heineken assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition property, plant and equipment acquired by way of finance lease is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease. Lease payments are apportioned between the outstanding liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognised in Heineken's statement of financial position. Payments made under operating leases are charged to profit or loss on a straight-line basis over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(iii) Subsequent expenditure

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, if it is probable that the future economic benefits embodied within the part will flow to Heineken and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss when incurred.

(iv) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property, plant and equipment is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets under construction are not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that Heineken will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative years are as follows:

Buildings 30-40 years
 Plant and equipment 10-30 years
 Other fixed assets 5-10 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The depreciation methods, residual value as well as the useful lives are reassessed, and adjusted if appropriate, at each financial year-end.

(v) Gains and losses on sale

Net gains on sale of items of property, plant and equipment are presented in profit or loss as other income. Net losses on sale are included in depreciation. Net gains and losses are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the

consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the property, plant and equipment.

(g) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the cost of the acquisition over Heineken's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associate, respectively the joint ventures. In respect of acquisitions prior to 1 October 2003, goodwill is included on the basis of deemed cost, being the amount recorded under previous accounting principles. Goodwill on acquisitions purchased before 1 January 2003 has been deducted from equity.

Goodwill arising on the acquisition of a non-controlling interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired on the date of exchange.

Goodwill is measured at cost less accumulated impairment losses (refer 3i(ii)). Goodwill is allocated to individual or groups of Cash Generating Units (CGUs) for the purpose of impairment testing and is tested annually for impairment.

Negative goodwill is recognised directly in profit or loss as other income.

(ii) Brands

Brands acquired, separately or as part of a business combination, are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied.

Brands acquired as part of a business combination are valued at fair value based on the royalty relief method. Brands acquired separately are measured at cost.

Strategic brands are well known international/local brands with a strong market position and an established brand name. Strategic brands are amortised on an individual basis over the estimated useful life of the brand. Other brands are amortised on a portfolio basis per country.

(iii) Customer-related and contract-based intangibles

Customer-related and contract-based intangibles are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. If the amounts are not material these are included in the brand valuation. The relationship between brands and customer-related intangibles is carefully considered so that brands and customer-related intangibles are not both recognised on the basis of the same cash flows.

Customer-related and contract-based intangibles acquired as part of a business combination are valued at fair value. Customer-related and contract-based intangibles acquired separately are measured at cost.

Customer-related and contract-based intangibles are amortised over the period of the contractual arrangements or the remaining useful life of the customer relationships.

(iv) Software, research and development and other intangible assets

Purchased software is measured at cost less accumulated amortisation (refer (vi)) and impairment losses (refer 3i(ii)). Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise it is recognised in profit or loss when incurred.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products, software and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Heineken intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation (refer (vi)) and accumulated impairment losses (refer 3i(ii)).

Other intangible assets that are acquired by Heineken and have finite useful lives, are measured at cost less accumulated amortisation (refer (vi)) and impairment losses (refer 3i(ii)). Expenditure on internally generated goodwill and brands is recognised in profit or loss when incurred.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

(vi) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives, other than goodwill, from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Strategic brands	40-50 years
• Other brands	15-25 years
Customer-related and contract-based intangibles	5-20 years
• Software	3-7 years
 Capitalised development costs 	3 years

Amortisation methods, useful lives and residual values are reviewed on each reporting date and adjusted if appropriate.

(vii) Gains and losses on sale

Net gains on sale of intangible assets are presented in profit or loss as other income. Net losses on sale are included in amortisation. Net gains and losses are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the intangible assets.

(h) Inventories

(i) General

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Finished products and work in progress

Finished products and work in progress are measured at manufacturing cost based on weighted averages and takes into account the production stage reached. Costs include an appropriate share of direct production overheads based on normal operating capacity.

(iii) Other inventories and spare parts

The cost of other inventories is based on weighted averages. Spare parts are valued at the lower of cost and net realisable value. Value reductions and usage of parts are charged to profit or loss. Spare parts that are acquired as part of an equipment purchase and only to be used in connection with this specific equipment are initially capitalised and amortised as part of the equipment.

(i) Impairment

(i) Financial assets

A financial asset is assessed on each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income and presented in the fair value reserve in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of Heineken's non-financial assets, other than inventories (refer 3h) and deferred tax assets (refer 3s), are reviewed on each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'CGU').

For the purpose of impairment testing, goodwill acquired in a business combination, is allocated to each of the acquirer's CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level

within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored on regional, sub regional or country level depending on the characteristics of the acquisition, the synergies to be achieved and the level of integration.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed on each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate and joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate and joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(j) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with Heineken's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan (pension plan) under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders the service are discounted to their present value.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan (pension plan) that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Heineken's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield on balance sheet date on AA-rated bonds that have maturity dates approximating the terms of Heineken's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculations are performed annually by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to Heineken, the recognised asset is limited to the net total of any unrecognised actuarial gains and losses and any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

In respect of actuarial gains and losses that arise, Heineken applies the corridor method in calculating the obligation in respect of a plan. To the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is 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 is not recognised.

(iii) Other long-term employee benefits

Heineken's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield on balance sheet date on high-quality credit-rated bonds that have maturity dates approximating the terms of Heineken's obligations. The obligation is calculated using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Termination benefits are recognised as an expense when Heineken is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if Heineken has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(v) Share-based payment plan (Long-Term Incentive Plan)

As from 1 January 2005 Heineken N.V. established a share plan for the Executive Board of Heineken N.V. and as from 1 January 2006 also a share plan for senior management was established (see note 29).

The grant date fair value of the share rights granted is recognised as personnel expenses with a corresponding increase in equity (equity-settled), over the period that the employees become unconditionally entitled to the share rights. The costs of the share plan for both the Executive Board and senior management members are spread evenly over the performance period.

On each balance sheet date, Heineken revises its estimates of the number of share rights that are expected to vest, for the 100% internal performance conditions of the share plan 2010-2012 of the senior management members and the Executive Board and for the 75% internal performance conditions of the share plan 2008-2010 and 2009-2011 of the senior management members. It recognises the impact of the revision of original estimates — only applicable for internal performance conditions, if any, in profit or loss, with a corresponding adjustment to equity. The fair value for the share plan 2008-2010 and 2009-2011 is measured on grant date using the Monte Carlo model taking into account the terms and conditions of the plan.

(vi) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) Provisions

(i) General

A provision is recognised if, as a result of a past event, Heineken has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures to be expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as part of the net finance expenses.

(ii) Restructuring

A provision for restructuring is recognised when Heineken has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by Heineken from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, Heineken recognises any impairment loss on the assets associated with that contract.

(m) Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Loans and borrowings included in a fair value hedge are stated at fair value in respect of the risk being hedged.

Loans and borrowings for which the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date, are classified as non-current liabilities.

(n) Revenue

(i) Products sold

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of sales tax, excise duties, returns, customer discounts and other sales-related discounts. Revenue from the sale of products is recognised in profit or loss when the amount of revenue can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Other revenue

Other revenues are proceeds from royalties, rental income, pub management services and technical services to third parties, net of sales tax. Royalties are recognised in profit or loss on an accrual basis in accordance with the substance of the relevant agreement. Rental income and technical services are recognised in profit or loss when the services have been delivered.

(o) Other income

Other income are gains from sale of property, plant and equipment, intangible assets and (interests in) subsidiaries, joint ventures and associates, net of sales tax. They are recognised in profit or loss when ownership has been transferred to the buyer.

(p) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(ii) Finance lease payments

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(q) Government grants

Government grants are recognised at their fair value when it is reasonably assured that Heineken will comply with the conditions attaching to them and the grants will be received.

Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(r) Interest income, interest expenses and other net finance income and expenses Interest income and expenses are recognised as they accrue in profit or loss, using the effective interest method unless collectability is in doubt.

Other net finance income comprises dividend income, gains on the disposal of available-for-sale investments, changes in the fair value of investments designated at fair value through profit or loss and held for trading investments and gains and losses on hedging instruments that are recognised in profit or loss. Dividend income is recognised in profit or loss on the date that Heineken's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Other net finance expenses comprise unwinding of the discount on provisions, changes in the fair value of investments designated at fair value through profit or loss and held for trading investments, impairment losses recognised on investments, and gains or losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis in the other net finance expenses.

(s) Income tax

Income tax comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected income tax payable or receivable in respect of taxable profit or loss for the year, using tax rates enacted or substantially enacted on the balance sheet date, and any adjustment to income tax payable in respect of profits of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax assets and liabilities are not recognised for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, (iii) differences relating to investments in subsidiaries, joint ventures and associates resulting from translation of foreign operations and (iv) differences relating to investments in subsidiaries and joint ventures to the extent that Heineken is able to control the timing of the reversal of the temporary difference and they will probably not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed on each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets are recognised in respect of the carry forward of unused tax losses and tax credits. When an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

(t) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(u) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share rights granted to employees.

(v) Cash flow statement

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to ordinary shareholders are included in financing activities. Dividends received are classified as operating activities. Interest paid is also included in operating activities.

(w) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Board of Heineken N.V., who is considered to be chief operating decision maker. An operating segment is a component of Heineken that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Heineken's other components. All operating segments' operating results are reviewed regularly by the Executive Board to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment results, assets and liabilities that are reported to the Executive Board of Heineken N.V. include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated result items comprise net finance expenses and income tax expenses. Unallocated assets comprise current other investments and cash call deposits.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(x) Emission rights

Emission rights are related to the emission of CO_2 , which relates to the production of energy. These rights are freely tradable. Bought emission rights and liabilities due to production of CO_2 are measured at cost, including any directly attributable expenditure. Emission rights received for free are also recorded at cost, i.e. with a zero value.

(y) Recently issued IFRS

(i) Standards effective in 2010 and reflected in these consolidated financial statements

- IFRS 3 Business Combinations (revised 2008). The IASB issued a revised version of the business combinations standard. For the main changes reference is made to note 2(e) Changes in accounting policies.
- IAS 27 Consolidated and Separate Financial Statements (amended 2008). The IASB amended IAS 27 to reflect changes to the accounting for non-controlling interest. For the amendments reference is made to note 2(e) Changes in accounting policies.
- Other standards: other standards and interpretations effective from 1 January 2010, like IFRS 2 Share-based payments, IFRIC 17 Distributions of non-cash assets to owners and IAS 39 Financial instruments: recognition and measurement, did not have a significant impact on Heineken.

(ii) New relevant standards and interpretations not yet adopted

The following new standards and interpretations to existing standards relevant to Heineken are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these consolidated financial statements:

- IFRS 3 Business Combinations (amendments effective date 1 July 2010). The amendments:
 - clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004);
 - limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and
 - expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquired awards.
- IAS 27 Consolidated and Separate Financial Statements (amendments effective date 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering.
- IAS 24 Related Party Disclosures (revised 2009 effective date 1 January 2011). The revised IAS 24 amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

- IFRS 7 Financial Instruments: Disclosures (amendments effective date 1 January 2011). The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed and removed existing disclosure requirements.
- IAS 1 Presentation of Financial Statements (amendments effective date 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.
- IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2013, but has not yet been endorsed by the EU. Heineken is in the process of evaluating the impact of the applicability of the new standard.
- IAS 19 Pensions and IFRIC 14 (amendments effective 1 January 2011) The limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction. These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense.

note 4 DETERMINATION OF FAIR VALUES

(i) General

A number of Heineken's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values or for the purpose of impairment testing is disclosed in the notes specific to that asset or liability.

(ii) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on the quoted market prices for similar items when available and replacement cost when appropriate.

(iii) Intangible assets

The fair value of brands acquired in a business combination is based on the 'relief of royalty' method. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iv) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(v) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price on the reporting date, or if unquoted, determined using an appropriate valuation technique. The fair value of held-to-maturity investments is determined for disclosure purposes only.

In case the quoted price does not exist on the date of exchange or in case the quoted price exists on the date of exchange but was not used as the cost, the investments are valued indirectly based on discounted cash flow models.

(vi) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest on the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

(vii) Derivative financial instruments

The fair value of derivative financial instruments are based on their listed market price, if available. If a listed market price is not available, then fair value is in general estimated by discounting the difference between the cash flows based on contractual price and the cash flows based on current price for the residual maturity of the contract using a risk-free interest rate (based on inter-bank interest rates).

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(viii) Non-derivative financial instruments

Fair value, which is determined for disclosure purposes or when fair value hedge accounting is applied, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest on the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

note 5 OPERATING SEGMENTS

Heineken distinguishes the following six reportable segments:

- Western Europe
- Central and Eastern Europe
- The Americas
- Africa and the Middle East
- Asia Pacific
- Heineken N.V. Head Office/eliminations

These first five reportable segments as stated above are the Group's business regions. These business regions are each managed separately by a Regional President. The regional president is directly accountable for the functioning of the segment's assets, liabilities and results of the region and reports regularly to the Executive Board of Heineken N.V. (the chief operating decision maker) to discuss operating activities, regional forecasts and regional results. The Heineken N.V. Head Office operating segment falls directly under the responsibility of the Executive Board of Heineken N.V. For each of the six reportable segments, the Executive Board of Heineken N.V. reviews internal management reports on a monthly basis.

Information regarding the results of each reportable segment is included in the table on the next page. Performance is measured based on EBIT (beia), as included in the internal management reports

that are reviewed by the Executive Board of Heineken N.V. EBIT (beia) is defined as earnings before interest and taxes and net finance expenses, before exceptional items and amortisation of brands and customer relationships. 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. EBIT and EBIT (beia) are not financial measures calculated in accordance with IFRS. EBIT (beia) is used to measure performance as management believes that this measurement is the most relevant in evaluating the results of these regions.

Heineken has multiple distribution models to deliver goods to end customers. There is no reliance on major clients. Deliveries to end consumers are done in some countries via own wholesalers or own pubs, in other markets directly and in some others via third parties. As such, distribution models are country specific and on consolidated level diverse. In addition, these various distribution models are not centrally managed or monitored. Consequently, the Executive Board of Heineken N.V. is not allocating resources and assessing the performance based on business type information and therefore no segment information is provided on business type.

Inter-segment pricing is determined on an arm's length basis. As net finance expenses and income tax expenses are monitored on a consolidated level (and not on an individual regional basis) and regional presidents are not accountable for that, net finance expenses and income tax expenses are not provided per reportable segment.

Information about reportable segments	Western	Western Europe		tral and Europe	The Americas		
	2010	2009	2010	2009	2010	2009	
Revenue							
Third-party revenue*	7,284	7,775	3,130	3,183	3,419	1,540	
Interregional revenue	610	657	13	17	12	1	
Total revenue	7,894	8,432	3,143	3,200	3,431	1,541	
Other income	71	28	8	11	_	_	
Results from operating activities	765	504	330	329	474	204	
Net finance expenses							
Share of profit of associates and joint ventures							
and impairments thereof	3	-2	21	18	75	69	
Income tax expenses							
Profit							
Attributable to:							
Equity holders of Heineken Holding N.V. (net profit)							
Non-controlling interests in Heineken N.V.							
Non-controlling interests in Heineken N.V. group companies							
EBIT reconciliation							
EBIT	768	502	351	347	549	273	
eia	136	290	12	42	102	_	
EBIT (beia)	note 27 904	792	363	389	651	273	

^{*} Includes other revenue of €439 million in 2010 and €432 million in 2009.

Africa and the		Asia Pacific		Heineken N.V.		Consolidated		
Mid	dle East				Head	Office/		
					elimi	nations		
2010	2009	2010	2009		2010	2009	2010	2009
1,982	1,807	206	301		112	95	16,133	14,701
6	10	_	4		-641	-689	-	
1,988	1,817	206	305		-529	-594	16,133	
_	2	158	_		2	_	239	41
520	470	201	72		-7	51	2,283	1,630
							-509	-329
28	15	79	31		-13	-4	193	
							-399	-286
							1,568	1,142
							500	540
								510
								508
							132	124
							1 560	1 1 4 0
							1,508	1,142
548	485	280	103		20	47	2 476	1 757
548	485	- 158	103		- 20 39	6		338
1	_	- 138	_		39	О	132	338
549	485	122	103		19	53	2 608	2,095
349	400	122	103		19	33	2,000	2,093

Information about reportable segments (continued)	Western	Western Europe			raland	The A	The Americas	
				Eastern	Europe			
	2010	2009		2010	2009	2010	2009	
Beer volumes*								
Consolidated volume	45,394	47,151		42,237	46,165	37,843	9,430	
Joint ventures volume	_	_		7,229	8,909	9,195		
Licences	284	243		_	_	173	339	
Group volume	45,678	47,394		49,466	55,074	47,211	18,757	
Segment assets	10,123	11,047		4,583	4,826	7,756	834	
Investment in associates and joint ventures	28	26		134	143	758	565	
Total segment assets	10,151	11,073		4,717	4,969	8,514	1,399	
Unallocated assets								
Total assets								
Segment liabilities	3,072	3,355		1,128	1,153	1,115	123	
Unallocated liabilities								
Total equity								
m . 1								
Total equity and liabilities								
D	205	291		150	216	121	13	
Purchase of property, plant & equipment	205			158 -	210	1,780		
Acquisition of goodwill Purchases of intangible assets	5			4	20			
Depreciation of property, plant & equipment	381	401		253	244	149	15	
Impairment and reversal of impairment	301	401		255	244	149	15	
of property, plant & equipment	1	108		9	51	_	_	
Amortisation intangible assets	90			22	21	73		
Impairment intangible assets	15			1	4	-		
Impairment intarigrote abbeto	10							

^{*} Joint ventures' volume in 2009 excludes India volumes.

Africa and the Middle East 2010 2009 2010 2009 2010 2009 2010 2009 2010 2009 19,070 19,820 1,328 2,681 145,872 125,247 5,399 2,228 22,181 10,897 44,004 31,022 1,204 1,413 806 805 2,467 2,800 25,673 23,461 24,315 14,383 192,343 159,069 1,911 1,673 86 185 -74 -414 24,385 18,151 262 226 507 472 -16 -5 1,673 1,427 2,173 1,899 593 657 -90 -419 26,058 19,578 491 602 26,549 20,180 529 466 33 107 479 571 6,356 5,775 9,676 8,758 10,517 5,647 26,549 20,180 163 139 1 10 - 9 648 678 1 13 37 - 1,748 34 9 1 14 46 56 99 100 84 1 10 9 14 893 768 2 2 2 2 2 14 163 4 2 3 3 3 192 127 16 25											
Middle East Head Office climinations 2010 2009 2010											
2010 2009 2010 2010	Africa and the		rica and the Asia Pacific		Heineken N.V.		Consc	olidated			
2010 2009 2010 2010	Mide	dle East					Head	Office/			
19,070 19,820 1,328 2,681 - - 145,872 125,247 5,399 2,228 22,181 10,897 - - 44,004 31,022 1,204 1,413 806 805 - - 2,467 2,800 25,673 23,461 24,315 14,383 - - 192,343 159,069 1,911 1,673 86 185 -74 -414 24,385 18,151 262 226 507 472 -16 -5 1,673 1,427 2,173 1,899 593 657 -90 -419 26,058 19,578 491 602 26,549 20,180 529 466 33 107 479 571 6,356 5,775 9,676 8,758 10,517 5,647 26,549 20,180 163 139 1 10 - 9 648 678 1 13 - - 37 -							elimi	nations			
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5,399 2,228 22,181 10,897 - - 44,004 31,022 2,467 2,800 25,673 23,461 24,315 14,383 - - 192,343 159,069 1,911 1,673 86 185 -74 -414 24,385 18,151 262 226 507 472 -16 -5 1,673 1,427 2,173 1,899 593 657 -90 -419 26,058 19,578 491 602 26,549 20,180 529 466 33 107 479 571 6,356 5,775 9,676 8,758 10,517 5,647 26,549 20,180 20,18											
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1,911 1,673 86 185 -74 -414 24,385 18,151 262 226 507 472 -16 -5 1,673 1,427 2,173 1,899 593 657 -90 -419 26,058 19,578 491 602 26,549 20,180 529 466 33 107 479 571 6,356 5,775 9,676 8,758 10,517 5,647 26,549 20,180 163 139 1 10 - 9 648 678 1 13 - - -37 - 1,748 34 9 1 - - 14 46 56 99 100 84 1 10 9 14 893 768 2 2 - - 2 2 14 163 4 2 - - 3 3 192 127											
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	2	2		_	_		2	2		14	163
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	_				_					10	23

note 6 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Acquisition of 100% of the beer operations of FEMSA

On 30 April 2010, Heineken Holding N.V. and Heineken N.V. completed the acquisition of the beer operations of Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) via an all share transaction (the 'transaction'). Heineken N.V. acquired all shares of common stocks in FEMSA Cerveza, comprising 100% of FEMSA's Mexican beer operations (including its US and other export businesses) and the remaining 83% of FEMSA's Brazilian beer business that Heineken did not own. A portion of the Heineken N.V. shares allotted to FEMSA (and its affiliates) will be delivered over a period of not more than five years (the 'Allotted Shares' or Allotted Share Delivery Instrument or ASDI). The Allotted Shares have been recognised as a separate category within equity of Heineken N.V. Heineken Holding N.V. recognised the ASDI as a non-controlling interest.

The beer operations acquired from FEMSA contributed a revenue of €2,036 million and results from operating activities of €215 million (EBIT) for the 8 months period from 1 May 2010 to 31 December 2010. Amortisation of brands and customer relationships for the 8 months amounts to €62 million. Had the acquisition occurred on 1 January 2010, pro-forma revenue and pro-forma results from operating activities (EBIT) for the 12 months period ended 31 December 2010 would have amounted to €2,873 million and €268 million respectively. The pro-forma amortisation of brands and customer relationships would have amounted to €90 million. This pro-forma information does not purport to represent what the actual results would have been had the acquisition actually occurred in 1 January 2010, nor are they necessarily indicative of future results of operations. In determining the contributions, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same as if the acquisition had occurred on 1 January 2010.

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

2010

Property, plant & equipment	1,851	
Intangible assets	2,104	
Investments in associates and joint ventures	7	
Other investments	342	
Advances to customers	210	
Inventories	273	
Trade and other receivables	521	
Cash and cash equivalents	69	
Assets acquired		5,377
Loans and borrowings, interest-bearing	894	
Loans and borrowings, non-interest-bearing	124	
Tax liabilities (non-current)	150	
Employee benefits	162	
Provisions	175	
Deferred tax liabilities	449	
Current part loans, interest-bearing	701	
Bank overdrafts	38	
Tax liabilities (current)	32	
Other current liabilities	609	
Liabilities assumed		3,334
		,
Total net identifiable assets		2,043

2010

Consideration transferred in exchange for shares	3,865	
Consideration paid in cash	51	
Recognition indemnification receivable	-134	
Fair value of previous interest in the acquiree	21	
Non-controlling interests	20	
Net identifiable assets acquired	-2,043	
Goodwill on acquisition		1,780

Amounts were converted into euros at the rate of MXN/ \in 16.246, BRL/ \in 2.2959 and USD/ \in 1.3315 for the statement of financial position.

Goodwill has provisionally been allocated to the America's region and is held in US dollars, Mexican pesos and Brazilian reals. The rationale for the allocation is that the acquisition provides access to the Latin American market, cost synergies to be achieved through economies of scale due to the increased size of the operations and deferred taxes and assembled workforce will mostly be between Mexico and the USA. Additionally, the acquisition secures the distribution of FEMSA products in the USA, previously arranged via a ten-years license agreement. The entire amount of goodwill is not expected to be tax deductible.

The consideration transferred in exchange of Heineken N.V. is based on 86,028,019 new Heineken N.V. shares with a commitment to deliver Allotted Shares over a period of not more than five years from the date of Closing. The Allotted Shares will be delivered to FEMSA pursuant to the Allotted Share Delivery Instrument (ASDI). Simultaneously with the Closing, Heineken Holding N.V. has exchanged 43,018,320 (out of the 86,028,019 new) Heineken N.V. shares with FEMSA for an equal number of newly issued Heineken Holding N.V. shares. The equity consideration transferred is based on:

- Heineken N.V. issued shares (based on listed share price of Heineken N.V. and Heineken Holding N.V. of respectively €35.18 and €30.82 as at 30 April 2010);
- ASDI, number of shares 29,172,504 (based on listed share price of Heineken N.V. of €35.18 as at 30 April 2010).

The consideration paid in cash amounting to €51 million relates to the working capital adjustment for the period between 1 January and 30 April 2010 as agreed in the Share Exchange Agreement.

Between Heineken and FEMSA certain indemnifications were agreed on, that primarily relate to tax and legal matters. Upon acquisition the indemnification asset amounts to €134 million, this asset will subsequently change depending on the corresponding liabilities and amounts to €145 million as at 31 December 2010. Indemnification assets are recognised as an asset of the acquirer at the same time and on the same basis as the indemnified items are recognised as a liability. The indemnification asset is considered an included element of the business combination. Mexican contingencies will be fully indemnified by FEMSA, Brazilian contingencies however are covered by FEMSA for its former share of approximately 83%. Items will only qualify for indemnification if they have not been previously disclosed to Heineken, exceed the floor of US\$50 million individually, relate to the period prior to acquisition and the total indemnification does not exceed the cap. The indemnification is maximised at US\$500 million, excluding items attributable to Brazilian tax matters.

The fair value of the previously held 17% in Cervejarias Kaiser (Kaiser) is recognised at €21 million. The remeasurement to fair value of the Group's existing 17% interest in Kaiser resulted in a net loss of €4 million that has been recognised in profit or loss under other net finance (expenses)/income.

Non-controlling interests are recognised based on their proportional interest in the recognised amounts of the assets and liabilities of the beer operations acquired from FEMSA of ≤ 20 million.

In the net assets acquired Heineken noted trade receivables with a fair value of €319 million. The gross amount is €365 million, of which €46 million is considered doubtful.

As part of business combination accounting contingent liabilities amounting to \in 14 million have been recognised mainly relating to change in control provisions in existing contracts and certain onerous contracts. The cash-outflow is expected between one to seven years.

Acquisition related costs of €24 million have been recognised in profit or loss for the period ended 31 December 2010.

Provisional accounting other acquisitions in 2010

During 2010 several adjustments were made to provisional accounting for acquisitions in the UK and Ireland. Total impact resulted in a decrease of goodwill of \leqslant 32 million, of which \leqslant 37 million was received in cash. Goodwill decreased by \leqslant 37 million due to the Scottish & Newcastle acquisition of 2008 and is caused by adjustments made to the debt allocation agreement with Carlsberg Group. For the other

acquisitions in 2009, related to Universal Beverages Limited (UBL Cider Mill) in the UK, the goodwill increased by approximately $\[\in \]$ 9 million, these adjustments were made within the window period of one year. The remainder goodwill decrease of $\[\in \]$ 4 million relates to the finalisation of the contingent consideration of Nash Beverages Ltd. in Ireland.

Acquisition of non-controlling interest

On 12 May 2010, Heineken International acquired an additional interest in Commonwealth Brewery Limited (CBL) of 47% and Burns House Limited (BHL) of 60%, increasing its ownership to 100% in both entities. Before this acquisition, Heineken International already had control in CBL/BHL. On 17 November 2010, Heineken International acquired an additional 5% interest in Brasseries et Limonaderies du Rwanda S.A., increasing its ownership to 75%. During the year, several other non-controlling interests were bought out, which is regular business practice within the Heineken Group. The cash paid for all the acquired non-controlling interests during 2010 amounts to €92 million, decreased the non-controlling interests by €34 million and resulted in a net decrease of the retained earnings of €58 million.

Due to non-disclosure agreements, Heineken cannot provide the consideration paid on an individual level. Considering the overall amounts disclosed above, these are deemed to be individually as well as aggregated to be immaterial in nature.

Disposals

On 10 February 2010 and 13 April 2010 Heineken N.V. transferred in total a 78.3% stake in PT Multi Bintang Indonesia (MBI) and Heineken's 87% stake in Grande Brasserie de Nouvelle-Caledonie S.A. (GBNC) to its joint venture Asia Pacific Breweries (APB). Heineken retains a direct shareholding in MBI of 6.8%. As a result of the transaction a gain of €157 million before tax has been recognised in other income including the remeasurement to fair value of the Group's remaining 6.8% share amounting to €29 million. The sale price of this transaction was €265 million.

Other disposals during 2010 include Waverley TBS in the UK and certain smaller entities in the Caribbean. Due to competitive sensitivity and the non-disclosure agreements with the parties involved, the disposal prices are not individually disclosed.

 $The \ disposals \ had \ the \ following \ effect \ on \ Heineken's \ assets \ and \ liabilities \ on \ disposal \ date:$

2010

	Total disposals
Property, plant & equipment	-61
Intangible assets	_
Investments in associates and joint ventures	_
Other investments	-2
Deferred tax assets	-4
Inventories	-35
Trade and other receivables	-69
Cash and cash equivalents	-24
Assets	-195
Loans and borrowings	2
Employee benefits	1
Provisions	17
Deferred tax liabilities	6
Trade and other payables	147
Tax liabilities	5
Liabilities	178
Net identifiable assets and liabilities	- 17
Non-controlling interests	5
Gain on sale of subsidiaries	-282*
Consideration received in cash	-294
Net cash disposed of	24
Net cash outflow/(inflow)	-270
* €101 million of the gain on disposal is eliminated reflecting the Heineken share in APB.	

note 7 ASSETS (OR DISPOSAL GROUPS) CLASSIFIED AS HELD FOR SALE

Other assets classified as held for sale represent land and buildings following the commitment of Heineken to a plan to sell certain land and buildings. Efforts to sell these assets have commenced and are expected to be completed during 2011.

	2010		2009
Assets classified as held for sale			
Current assets	_	39	
Non-current assets	6	70	
	6		109
Current liabilities	_	57	
Non-current liabilities	_	8	
	_		65

note 8 OTHER INCOME

	2010		2009	
Net gain on sale of property, plant & equipment	37	39		
Net gain on sale of intangible assets	13	-		
Net gain on sale of subsidiaries, joint				
ventures and associates	189	2		
	239		41	

note 9 RAW MATERIALS, CONSUMABLES AND SERVICES

	2010		2009
Raw materials	1,474	1,140	
Non-returnable packaging	1,863	1,739	
Goods for resale	1,655	2,253	
Inventory movements	-8	-5	
Marketing and selling expenses	2,072	1,664	
Transport expenses	979	934	
Energy and water	442	319	
Repair and maintenance	375	299	
Other expenses	1,439	1,307	
	10,291		9,650

Other expenses include rentals of €224 million (2009: €184 million), consultant expenses of €126 million (2009: €109 million), telecom and office automation of €156 million (2009: €145 million) and other fixed expenses of €933 million (2009: €820 million).

note 10 PERSONNEL EXPENSES

	2010	2009)
Wages and salaries	1,787	1,554	
Compulsory social security			
contributions	317	287	
Contributions to defined contribution			
plans	16	17	
Expenses related to defined			
benefit plans note 28	104	107	
Increase in other long-term			
employee benefits	9	7	
Equity-settled share-based			
payment plan note 29	15	10	
Other personnel expenses	432	397	
	2,680	2,379	9

The increase in other personnel expenses of \leqslant 35 million is mainly due to the acquisition of the beer operations of FEMSA for \leqslant 70 million and partly offset by lower amounts paid \leqslant 35 million for restructurings compared to 2009.

The average number of full-time equivalent (FTE) employees during the year was:

	2010		2009
Netherlands	3,861	3,938	
Other Western Europe	15,751	17,557	
Central and Eastern Europe	18,043	20,253	
he Americas	17,164	1,698	
frica and the Middle East	10,607	10,882	
asia Pacific	304	973	
	65,730		55,301

note 11 AMORTISATION, DEPRECIATION AND IMPAIRMENTS

	2010	2009
Property, plant & equipment note 14 Intangible assets note 15 Impairment on available-for-sale assets	907 208 3	931 152 –
	1,118	1,083

note 12 NET FINANCE EXPENSES

	2010	2009
Recognised in profit or loss		
Interest income	100	90
Interest expenses	- 590	-633
Dividend income on available-for-sale		
investments	1	1
Dividend income on investments held		
for trading	7	10
Net gain/(loss) on disposal of available-		
for-sale investments	_	12
Net change in fair value of derivatives	-75	-7
Net foreign exchange gain/(loss)	62	-47
Impairment losses on available-for-sale		
investments	-4	-
Unwinding discount on provisions	-7	-3
Other net financial income/(expenses)	-3	248
Other net finance income/(expenses)	-19	214
	-509	-329

2010

2009

Recognised in other				
comprehensive income				
Foreign currency translation				
differences for foreign operations	400		112	
Effective portion of changes in fair value				
of cash flow hedges	43		-90	
Effective portion of cash flow hedges				
transferred to profit or loss	45		88	
Ineffective portion of cash flow hedges				
transferred to profit or loss	9		_	
Net change in fair value of available-for-				
sale investments	11		26	
Net change in fair value available-for-				
sale investments transferred to profit				
or loss	- 17		-12	
Share of other comprehensive income				
of associates/joint ventures	-29		22	
		462		146
Recognised in:				
Fair value reserve	-10		12	
Hedging reserve	97		-2	
Translation reserve	375		136	
		462		146

Newcastle Pub Enterprise).

The increase of the impact of foreign currency trans- €98 million. Remaining impact is related to the appre-

relating to the purchase of Globe debt (Scottish & revaluation of the British pound on the net assets and the Mexican peso. goodwill measured in British pounds of total

In 2009 the other net financial income/(expense) lation differences for foreign operations in other comcontained a total (net) book gain of \in 248 million prehensive income is mainly due to the impact of and the Chilean peso, partly offset by the devaluation of

note 13 INCOME TAX EXPENSE

		2010		2009
Recognised in profit or loss				
Current tax expense				
Current year	498		360	
Under/(over) provided in prior years	52		8	
		550		368
Deferred tax expense				
Origination and reversal of temporary				
differences	-19		-84	
Previously unrecognised deductible				
temporary differences	-2		_	
Changes in tax rate	3		_	
Utilisation/(benefit) of tax losses				
recognised	- 39		10	
Under/(over) provided in prior years	-94		-8	
		- 151		-82
		399		286

	2010	2009
Reconciliation of the effective tax rate Profit before income tax	1,967	1,428
Share of net profit of associates and joint ventures and impairments thereof	-193	-127
Profit before income tax excluding share		
of profit of associates and joint ventures (inclusive impairments thereof)	1,774	1,301

	%	2010	%	2009
Income tax using the Company's				
domestic tax rate	25.5	452	25.5	332
Effect of tax rates in foreign jurisdictions	1.9	34	1.6	21
Effect of non-deductible expenses	4.1	72	2.8	36
Effect of tax incentives and exempt				
income	-8.2	-146	-8.2	-107
Recognition of previously unrecognised				
temporary differences	-0.1	-2	-0.1	-1
Utilisation or recognition of previously				
unrecognised tax losses	-1.2	-21	-0.5	-7
Unrecognised current year tax losses	0.8	15	0.9	12
Effect of changes in tax rate	0.2	3	_	_
Withholding taxes	1.4	25	1.2	16
Under/(over) provided in prior years	-2.4	-42	_	_
Other reconciling items	0.5	9	-1.2	-16
	22.5	399	22.0	286

the (partly) tax exempt gain on the sale of the shares in \in 52 million).

The effective tax rate of the Company increased from $\,\,$ MBI, GBNC and Waverley TBS (book gain $\in\!199$ million), 22% to 22.5%. The 2009 rate included the effects of the and exceptional tax items in 2010 related to the finalisatax-exempt book gain on the purchase of the Globe transactions in the UK and various Bonds, whilst the 2010 rate includes the effects of other settlements with the tax authorities (tax effect NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2010	2009	
Income tax recognised in other comprehensive income			
Changes in fair value Changes in hedging reserve	-5 -38	2 -4	
note 18	-43	-2	

note 14 PROPERTY, PLANT AND EQUIPMENT

	buildings	equipment	fixed assets	& equipment	
				-, oqu.p	
				under	
				construction	
Balance as at 1 January 2009	3,381	5,169	3,459	457	12,466
Changes in consolidation	15	91	-9	3	100
Purchases	45	110	232	291	678
Transfer of completed projects under					
construction	89	199	78	-366	
Transfer to/(from) assets classified as					
held for sale	19	-39	-39	-3	-6
Disposals	-94	-122	-204	-68	-48
Effect of movements in exchange rates	5	-71	1	1	-6
Balance as at 31 December 2009	3,460	5,337	3,518	315	12,63
Balance as at 1 January 2010	3,460	5,337	3,518	315	12,63
Changes in consolidation note 6	745	635	253	72	1,70
Purchases	38	82	249	279	64
Transfer of completed projects under					
construction	106	142	104	-352	
Transfer to/(from) assets classified as					
held for sale	26	34	39	2	10
Disposals	-49	-130	-285	-1	-46
Effect of movements in exchange rates	71	107	61	15	25
Balance as at 31 December 2010	4,397	6,207	3,939	330	14,87

Depreciation and impairment los	sses	Land and	Plant and	Other	Property, plant	Tota
property, plant & equipment		buildings	equipment	fixed assets	& equipment under construction	
Balance as at 1 January 2009		-1,282	-2,720	-2,150	_	-6,152
Changes in consolidation		2	_	3	_	į.
Depreciation charge for the year	note 11	-117	-286	-365	_	-768
Impairment losses	note 11	-81	-95	-5	-	-18
Reversal impairment losses	note 11	1	16	1	-	18
Transfer (to)/from assets classified						
as held for sale		8	22	19	-	4
Disposals		62	169	166	_	39
Effect of movements in exchange rate	s	2	19	-2	-	1
Balance as at 31 December 2009		-1,405	-2,875	-2,333	_	-6,61
Balance as at 1 January 2010		-1,405	-2,875	-2,333	_	-6,61
Changes in consolidation	note 6	12	31	35	_	7
Depreciation charge for the year	note 11	-117	-342	-434	_	-89
Impairment losses	note 11	-15	-19	-6	_	-4
Reversal impairment losses	note 11	4	21	1	_	2
Transfer (to)/from assets classified						
as held for sale		-6	-14	-23	_	-4
Disposals		37	128	263	_	42
Effect of movements in exchange rate	s	-36	-54	-39	_	-12
Balance as at 31 December 2010		-1,526	-3,124	-2,536	_	-7,18
Carrying amount						
As at 1 January 2009		2,099	2,449	1,309	457	6,31
As at 1 January 2009 As at 31 December 2009		2,055	2,462	1,185	315	6,01
But of December 2003		2,000	2,402	1,103	313	0,01
As at 1 January 2010		2,055	2,462	1,185	315	6,01
As at 31 December 2010		2,871	3,083	1,403	330	7,68

Impairment losses

In 2010 a total impairment loss of \le 40 million (2009: \le 181 million) was charged to profit or loss. These impairment losses included \le 20 million in Serbia. Management performed an impairment of assets analysis after identifying a triggering event relating to the current market conditions. The remaining impairments mainly relate to restructuring in Belgium, Egypt, Italy and Austria.

Financial lease assets

The Group leases property, plant and equipment under a number of finance lease agreements. At 31 December 2010 the net carrying amount of leased property, plant and equipment was €95 million (2009: €108 million). During the year, the Group acquired leased assets of €17 million (2009: €4 million).

Security to authorities

Property, plant and equipment totaling €281 million (2009: €27 million) has been pledged to the authorities in a number of countries as security for the payment of taxation, particularly excise duties on beers, non-alcoholic beverages and spirits and import duties. Increase mainly relates to Brazil (see note 34).

Property, plant and equipment under construction

Property, plant and equipment under construction mainly relates to expansion of the brewing capacity in Mexico, the UK, Russia, Spain and Nigeria.

Capitalised borrowing costs

During 2010 no borrowing costs have been capitalised (2009: €nil).

note 15 INTANGIBLE ASSETS

	Goodwill	Brands	Customer-	Contract-	Software,	Total
			related	based	research and	
			intangibles	intangibles	development	
					and other	
Cost						
Balance as at 1 January 2009	5,604	1,332	311	108	225	7,580
Changes in consolidation	34	4	24	7	1	70
Purchases/internally developed	_	9	_	19	71	99
Disposals	_	-7	_	_	-47	-54
Transfers to assets held for sale	_	_	_	_	-2	-2
Effect of movements in exchange rates	75	44	16	-10	11	136
Balance as at 31 December 2009	5,713	1,382	351	124	259	7,829
Balance as at 1 January 2010	5,713	1,382	351	124	259	7,829
Changes in consolidation note 6	1,748	924	943	86	39	3,740
Purchases/internally developed	_	_	_	_	56	56
Disposals	-1	-8	_	_	-16	-25
Transfers to assets held for sale	_	_	_	_	3	3
Effect of movements in exchange rates	132	23	-10	12	3	160
Balance as at 31 December 2010	7,592	2,321	1,284	222	344	11,763

		Goodwill	Brands	Customer- related intangibles	Contract- based intangibles	Software, research and development	Total
Amortisation and impairment loss	:PS					and other	
Balance as at 1 January 2009		-290	-68	-29	-11	-152	-550
Amortisation charge for the year	note 11	_	-36	-43	-18	-30	-127
Impairment losses	note 11	-1	-4	_	-20	_	-25
Disposals	note 11	-1	_	_	_	5	4
Transfers to assets held for sale		_	_	_	_	2	2
Effect of movements in exchange rates		12	_	-2	-1	-7	2
Enect of movements in exchange rates		12		J	•		
Balance as at 31 December 2009		-280	-108	- 74	-50	-182	-694
Balance as at 1 January 2010		-280	-108	– 74	-50	-182	-694
Changes in consolidation	note 6	_	_	_	25	3	28
Amortisation charge for the year	note 11	_	-54	-88	-16	-34	-192
Impairment losses	note 11	_	-1	_	-15	_	-16
Disposals		1	2	_	_	10	13
Transfers to assets held for sale		_	_	_	_	-2	-2
Effect of movements in exchange rates		_	-2	-1	-4	-3	-10
Balance as at 31 December 2010		-279	-163	-163	-60	-208	-873
Carrying amount							
As at 1 January 2009		5,314	1,264	282	97	73	7,030
As at 31 December 2009		5,433	1,274	277	74	77	7,030
TIS ALT DECERRISET 2003		0,400	1,414	211	14		1,133
As at 1 January 2010		5,433	1,274	277	74	77	7,135
As at 31 December 2010		7,313	2,158	1,121	162	136	10,890

Brands and customer-related/contract-based intangibles

The main brands capitalised are the brands acquired in 2008: S&N (Fosters and Strongbow) and 2010: Cervecería Cuauhtémoc Moctezuma (Dos Equis, Tecate and Sol). The main customer-related and contract-based intangibles were acquired in 2008 and are related to customer relationships with pubs or retailers in the UK (constituting either by way of a contractual agreement or by way of non-contractual relations). The contract-based and customer-related intangibles acquired as a result of the acquisition of the beer operations of FEMSA are a large part of the 2010 intangibles.

Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill in respect of Western Europe, Central and Eastern Europe (excluding Russia) and the Americas (excluding Brazil) is allocated and monitored on a regional basis. In respect of less integrated Operating Companies of Russia, Brazil and Africa and the Middle East, goodwill is allocated and monitored on an individual country basis.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

Western Europe 3,328 Central and Eastern Europe	3,282
Central and Eastern Europe	3,282
(
(excluding Russia) 1,494	1,467
Russia 105	99
The Americas (excluding Brazil) 2,031	349
Brazil 110	-
Africa and the Middle East 245	236
7,313	5,4

Throughout the year total goodwill mainly increased due to the acquisition of the FEMSA beer business in Mexico and Brazil and net foreign currency gains.

Goodwill is tested for impairments annually. The recoverable amounts of the CGUs are based on value in use calculations. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit using a pre-tax discount rate.

The key assumptions used for the value in use calculations are as follows:

- Cash flows were projected based on actual operating results and the three-year business plan. Cash flows for a further seven-year period were extrapolated using expected annual per country volume growth rates, which are based on external sources. Management believes that this forecasted period is justified due to the long-term nature of the beer business and past experiences.
- The beer price growth per year after the first three-year period is assumed to be at specific per country expected annual long-term inflation, based on external sources.
- Cash flows after the first ten-year period were extrapolated using a perpetual growth rate equal to the expected annual long-term inflation in order to calculate the terminal recoverable amount.
- A per CGU-specific pre-tax Weighted Average Cost of Capital (WACC) was applied in determining the recoverable amount of the units.

The values assigned to the key assumptions used for the value in use calculations are as follows:

in %	Pre-tax WACC	Expected	Expected
		annual	volume
		long-term	growth rates
		inflation	2014-2020
		2014-2020	
Western Europe	9.6	1.7	-0.2
Central and Eastern Europe			
(excluding Russia)	11.9	2.2	2.3
Russia	12.8	5.5	3.0
The Americas (excluding Brazil)	13.4	2.9	1.9
Brazil	19.3	4.1	2.9
Africa and the Middle East	11.0-23.2	1.7-8.3	1.4-5.0

The values assigned to the key assumptions represent management's assessment of future trends in the beer industry and are based on both external sources and internal sources (historical data). For Russia, management has decreased the perpetual growth rate by 3% to reflect management's best estimate, resulting in a perpetual growth rate of 2.5% and a more conservative value in use.

Sensitivity to changes in assumptions

The outcome of a sensitivity analysis of a 100 basis points adverse change in key assumptions (lower growth rates or higher discount rates respectively) did not result in a materially different outcome of the impairment test.

note 16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

 $He in eken \ has \ the \ following \ significant \ investments \ in \ associates \ and \ joint \ ventures:$

	Country		rship (%)
		2010	2009
Joint ventures			
Brau Holding International GmbH & Co KGaA	Germany	49.9	49.9
Zagorka Brewery A.D.	Bulgaria	49.0	49.0
Brewinvest S.A.	Greece	50.0	50.0
Pivara Skopje A.D.	FYC Macedonia	27.6	27.6
Brasseries du Congo S.A.	Congo	50.0	50.0
Asia Pacific Investment Pte. Ltd.	Singapore	50.0	50.0
Asia Pacific Breweries Ltd.	Singapore	41.9	41.9
Compania Cervecerias Unidas S.A.	Chile	33.1	33.1
Tempo Beverages Ltd.	Israel	40.0	40.0
Heineken Lion Australia Pty.	Australia	50.0	50.0
Sirocco FZCo	Dubai	50.0	50.0
Diageo Heineken Namibia B.V.	Namibia	50.0	50.0
United Breweries Limited	India	37.5	37.5
Millennium Alcobev Private Limited*	India	68.8	68.8
DHN Drinks (Pty) Ltd.	South Africa	44.5	44.5
Sedibeng Brewery Pty Ltd.*	South Africa	75.0	75.0
UB Nizam Breweries Pvt. Ltd	Singapore	50.0	0
UB Ajanta Breweries Pvt. Ltd	Singapore	50.0	0
Associates			
Cerveceria Costa Rica S.A.	Costa Rica	25.0	25.0
JSC FE Efes Karaganda Brewery	Kazakhstan	28.0	28.0

^{*}Heineken has joint control as the contract and ownership details determine that for certain main operating and financial decisions unanimous approval is required. As a result these investments are not consolidated.

Reporting date

The reporting date of the financial statements of all Heineken entities and joint ventures disclosed are the same as for the Company except for (i) Asia Pacific Breweries Ltd., Heineken Lion Australia Pty. and Asia Pacific Investment Pte. Ltd which have a 30 September reporting date (the APB results are included with a three-months delay in reporting), (ii) DHN Drinks (Pty) Ltd. which has a 30 June reporting date, and (iii) United Breweries Limited and Millennium Alcobev Private Limited which have a 31 March reporting date. The results of (ii) and (iii) have been adjusted to include numbers for the full financial year ended 31 December 2010.

Shareholdings India

On 10 February 2010, Heineken acquired APB's existing Indian investments: Asia Pacific Breweries (Aurangabad) Pte Ltd (APB Aurangabad), currently named UB Ajanta Breweries, and Asia Pacific Breweries-Pearl Pte Ltd (APB Pearl), currently named UB Nizam Breweries. The total acquisition price for 100% of the shares amounted to €27 million. These acquisitions individually were deemed to be immaterial in respect of IFRS disclosure requirements. If the acquisitions had occurred on 1 January 2010, management estimates that consolidated results from operating activities and consolidated revenue would not have been materially different. On 27 October 2010 Heineken sold 50% of its share in these acquired entities to its joint venture partner VJM Group.

	2010	2009
Share of profit of associates and		
joint ventures and impairments thereof Income associates	28	7
Income joint ventures	165	120
Impairments		
·		
	193	127
In 2010 no impairments were recognised in respect of associates and JVs (2009:		

Summary financial information	Joint ventures	Joint ventures
for equity-accounted joint ventures	2010	2009
Non-current assets	1,696	1,375
Current assets	869	681
Non-current liabilities	-611	-430
Current liabilities	-684	-631
	1,270	995
Revenue	2,108	1,540
Expenses	-1,887	-1,377
	221	163

note 17 OTHER INVESTMENTS AND RECEIVABLES

		201	10	2009
Non-current other investments				
Loans	note 32	455	329	
Indemnification receivable	note 32	145	_	
Other receivables	note 32	174	_	
Held-to-maturity investments	note 32	4	4	
Available-for-sale investments	note 32	190	219	
Non-current derivatives	note 32	135	16	
		1,:	103	568
Current other investments				
Investments held for trading	note 32		17	15
			17	15

from the acquisition of the beer operations of FEMSA tions of FEMSA.

Included in loans are loans to customers with a carrying and represent a receivable on the Brazilian Authorities. The main available-for-sale investments are Consorcio amount of €166 million as at 31 December 2010 (2009: on which interest is calculated in accordance with Cervecero de Nicaragua S.A. and Desnoes & Geddes Ltd. €150 million). Effective interest rates range from 2% to Brazilian legislation. Collection of this receivable is As far as these investments are listed they are 13%. €164 million (2009: €145 million) matures between expected to be beyond a period of 5 years. The indemnimeasured at their quoted market price. For others the 1 and 5 years and €2 million (2009: €5 million) after fication receivable represents the receivable on FEMSA value in use or multiples are used. Debt securities and is a mirror of the corresponding indemnified liabili- (which are interest-bearing) with a carrying amount of The other non-current receivables mainly originate ties originating from the acquisition of the beer opera- €21 million (2009: €21 million) are included in availa-

ble-for-sale investments.

Sensitivity analysis - equity price risk

An amount of €69 million as at 31 December 2010 (2009: €57 million) of available-for-sale investments and investments held for trading is listed on stock exchanges. A 1% increase in the share price on the reporting date would have increased equity by €1 million (2009: €1 million); an equal change in the opposite direction would have decreased equity by €1 million (2009: €1 million).

note 18 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets		Assets		Liabilities		Net
and liabilities	2010	2009	2010	2009	2010	2009
Deferred tax assets and liabilities are						
attributable to the following items:						
Property, plant & equipment	86	55	-550	-385	-464	-330
Intangible assets	62	41	-789	-310	-727	-269
Investments	87	15	-9	-6	78	9
Inventories	33	17	-6	-6	27	11
Loans and borrowings	1	1	-2	_	-1	1
Employee benefits	141	92	11	24	152	116
Provisions	133	92	1	_	134	92
Other items	77	215	-51	-207	26	8
Tax losses carry-forwards	213	137	_	_	213	137
Tax assets/(liabilities)	833	665	- 1,395	-890	-562	-225
Set-off of tax	-404	-104	404	104	_	_
Net tax assets/(liabilities)	429	561	-991	-786	-562	-225

The set-off in 2010 was higher compared to 2009 due to the formation of additional tax groups and the effect of the acquisition of FEMSA.

	4	2010		2009
Tax losses carry-forwards				
Heineken has losses carry-forwards for				
an amount of €1,833 million as at				
31 December 2010 (2009: €983 million),				
which expire in the following years:				
2010	_		11	
2011	11		16	
2012	8		11	
2013	32		18	
2014	30		18	
2015	32		_	
After 2015 respectively 2014 but not unlimited	314		91	
Unlimited	1,406		818	
		1,833		983
Recognised as deferred tax assets gross		-807		-479
Unrecognised		1,026		504

Movement in deferred tax on temporary differences during the year 2009	Balance 1 January	Changes in consolidation	Effect of movements in foreign exchange	Recognised in income	Recognised in equity	Transfers	Balance 31 December
Property, plant & equipment	-338	-3	10	-3	_	4	-330
Intangible assets	-281	-1	-4	49	_	-32	-269
Investments	-25	_	-2	34	2	_	9
Inventories	5	_	_	6	_	_	11
Loans and borrowings	1	_	_	_	_	_	1
Employee benefits	117	1	3	-4	_	-1	116
Provisions	64	-4	-4	_	_	36	92
Other items	30	1	-4	10	-4	-25	8
Tax losses carry-forwards	128	_	6	-10	_	13	137
Net tax assets/(liabilities)	-299	-6	5	82	-2	-5	-225

Movement in deferred tax on temporary differences during the year 2010	Balance 1 January	Changes in consolidation	Effect of movements in foreign exchange	Recognised in income	Recognised in equity	Transfers	Balance 31 December
Property, plant & equipment	-330	-161	_	28	_	-1	-464
Intangible assets	-269	-475	3	17	-	-3	-727
Investments	9	54	-3	18	_	_	78
Inventories	11	-4	-1	20	_	1	27
Loans and borrowings	1	-1	_	-1	_	_	-1
Employee benefits	116	53	-2	-15	_	_	152
Provisions	92	14	-2	30	_	_	134
Other items	8	40	-2	15	-43	8	26
Tax losses carry-forwards	137	33	5	39	_	-1	213
Net tax assets/(liabilities)	-225	-447	-2	151	-43	4	-562

$note \, 19 \quad INVENTORIES$

	2010	2009
Raw materials	241	170
Work in progress	147	132
Finished products	261	140
Goods for resale	231	269
Non-returnable packaging	120	107
Other inventories	206	192
	1,206	1,010
During 2010 and 2009 no write-down of inventories to net realisable value was required.		

note 20 TRADE AND OTHER RECEIVABLES

		2010	20	009
Trade receivables due from associates				
and joint ventures	102		78	
Trade receivables	1,680		1,730	
Other receivables	481		453	
Derivatives	10		49	
note 32		2,273		2,310
net impairment loss of €115 million (2009: €64 million) respect of trade and other receivables was included in openses for raw materials, consumables and services.				

note 21 CASH AND CASH EQUIVALENTS

		2010	2009
Bank balances		430	482
Call deposits		180	38
Cash and cash equivalents	note 32	610	520
Bank overdrafts	note 25	-132	-156
Cash and cash equivalents in the			
statement of cash flows		478	364

note 22 CAPITAL AND RESERVES

Share issuance Heineken Holding N.V.

On 30 April 2010 Heineken Holding N.V. issued 43,018,320 ordinary shares with a nominal value of €1.60 in exchange for 43,018,320 shares in Heineken N.V. with respect to the consideration as mentioned below. As a result the issued share capital consists of 288,030,168 ordinary shares.

Share premium

To the issued shares of both Heineken Holding N.V. and Heineken N.V (86,028,019 ordinary shares with a nominal value of €1.60) a share premium value of €2,701 million was assigned based on the quoted market price value of 43,018,320 shares Heineken Holding N.V. and 43,009,699 shares Heineken N.V. combined being the share consideration paid to Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) for its beer operations.

In addition to the shares issued to FEMSA, Heineken N.V. also committed itself to deliver 29,172,504 additional Heineken N.V. shares to FEMSA (the "Allotted Shares") over a period of no longer than five years. This financial instrument is classified to be equity of Heineken N.V. 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. will pay a coupon on each undelivered Allotted Share 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 8 March through 31 December 2010 Heineken N.V. acquired 10,765,258 shares with an average quoted market price of €35.85. During the year a total of 10,240,553 shares were delivered to FEMSA under the ASDI.

During 2010 Heineken N.V. announced several share buy-back programmes relating to the ASDI. The most recent share buy-back programme of €150 million was announced on 17 November 2010. Heineken N.V. has mandated a bank to repurchase Heineken N.V. shares in the open market starting 18 November 2010 up to and including 16 June 2011. Up to 31 December 2010 €54 million of this €150 million was paid by Heineken N.V. for 1,501,690 shares. The remaining outstanding share purchase mandate liability of €96 million has been presented as a current liability (see note 31) in accordance with IAS 32.23.

Share capital		Priority shares		Ordinary shares
in thousands of euros	2010	2009	2010	2009
On issue as at 1 January	1	1	460,848	392,019
Issued	_	_	_	_
On issue as at 31 December	1	1	460,848	392,019

As at 31 December 2010, the issued share capital comprised 288,030,168 ordinary shares (2009: 245,011,848) with a par value of $\[\in \]$ 1.60 and 250 priority shares (2009: 250) with a par value of $\[\in \]$ 2. All issued shares are fully paid. The Company's authorised capital amounts to $\[\in \]$ 1,500,000,500, comprising of 937,500,000 ordinary shares and 250 priority shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. For the rights of the priority shareholders reference is made to the Other information on page 129.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations of the Group (excluding amounts attributable to non-controlling interests) as well as value changes of the hedging instruments in the net investment hedges. Heineken considers this a legal reserve.

Hedging reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred. Heineken considers this a legal reserve.

Fair value reserve

This reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or impaired. Heineken considers this a legal reserve.

Other legal reserves

These reserves relate to the share of profit of joint ventures and associates over the distribution of which Heineken does not have control. The movement in these reserves reflects retained earnings of joint ventures and associates minus dividends received. In case of a legal or other restriction which causes that retained earnings of subsidiaries cannot be freely distributed, a legal reserve is recognised for the restricted part.

Purchase/reissuance own shares by Heineken N.V.

As at 31 December 2010 Heineken N.V. held 1,630,258 own shares (2009: 1,251,201), of which 524,705 are ASDI and 1,105,553 are LTIP shares. This results in an increased interest in shareholding by Heineken Holding N.V.

The related dilution effect has been recognised directly in equity.

Dividends

The following dividends were declared and paid by Heineken Holding N.V.:

	2010	2009	
Final dividend previous year €0.40,			
respectively €0.34 per ordinary share	98	83	
Interim dividend current year €0.26,			
respectively €0.25 per ordinary share	75	61	
Total dividend declared and paid	173	144	
lotal dividend declared and paid	173	144	

Heineken N.V.'s policy is for an annual dividend payout of 30-35% of Net profit BEIA. The interim dividend is fixed at 40% of the total dividend of the previous year.

Pursuant to Article 10, paragraph 6, of the Articles of Association of Heineken Holding N.V., holders of Heineken Holding N.V. ordinary shares receive the same dividend as holders of Heineken N.V. shares.

After the balance sheet date the Board of Directors announced the following dividends. The dividends, taken into account the interim dividends declared and paid, have not been provided for.

	2010	2009
€0.76 per qualifying ordinary share (20	009:€0.65) 219	159

note 23 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as at 31 December 2010 is based on the profit attributable to ordinary shareholders of the Company (net profit) of €720 million (2009: €510 million) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 December 2010 of 273,690,728 (2009: 245,011,848). Basic earnings per share for the year amounts to €2.63 (2009: €2.08).

	20	10	2009
Weighted average number			
of shares – basic			
Number of ordinary shares – basic –			
as at 1 January	245,011,848	245,011,848	
Effect of new ordinary shares issued	28,678,880	-	
Veighted number of basic ordinary			
shares as at 31 December	273,690	,728	245,011,848

note 24 INCOME TAX ON OTHER COMPREHENSIVE INCOME

Other comprehensive	Amount	Tax	Amount	Amount	Tax	Amount
income	before tax		net of tax	before tax		net of tax
	2010	2010	2010	2009	2009	2009
Foreign currency translation						
differences for foreign operations	400	_	400	112	_	112
Effective portion of changes in						
fair value of cash flow hedge	61	-18	43	-121	31	-90
Effective portion of cash flow hedges						
transferred to profit or loss	65	-20	45	117	-29	88
Ineffective portion of cash flow hedges						
transferred to profit or loss	9	_	9	_	_	_
Net change in fair value available-						
for-sale investments	16	-5	11	34	-8	26
Net change in fair value available-						
for-sale investments transferred						
to profit or loss	- 17	_	- 17	-16	4	-12
Share of other comprehensive income						
of associates/joint ventures	- 29	_	- 29	22	_	22
or associates/joint ventures	- 25		- 29	22		22
	505	-43	462	148	-2	146
	505	-43	402	140	- 2	140

note 25 LOANS AND BORROWINGS

This note provides information about the contractual terms of Heineken's interest-bearing loans and borrowings. For more information about Heineken's exposure to interest rate risk and foreign currency risk, see note 32.

		2010		2009
43. 1.350				
on-current liabilities	4.0		470	
ecured bank loans nsecured bank loans	48		179	
nsecured bank loans nsecured bond issues	3,260		2,958	
	2,482 47		2,445 89	
nance lease liabilities note ther non-current interest-bearing	226 47		89	
liabilities	1,895		1,267	
on-current interest-bearing liabilities	1,093	7,732	1,201	6,938
on-current derivatives		291		370
on-current non-interest-bearing		231		310
liabilities		55		93
ndontres		00		00
		8,078		7,401
urrent interest-bearing liabilities				
arrent portion of secured bank loans	11		96	
ırrent portion of unsecured bank loans	346		78	
arrent portion of unsecured bond issues	_		500	
arrent portion of finance lease				
liabilities note	26 48		19	
arrent portion of other interest-				
bearing liabilities	32		75	
otal current portion of non-current				
interest-bearing liabilities		437		768
eposits from third parties		425		377
		862		1,145
ank overdrafts note	21	132		156

	2010	2009
Net interest-bearing debt position		
Non-current interest-bearing liabilities	7,732	6,938
Current portion of non-current interest-		
bearing liabilities	437	768
Deposits from third parties	425	377
	8,594	8,083
ank overdrafts note 21	132	156
	8,726	8,239
ash, cash equivalents and current		
other investments	-627	- 535
	8,099	7,704

Non-current liabilities	Secured	Unsecured	Unsecured	Finance	Other	Non-current	Non-current	Total
	bank	bank	bond	lease	non-current	derivatives		
	loans	loans	issues	liabilities	interest-		bearing	
					bearing		liabilities	
					liabilities			
Balance as at 1 January 2010	179	2,958	2,445	89	1,267	370	93	7,401
Consolidation changes	-1	880	_	_	-56	24	35	882
Effect of movements in exchange rates	7	-9	3	2	85	-68	1	21
Transfers	-3	-171	_	-42	-1	14	-59	-262
Charge to/(from) profit or loss i/r derivatives	_	_	_	_	-	-29	_	-29
Charge to/(from) equity i/r derivatives	_	-	-	-	-	-13	_	-13
Proceeds	_	1,358	_	_	572	-6	3	1,927
Repayments	-134	-1,702	_	-4	-3	-1	-13	-1,857
Other	_	-54	34	2	31	_	-5	8
Balance as at 31 December 2010	48	3,260	2,482	47	1,895	291	55	8,078

Terms and debt repayment schedule

 $Terms \ and \ conditions \ of \ outstanding \ non-current \ and \ current \ loans \ and \ borrowings \ were \ as \ follows:$

Terms and debt repayment	Category	Currency	Nominal	Repayment	Carrying	Face	Carrying	Fac
schedule			interest		amount	value	amount	valu
			rate (%)		2010	2010	2009	200
Secured bank loans	Bank facilities	GBP	1.9	2016	23	23	234	23
Secured bank loans	Various	various	various	various	36	36	41	
Unsecured bank loans	2008 Syndicated							
	Bank Facility	EUR	0.7-1.0	2013	1,708	1,709	1,700	1,7
Unsecured bank loans	Bank Facility	EUR	0.4-5.0	2011-2016	434	434	486	4
Unsecured bank loans	German Schuldschein notes	EUR	1.0-6.0	2016	111	111	111	1
Unsecured bank loans	German Schuldschein notes	EUR	1.0-6.0	2013	102	102	102	1
Unsecured bank loans	German Schuldschein notes	EUR	1.0-6.0	2014	207	207	207	2
Unsecured bank loans	2008 Syndicated							
	Bank Facility	GBP	0.60	2013	336	340	329	3
Unsecured bank loans	Bank Facilities	PLN	3.7	2011	60	60	61	
Unsecured bank loans	Bank Facilities	USD	0.80	2011-2013	167	172	_	
Unsecured bank loans	Bank Facilities	MXN	4.5-10.6	2011-2014	444	445	_	
Unsecured bank loans	Various	various	various	various	37	37	40	
Unsecured bond	Issue under EMTN Programme	GBP	7.3	2015	461	465	442	4
Unsecured bond	Eurobond on Luxembourg							
	Stock Exchange	EUR	4.3	2010	_	_	500	5
Unsecured bond	Eurobond on Luxembourg							
	Stock Exchange	EUR	5.0	2013	599	600	598	6
Unsecured bond	Issue under EMTN Programme	EUR	7.1	2014	1,009	1,000	996	1,0
Unsecured bond	Issue under EMTN Programme	EUR	4.6	2016	397	400	397	4
Unsecured bond issues	n/a	various	various	various	16	16	12	
Other interest-bearing	2010 US private							
liabilities	placement	USD	4.6	2018	541	546	_	
Other interest-bearing	2002 S&N US							
liabilities	private placement	USD	5.4-5.6	2012-2014	616	569	557	į
Other interest-bearing	2005 S&N US							
liabilities	private placement	USD	5.4	2015	247	225	221	2
Other interest-bearing	2008 US private							
liabilities	placement	USD	5.9-6.3	2015-2018	331	333	306	3
Other interest-bearing								
liabilities	Private placement	EUR	2.0	2012	50	50	100	1
Other interest-bearing								
liabilities	Various	various	various	various	142	142	158	1
Deposits from third parties	n/a	various	various	various	425	425	377	3
Finance lease liabilities	n/a	various	various	various	95	100	108	1

As at 31 December 2010, no amount was drawn on the existing Revolving Credit Facility of €2 billion. This Revolving Credit Facility is expiring in 2012. Interest is based on EURIBOR plus a margin.

As part of the acquisition of the beer operations of FEMSA, Heineken acquired a net debt position of $\[mathebox{\in} 1,564\]$ million. From this amount loans and borrowings in Mexico and Brazil amount to $\[mathebox{\in} 1,595\]$ million, the remainder is cash (net of bank overdrafts) of $\[mathebox{\in} 31\]$ million. This position largely consisted of bank loans from local financial institutions as well as several loans from FEMSA, the seller of FEMSA Cerveza. These loans, which amounted to $\[mathebox{\in} 573\]$ million as at 30 April 2010, were repaid in May and June 2010. These loans have been refinanced by drawings under the Revolving Credit Facility of Heineken N.V. As at 31 December 2010 the available headroom (including cash available in the Group cash pool) is approximately $\[mathebox{\in} 2.1\]$ billion, as the Revolving Credit Facility was undrawn.

On 13 August 2010, Heineken N.V. received the funds related to the eight-year private loan notes, which were placed on 7 May 2010 with institutional investors in the United States. The principal amount of the loan notes is \$725 million and the coupon was fixed at 4.6%. The maturity date is 15 August 2018. Heineken N.V. has swapped the proceeds into €559 million with a fixed coupon of 3.9%.

EMTN Programme

The Euro Medium Term Note (EMTN) Programme was updated and increased to €5 billion in September 2010 and is registered on the Luxembourg Stock Exchange. As currently approximately €1.9 billion is outstanding, Heineken still has capacity of €3.1 billion under this programme. The programme can be used for issuing up to one year after its latest update.

note 26 FINANCE LEASE LIABILITIES

nimum /ments	Interest	Present value	Future minimum		
ments			ruturentininium	Interest	Present value
THETHE		of minimum	lease payments		of minimum
		lease payments			lease payments
2010	2010	2010	2009	2009	2009
49	-1	48	22	-3	19
39	-3	36	76	-9	67
13	-2	11	23	-1	22
101	-6	95	121	-13	108
	49 39 13	49 -1 39 -3 13 -2	2010 2010 49 -1 39 -3 13 -2 11	2010 2010 2010 2009 49 -1 48 22 39 -3 36 76 13 -2 11 23	2010 2010 2010 2009 2009 49 -1 48 22 -3 39 -3 36 76 -9 13 -2 11 23 -1

note 27 NON-GAAP MEASURES

In the internal management reports Heineken measures its performance primarily based on EBIT and EBIT (beia), these are non-GAAP measures not calculated in accordance with IFRS. A similar non-GAAP adjustment can be made to the IFRS profit or loss as defined in IAS 1 paragraph 7 being the total of income less expense. 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. The table below presents the relationship with IFRS terms results from operating activities and profit and Heineken non-GAAP measures being EBIT and EBIT (beia) for the financial year 2010.

2010

Results from operating activities 2,283 Share of profit of associates and joint ventures and impairments thereof (net of income tax) Heineken EBIT Exceptional items and amortisation included in EBIT 132
ventures and impairments thereof (net of income tax) Heineken EBIT Exceptional items and amortisation
ventures and impairments thereof (net of income tax) Heineken EBIT Exceptional items and amortisation
(net of income tax) Heineken EBIT Exceptional items and amortisation
Heineken EBIT 2,476 Exceptional items and amortisation
Exceptional items and amortisation
included in EBIT 132
Heineken EBIT (beia)

The exceptional items included in EBIT contain the amortisation of brands and customer relations for €142 million. The total book gain on the sale of MBI and GBNC as well as Waverley TBS for €199 million. The bankruptcy of a large on-trade customer in Western Europe resulted in impairments of loans, receivables and guarantees for a total of €70 million and FEMSA acquisition and integration expense for €80 million. The remaining €39 million relate to TCM expenses and one-of expenses due to contract terminations.

EBIT and EBIT (beia) are not financial measures calculated in accordance with IFRS. The presentation on these financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

note 28 EMPLOYEE BENEFITS

	2010		2009
Present value of unfunded obligations	118	198	
Present value of funded obligations	6,525	5,738	
Total present value of obligations	6,643		5,936
Fair value of plan assets	-5,646		-4,858
Present value of net obligations	997		1,078
Actuarial (losses)/gains not recognised	-411		-548
Recognised liability for defined benefit			
obligations	586		530
Other long-term employee benefits	101		104
	687		634
Plan assets comprise:			
Equity securities	2,484	2,195	
Government bonds	2,421	2,119	
Properties and real estate	436	385	
Other plan assets	305	159	
	5,646		4,858

Liability for defined benefit obligations

Heineken makes contributions to a number of defined benefit plans that provide pension benefits for employees upon retirement in a number of countries being mainly: Netherlands, UK, Ireland, Greece, Austria, Italy, France, Spain, Mexico and Nigeria. In other countries the pension plans are defined contribution plans and/or similar arrangements for employees.

Other long-term employee benefits mainly relate to long-term bonus plans, termination benefits and jubilee benefits.

	2010		2009
Movements in the present value			
of the defined benefit obligations			
Defined benefit obligations as at 1 January	5,935	4,963	
Changes in consolidation and reclassification	286	-6	
Effect of movements in exchange rates	131	153	
Benefits paid	-298	-271	
Employee contributions	19	16	
Current service costs and interest			
on obligation (see below)	411	363	
Past service costs	-9	12	
Effect of any curtailment or settlement	-15	-16	
Actuarial (gains)/losses	183	722	
Defined benefit obligations as at 31 December	6,643		5,936
Movements in the present value			
of plan assets			
Fair value of plan assets as at 1 January	4,858	4,231	
Changes in consolidation and reclassification	115	-5	
Effect of movements in exchange rates	127	160	
Contributions paid into the plan	226	157	
Benefits paid	-298	-255	
Expected return on plan assets	298	252	
Actuarial gains/(losses)	320	318	
,			
Fair value of plan assets as at 31 December	5,646		4,858
•	ŕ		ŕ
Actual return on plan assets	618		570
•			
Expense recognised in profit or loss			
Current service costs	77	70	
Interest on obligation	334	293	
Expected return on plan assets	- 298	-252	
Actuarial gains and losses recognised	15	_	
Past service costs	-9	12	
Effect of any curtailment or settlement	-15	-16	
note 10	104		107

Principal actuarial assumptions as at the balance sheet date

The defined benefit plans in the Netherlands and the UK cover 86.8% of the present value of the plan assets (2009: 88.8%) and 81.7% of the present value of the defined benefit obligations (2009: 86.3%) as at 31 December 2010. For the Netherlands and the UK the following actuarial assumptions apply as at 31 December 2010:

	The Neth 2010	nerlands 2009	2010	UK 2009
Discount rate as at 31 December	5.1	5.3	5.4	5.7
Expected return on plan assets as at 1 January	5.7	6.3	6.4	6.3
Future salary increases	3.0	3.0	4.6	4.8
Future pension increases	1.5	1.5	3.0	3.0
Medical cost trend rate	_	_	7.0	7.0

For the other defined benefit plans the following actuarial assumptions apply as at 31 December 2010:

	Other Western, Central and Eastern Europe		The Americas		Africa and the Middle East		Asia Pacifi	
	2010	2009	2010	2009	2010	2009	2010	2009
Discount rate as at 31 December	2.4-5.8	3.3-5.6	7.0-7.6	5.3-7.0	7.0-10.0	11.0	_	_
Expected return on plan assets as at 1 January	2.9-7.3	3.5-6.6	6.5-8.2	6.5	_	11.0	_	_
Future salary increases	1.0-10.0	1.5-3.5	3.8-5.5	2.5-5.5	5.0-10.0	11.0	_	_
Future pension increases	1.0-2.1	1.0-3.0	2.8-3.0	_	_	11.0	_	_
Medical cost trend rate	3.5-4.5	3.5-4.5	5.1	5.0	_	10.0	_	_

Assumptions regarding future mortality rates are trend rates would not have any effect on profit or loss a relevant age setback. The overall expected long-term 31 December 2010. rate of return on assets is 6% (2009: 6.1%), which is Based on the most recent triannial review finalised in based on the asset mix and the expected rate of return early 2010, Heineken has agreed a 12-year plan aimed on each major asset class, as managed by the pension at funding the recovery of the Scottish & Newcastle funds.

Assumed healthcare cost trend rates have no effect on could total £504 million of which £35 million has been the amounts recognised in profit or loss. A one per- paid during 2010. As at 31 December 2010 the IAS 19 centage point change in assumed healthcare cost present value of the net obligations of the Scottish &

based on published statistics and mortality tables, with neither on the statement of financial position as at

pension fund through additional contributions. These

Newcastle pension fund represents a £409 million (€475 million) deficit. The next review of the funding position and the recovery plan will take place no later than around year-end 2012.

The Group expects the 2011 contributions to be paid for the defined benefit plans to be in line with 2010, excluding the additional £35 million additional payment made to the UK pension fund in 2010.

Historical information	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	6,643	5,936	4,963	2,858	2,984
Fair value of plan assets	-5,646	-4,858	-4,231	-2,535	-2,397
Deficit in the plan	997	1,078	732	323	587
Experience adjustments arising on plan					
liabilities, losses/(gains)	-24	-116	71	-4	-159
Experience adjustments arising on plan					
assets, (losses)/gains	320	313	-817	16	9

note 29 SHARE-BASED PAYMENTS - LONG-TERM INCENTIVE PLAN

As from 1 January 2005 Heineken N.V. established a performance-based share plan (Long-Term Incentive Plan; LTIP) for the Executive Board of Heineken N.V. As from 1 January 2006 a similar LTIP was established for Senior Management.

The LTIP 2008-2010 and 2009-2011 for the Executive Board includes Heineken N.V. share rights, which are conditionally awarded to the Executive Board each year and are subject to Heineken's Relative Total Shareholder Return (RTSR) performance in comparison with the TSR performance of a selected peer group.

The LTIP share rights conditionally awarded to senior management each year in the 2008-2010 plan and the 2009-2011 plan are for 25% subject to Heineken's RTSR performance and for 75% subject to internal performance conditions.

The LTIP share rights conditionally awarded to senior management and the Executive Board for the 2010-2012 plan are fully subject to internal performance conditions.

These performance conditions are Organic Gross Profit beia growth, Organic EBIT beia growth, Earnings Per Share (EPS) beia growth and Free Operating Cash Flow.

At target performance, 100% of the shares will vest. At maximum performance 150% of the shares will vest.

The performance period for share rights granted in 2008 is from 1 January 2008 to 31 December 2010. The performance period for share rights granted in 2009 is from 1 January 2009 to 31 December 2011. The performance period for share rights granted in 2010 is from 1 January 2010 to 31 December 2012. The vesting date for the Executive Board is within five business days, and for senior management the latest of 1 April and twenty business days, after the publication of the annual results of 2009, 2010, 2011 and 2012 respectively.

As Heineken N.V. will withhold the tax related to vesting on behalf of the individual employees, the number of Heineken N.V. shares to be received by the Executive Board and senior management will be a net number.

The terms and conditions of the Heineken N.V. share rights granted are as follows:

Grant date/employees entitled	Number*	Based on	Vesting	Contractual
di diti dato, employees emilied	Number	share price	conditions	life of rights
		shareprice	Conditions	ille of Fights
Share rights granted to Executive Board in 2008	26,288	44.22	Continued service and	3 years
			RTSR performance	
Share rights granted to senior management in 2008	263,958	44.22	Continued service,	3 years
			75% internal performance	
			conditions and 25% RTSR	
			performance	
Share rights granted to Executive Board in 2009	53,083	21.90	Continued service and	3 years
			RTSR performance	
Share rights granted to senior management in 2009	562,862	21.90	Continued service,	3 years
			75% internal performance	
			conditions and 25% RTSR	
			performance	
Share rights granted to Executive Board in 2010	55,229	33.27	Continued service,	3 years
Share rights granted to Executive Board in 2010	33,223	33.21	100% internal	5 years
			performance conditions	
			per for mance conditions	
Share rights granted to senior management in 2010	516,765	33.27	Continued service,	3 years
			100% internal	
			performance conditions	
	1,478,185			

 $Based \ on \ RTSR \ and \ internal \ performance, it is \ expected \\ \qquad {}^{\star}The \ number \ of \ shares \ is \ based \ on \ target \ performance.$ that approximately 218,903 shares will vest in 2011 for Senior Management. No vesting occurred for the Executive Board. The expenses relating to these expected additional grants are recognised in profit or loss during the performance period.

The number and weighted average share price per share is as follows:

	Weighted average	Number of	Weighted average	Number of
	share price in €	share rights	share price in €	share rights
	2010	2010	2009	2009
Outstanding as at 1 January	31.17	1,153,748	37.48	905,537
Granted during the year	33.44	571,994	21.90	615,945
Forfeited during the year	_	- 102,510	_	-74,813
lested during the year	_	-262,048	_	-292,921
Outstanding as at 31 December	30.70	1,361,184	31.17	1,153,748

The 262,048 (gross) shares vested in 2010 are related to the 2007-2009 LTIP of senior management. No vesting occurred under the 2007-2009 LTIP of the Executive Board.

The fair value of services received in return for share rights granted is based on the fair value of shares granted, measured using the Monte Carlo model, with following inputs:

In euros	Executive Board	Senior management
	2009	2009
Fair value at grant date	512,359	8,478,659
Expected volatility (%)	22.8	22.8
Expected dividends (%)	2.1	2.1

	2010	2009	
Personnel expenses			
Share rights granted in 2007	_	3	
Share rights granted in 2008	3	3	
Share rights granted in 2009	5	4	
Share rights granted in 2010	7	_	
Total expense recognised			
as personnel expenses no	15	10	

note 30 PROVISIONS

	Restructuring	Onerous contracts	Other	Total
Balance as at 1 January 2010	171	55	292	518
Changes in consolidation note 6	-2	-4	154	148
Provisions made during the year	50	48	132	230
Provisions used during the year	-87	-38	-116	-241
Provisions reversed during the year	-23	-9	-50	-82
Effect of movements in exchange rates	2	2	12	16
Unwinding of discounts	1	1	7	9
Balance as at 31 December 2010	112	55	431	598
Non-current	59	40	376	475
Current	53	15	55	123
	112	55	431	598

Restructuring

The provision for restructuring of €112 million mainly relates to restructuring programmes in Spain, the Netherlands and the UK.

Other provisions

Included are, amongst others, surety and guarantees provided €56 million (2009: €61 million), litigations and claims €230 million (2009: €50 million) and environmental provisions €4 million (2009: €8 million).

note 31 TRADE AND OTHER PAYABLES

	2010	2009
Trade payables	1,660	1,361
Returnable packaging deposits	434	408
Taxation and social security contributions	652	551
Dividend	53	24
Interest	97	134
Derivatives	66	94
Purchase mandate Heineken N.V. shares	96	-
Other payables	298	233
Accruals and deferred income	909	891
note 32	4,265	3,696

note 32 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Overview

Heineken has exposure to the following risks from its use of financial instruments, as they arise in the normal course of Heineken's business:

- · Credit risk
- Liquidity risk
- Market risk

This note presents information about Heineken's exposure to each of the above risks, and it summarises Heineken's policies and processes that are in place for measuring and managing risk, including those related to capital management. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Executive Board of Heineken N.V., under the supervision of the Supervisory Board of Heineken N.V., has overall responsibility and sets rules for Heineken's risk management and control systems. They are reviewed regularly to reflect changes in market conditions and the Group's activities. The Executive Board oversees the adequacy and functioning of the entire system of risk management and internal control, assisted by Heineken N.V. Group departments.

The Global Treasury function focuses primarily on the management of financial risk and financial resources. Some of the risk management strategies include the use of derivatives, primarily in the form of spot and forward exchange contracts and interest rate swaps, but options can be used as well. It is the Group policy that no speculative transactions are entered into.

Credit risk

Credit risk is the risk of financial loss to Heineken if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Heineken's receivables from customers and investment securities.

The economic crisis has impacted the regular business activities and performance, in particular in consumer spending and solvency. However, the business impact differed across the regions and operations. Local management has assessed the risk exposure following group instructions and is taking action to mitigate the higher than usual risks. Intensified and continuous focus is being given in the areas of customers (managing trade receivables and loans) and suppliers (financial position of critical suppliers).

As at the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial instrument, including derivative financial instruments, in the consolidated statement of financial position.

Loans to customers

Heineken's exposure to credit risk is mainly influenced by the individual characteristics of each customer. Heineken's held-to-maturity investments includes loans to customers, issued based on a loan contract. Loans to customers are ideally secured by, amongst others, rights on property or intangible assets, such as the right to take possession of the premises of the customer. Interest rates calculated by Heineken are at least based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given.

Heineken establishes an allowance for impairment of loans that represents its estimate of incurred losses. The main components of this allowance are a specific loss component that relates to individually

significant exposures, and a collective loss component established for groups of similar customers in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics.

In a few countries the issue of new loans is outsourced to third parties. In most cases, Heineken issues sureties (guarantees) to the third party for the risk of default of the customer. Heineken in return receives a fee.

Trade and other receivables

Heineken's local management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and new customers are analysed individually for creditworthiness before Heineken's standard payment and delivery terms and conditions are offered. Heineken's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer and these limits are reviewed regularly. As a result of the deteriorating economic circumstances in 2008 and 2009, certain purchase limits have been redefined. Customers that fail to meet Heineken's benchmark creditworthiness may transact with Heineken only on a prepayment basis.

In monitoring customer credit risk, customers are, on a country base, grouped according to their credit characteristics, including whether they are an individual or legal entity, which type of distribution channel they represent, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis only with approval of Management.

Heineken has multiple distribution models to deliver goods to end customers. Deliveries are done in some countries via own wholesalers, in other markets directly and in some others via third parties. As such distribution models are country specific and on consolidated level diverse, as such the results and the balance sheet items cannot be split between types of customers on a consolidated basis. The various distribution models are also not centrally managed or monitored.

Heineken establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The components of this allowance are a specific loss component and a collective loss component.

Advances to customers

Advances to customers relate to an upfront cash-discount to customers, for which the amortised amounts are deducted from the revenue on a straight-line basis.

In monitoring customer credit risk, refer to the paragraph above relating to trade and other receivables.

Investments

Heineken limits its exposure to credit risk, by only investing available cash balances in liquid securities and only with counterparties that have a credit rating of at least single A or equivalent for short-term transactions and AA for long-term transactions. Heineken actively monitors these credit ratings.

Guarantees

Heineken's policy is to avoid issuing guarantees where possible unless this leads to substantial savings for the Group. In cases where Heineken does provide guarantees, such as to banks for loans (to third parties), Heineken aims to receive security from the third party.

Heineken N.V. has issued a joint and several liability statement to the provisions of Section 403 of Book 2 of the Dutch Civil Code with respect to legal entities established in the Netherlands.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk on the reporting date was:

			2010		2009
oans	note 17	455		329	
ndemnification receivable	note 17	145		_	
Other long term receivables	note 17	174		_	
Held-to-maturity investments	note 17	4		4	
Available-for-sale investments	note 17	190		219	
Von-current derivatives	note 17	135		16	
nvestments held for trading	note 17	17		15	
rade and other receivables,					
excluding derivatives	note 20	2,263		2,261	
Current derivatives	note 20	10		49	
Cash and cash equivalents	note 21	610		520	
			4,003		3,413

The maximum exposure to credit risk for trade and other receivables (excluding derivatives) on the reporting date by geographic region was:

	2010		2009
estern Europe	997	1,256	
entral and Eastern Europe	458	554	
ne Americas	497	134	
frica and the Middle East	151	131	
sia Pacific	19	32	
eineken N.V. Head Office/eliminations	141	154	
	2,263		2,261

Impairment losses

The ageing of trade and other receivables (excluding derivatives) on the reporting date was:

	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Not past due	1,894	-49	1,895	-34
Past due 0-30 days	250	-21	202	-26
Past due 31-120 days	271	-106	198	-67
More than 120 days	250	-226	300	-207
	2,665	-402	2,595	-334

The movement in the allowance for impairment in respect of trade and other receivables (excluding derivatives) during the year was as follows:

	2010	2009
Balance as at 1 January	334	280
Changes in consolidation	_	1
Impairment loss recognised	168	109
Allowance used	-52	-26
Allowance released	-53	-45
Effect of movements in exchange rates	5	15
Balance as at 31 December	402	334

The movement in the allowance for impairment in respect of loans during the year was as follows:

	2010	2003
Balance as at 1 January	185	177
Changes in consolidation	-8	_
Impairment loss recognised	37	48
Allowance used	-23	-27
Allowance released	-2	-9
Effect of movements in exchange rates	2	-4
Balance as at 31 December	191	185

ment of cash flows.

receivables (excluding derivatives) and loans are part respect of trade receivables (excluding derivatives) is satisfied that no recovery of the amount owing is of the other non-cash items in the consolidated state- were included in expenses for raw materials, consumables and services.

2010

The income statement impact of €35 million (2009: The allowance accounts in respect of trade and €39 million) in respect of loans and the income state—other receivables and held-to-maturity investments

Impairment losses recognised for trade and other ment impact of €115 million (2009: €64 million) in are used to record impairment losses, unless Heineken possible, at that point the amount considered irrecoverable is written off against the financial asset.

2009

Liquidity risk

Liquidity risk is the risk that Heineken will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Heineken's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Heineken's reputation.

Recent times have proven the credit markets situation could be such that it is difficult to generate capital to finance long-term growth of Heineken. Although currently the situation is more stable, Heineken has a clear focus on ensuring sufficient access to capital markets to finance long-term growth and to refinance maturing debt obligations. Financing strategies are under continuous evaluation. In addition, Heineken focuses on a further fine-tuning of the maturity profile of its long-term debts with its forecasted operating cash flows. Strong cost and cash management and controls over investment proposals are in place to ensure effective and efficient allocation of financial resources.

Contractual maturities

The following are the contractual maturities of non-derivative financial liabilities and derivative financial assets and liabilities, including interest payments and excluding the impact of netting agreements:

2010	Carrying	Contractual	6 months	6-12	1-2	2-5	More than
	amount	cash flows	orless	months	years	years	5 years
Financial liabilities							
Secured bank loans	59	-64	-5	-7	-16	-34	-2
Unsecured bank loans	3,606	-3,788	-228	- 174	-387	-2,670	-329
Unsecured bond issues	2,482	-3,135	-105	-49	-153	-2,410	-419
Finance lease liabilities	95	-104	-47	-6	-8	-29	-12
Other interest-bearing liabilities	1,927	-2,420	-62	-70	-266	-944	-1,078
Non-interest-bearing liabilities	55	-58	-37	-1	-7	-11	-2
Deposits from third parties	425	-425	-422	-3	_	_	_
Bank overdrafts	132	-137	-90	-48	_	_	_
Trade and other payables, excluding							
interest, dividends and derivatives	4,049	-4,073	-3,668	-405	_	_	_
Derivative financial assets and liabilities							
Interest rate swaps used for hedge accounting:							
Inflow	-121	2,911	107	52	266	1,484	1,002
Outflow	244	-2,998	-96	-88	-297	-1,562	-955
Forward exchange contracts							
used for hedge accounting:							
Inflow	-11	1,411	542	580	288	_	_
Outflow	18	-1,427	-567	-575	-284	_	_
Commodity swaps contracts used							
for hedge accounting:							
Inflow	-26	26	7	1	18	1	_
Outflow	33	-33	-7	-8	-15	-3	_
Other derivatives not used for hedge							
accounting, net	75	-121	-52	-26	-15	-29	_
	13,042	-14,435	-4,730	-827	-876	-6,207	-1,795

The total carrying amount and contractual cash flows of derivatives are included in trade and other receivables (note 20) and trade and other payables (note 31) and non-current non-interest-bearing liabilities (note 25).

2009	Carrying	Contractual	6 months	6-12	1-2	2-5	More than
	amount	cash flows	or less	months	years	years	5 years
Financial liabilities							
Secured bank loans	275	-304	-13	-16	-89	-153	-33
Unsecured bank loans	3,036	-3,249	-96	-170	-1,375	-1,263	-345
Unsecured bond issues	2,945	-3,786	-626	-49	-152	-2,032	-927
Finance lease liabilities	108	-114	-10	-9	-15	-49	-31
Other interest-bearing liabilities	1,342	-1,690	-91	-54	-67	-803	-675
Non-interest-bearing liabilities	93	-120	-20	-23	-31	-45	-1
Deposits from third parties	377	-377	-368	-9	_	_	_
Bank overdrafts	156	-156	-156	_	_	_	_
Trade and other payables, excluding							
interest, dividends and derivatives	3,444	-3,444	-3,278	-166	_	_	_
Derivative financial assets and liabilities							
Interest rate swaps used for hedge accounting:							
Inflow	-17	1,490	43	36	88	732	591
Outflow	438	-1,819	-74	-89	-102	-965	-589
Forward exchange contracts							
used for hedge accounting:							
Inflow	-48	1,015	615	282	118	_	_
Outflow	26	-996	-608	-268	-120	_	_
	12,175	-13,550	-4,682	- 535	-1,745	-4,578	-2,010

The total carrying amount and contractual cash flows of derivatives are included in trade and other receivables (note 20), other investments (note 17), trade and other payables (note 31) and non-current non-interest-bearing liabilities (note 25).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect Heineken's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Heineken uses derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. Generally, Heineken seeks to apply hedge accounting or make use of natural hedges in order to minimise the effects of foreign currency fluctuations in profit or loss.

Derivatives that can be used are interest rate swaps, forward rate agreements, caps and floors, commodity swaps, spot and forward exchange contracts and options. Transactions are entered into with a limited number of counterparties with strong credit ratings. Foreign currency, interest rate and commodity hedging operations are governed by internal policies and rules approved and monitored by the Executive Board of Heineken N.V..

Foreign currency risk

Heineken is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Heineken entities. The main currencies that give rise to this risk are the US dollar and British pound.

In managing foreign currency risk, Heineken aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in foreign exchange rates would have an impact on profit.

Heineken hedges up to 90% of its mainly intra-Heineken US dollar cash flows on the basis of rolling cash flow forecasts in respect to forecasted sales and purchases. Cash flows in other foreign currencies are also hedged on the basis of rolling cash flow forecasts. Heineken mainly uses forward exchange contracts to hedge its foreign currency risk. The majority of the forward exchange contracts have maturities of less than one year after the balance sheet date.

Heineken has a clear policy on hedging transactional exchange risks, which postpones the impact on financial results. Translation exchange risks are hedged to a limited extent, as the underlying currency positions are generally considered to be long-term in nature. The result of the net investment hedging is recognised in the translation reserve as can be seen in the consolidated statement of comprehensive income.

It is Heineken's policy to provide intra-Heineken financing in the functional currency of subsidiaries where possible to prevent foreign currency exposure on subsidiary level. The resulting exposure at Group level is hedged by means of forward exchange contracts. Intra-Heineken financing in foreign currencies is mainly in British pound, US dollars, Russian rubles and Polish zloty. In some cases Heineken elects to treat intra-Heineken financing with a permanent character as equity and does not hedge the foreign currency exposure.

The principal amounts of Heineken's British pound, Polish zloty, Mexican peso and Egyptian pound bank loans and bond issues are used to hedge local operations, which generate cash flows that have the same respective functional currencies. Corresponding interest on these borrowings is also denominated in currencies that match the cash flows generated by the underlying operations of Heineken. This provides an economic hedge without derivatives being entered into.

In respect of other monetary assets and liabilities denominated in currencies other than the functional currencies of Heineken and the various foreign operations, Heineken ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

$Exposure\ to\ for eign\ currency\ risk$

Heineken's transactional exposure to the British pound, US dollar and euro was as follows based on notional amounts. The euro column relates to transactional exposure to the euro within subsidiaries which are reporting in other currencies.

in millions	EUR	GBP	USD	EUR	GBP	USD
	2010	2010	2010	2009	2009	2009
Loans and held-to-maturity investments	_	_	_	_	_	_
Trade and other receivables	11	_	6	25	_	7
Cash and cash equivalents	40	_	6	46	_	2
Secured bank loans	_	_	_	_	_	-1
Unsecured bank loans	_	-349	_	_	- 57	_
Unsecured bond issues	_	-397	_	_	-400	_
Other interest bearing liabilities	-50	_	-2,217	-100	_	-1,492
Non-interest-bearing liabilities	_	_	_	-10	_	-1
Bank overdrafts	-4	_	_	-63	_	-2
Trade and other payables	-46	_	-2	-88	_	-26
Gross balance sheet exposure	-49	-746	-2,207	-190	-457	-1,513
Estimated forecast sales next year	129	1	947	140	1	885
Estimated forecast purchases next year	-463	-1	-539	-402	-1	-88
Gross exposure	-383	-746	-1,799	-452	-457	-716
Cash flow hedge accounting forward						
exchange contracts	73	395	392	61	427	-375
Other hedge accounting forward						
exchange contracts	-988	1	1,056	-945	_	1,061
, and the second			ŕ			•
Net exposure	-1,298	-350	- 351	-1,336	-30	-30

Including in the US dollar amounts are intra-Heineken cash flows. Within the other hedge accounting forward exchange contracts, the cross-currency interest rate swaps of Heineken UK form the largest component.

The following significant exchange rates applied during the year:

in euros	2010	Average rate 2009	2010	Year-end rate 2009
GBP	1.1657	1.1224	1.1618	1.1260
USD	0.7543	0.7170	0.7484	0.6942

Sensitivity analysis

A 10% strengthening of the euro against the British pound and US dollar or in case of the euro a strengthening of the euro against all other currencies as at 31 December would have increased (decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

		Equity		Profit or loss
	2010	2009	2010	2009
EUR	-5	1	_	-3
GBP	_	2	-1	2
USD	38	39	_	_

A 10% weakening of the euro against the British pound and US dollar or in case of the euro a weakening of the euro against all other currencies as at 31 December would have had the equal but opposite effect on the basis that all other variables remain constant.

Interest rate risk

In managing interest rate risk, Heineken aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit.

Heineken opts for a mix of fixed and variable interest rates in its financing operations, combined with the use of interest rate instruments. Currently Heineken's interest rate position is more weighted towards fixed rather than floating. Interest rate instruments that can be used are interest rate swaps, forward rate agreements, caps and floors.

Swap maturity follows the maturity of the related loans and borrowings and have swap rates for the fixed leg ranging from 2% to 8.8% (2009: from 2% to 7.3%).

Interest rate risk – Profile

On the reporting date the interest rate profile of Heineken's interest-bearing financial instruments was as follows:

		2010		2009
Fixed rate instruments				
Financial assets	84		157	
Financial liabilities	-5,275		-4,664	
nterest rate swaps floating to fixed	-456		-2,505	
		-5,647		− 7,012
Variable rate instruments				
Financial assets	633		88	
Financial liabilities	-2,786		-2,947	
nterest rate swaps fixed to floating	456		2,505	
		-1,697		-354

Fair value sensitivity analysis for fixed rate instruments

During 2010, Heineken opted to apply fair value hedge accounting on certain fixed rate financial liabilities. The fair value movements on these instruments are recognised in profit or loss. The change in fair value on these instruments was -€67 million in 2010 (2009: €73 million), which was offset by the change in fair value of the hedge accounting instruments, which was €70 million (2009: −€73 million).

A change of 100 basis points in interest rates on the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below (after tax).

		Profit or loss		Equity
	100 bp	100 bp	100 bp	100 bp
	increase	decrease	increase	decrease
31 December 2010				
Instruments designated at fair value	39	-40	40	-40
Interest rate swaps	-25	27	-4	5
Fair value sensitivity (net)	14	-13	36	-35
31 December 2009				
Instruments designated at fair value	45	-48	45	-48
Interest rate swaps	-19	21	49	-47
Fair value sensitivity (net)	26	-27	94	- 95

As part of the acquisition of S&N in 2008, Heineken took over a specific portfolio of euro floating-to-fixed interest rate swaps, of which currently $\[\le \]$ 940 million is still outstanding. Although interest rate risk is hedged economically, it is not possible to apply hedge accounting on this portfolio. A movement in interest rates will therefore lead to a fair value movement in the profit or loss under the other net financing income/(expenses). Any related non-cash income or expenses in profit or loss are expected to reverse over time.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates constantly applied during the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below (after tax). This analysis assumes that all other variables, in particular foreign currency rates, remain constant and excludes any possible change in fair value of derivatives at period-end because of a change in interest rates. The analysis is performed on the same basis for 2009.

00 bp	Profit or loss	4001	Equity
00 bp	100 bp	4001	
		100 bp	100 bp
rease	decrease	increase	decrease
-16	16	-16	16
3	-3	3	-3
-13	13	-13	13
-21	21	-21	21
19	-19	19	-19
-2	2	-2	2
	-13 -21 19	-16 16 3 -3 -13 13 -21 21 19 -19	-16 16 -16 3 -3 3 -13 13 -13 -21 21 -21 19 -19 19

Other market price risk

Management of Heineken monitors the mix of debt and equity securities in its investment portfolio based on market expectations. Material investments within the portfolio are managed on an individual basis.

The primary goal of Heineken's investment strategy is to maximise investment returns in order to partially meet its unfunded defined benefit obligations; management is assisted by external advisors in this regard.

$Commodity\ price\ risk$

Commodity price risk is the risk that changes in commodity price will affect Heineken's income. The objective of commodity price risk management is to manage and control commodity risk exposures within acceptable parameters, whilst optimising the return on risk. The main commodity exposure relates to the purchase of cans, glass bottles, malt and utilities. Commodity price risk is in principle addressed by negotiating fixed prices in supplier contracts with various contract durations. So far, commodity hedging with financial counterparties by Heineken is limited to the incidental sale of surplus CO_2 emission rights and aluminium and, to a limited extent, gas hedging, which is done in accordance with risk policies. Heineken does not enter into commodity contracts other than to meet Heineken's expected usage and sale requirements. As at 31 December 2010, the market value of aluminium swaps is £12 million.

Cash flow hedges

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges, are expected to occur.

2010	Carrying	Expected	6 months	6-12	1-2	2-5	More than
	amount	cash flows	or less	months	years	years	5 years
Interest rate swaps:							
Assets	89	1,902	65	30	90	715	1,002
Liabilities	-105	-1,921	-84	-74	-118	-690	-955
Forward exchange contracts:							
Assets	10	1,093	412	393	288	_	_
Liabilities	-18	-1,117	-439	-394	-284	_	_
Other derivatives used for hedge accounting:							
Assets	26	27	7	1	18	1	_
Liabilities	-33	-33	-7	-8	-15	-3	_
	-31	-49	-46	-52	-21	23	47

2009	Carrying	Expected	6 months	6-12	1-2	2-5	More than
	amount	cash flows	or less	months	years	years	5 years
Interest rate swaps:							
Assets	-17	503	16	16	27	66	378
Liabilities	226	-740	-65	-78	-80	-163	-354
Forward exchange contracts:							
Assets	-48	1,015	615	282	118	_	_
Liabilities	26	-996	-608	-268	-120	_	_
Other derivatives used for hedge accounting:							
Assets	_	_	_	_	_	_	_
Liabilities	_	_	_	_	_	_	_
	187	-218	-42	-48	-55	-97	24

The periods in which the cash flows associated with forward exchange contracts that are cash flow hedges are expected to impact profit or loss is on average two months earlier than the occurrence of the cash flows as in above table.

Fair value hedges/net investment hedges

The following table indicates the periods in which the cash flows associated with derivatives that are fair value hedges or net investment hedges, are expected to occur.

2010	Carrying amount	Expected cash flows	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Interest rate swaps:							
Assets	32	1,009	42	22	176	769	_
Liabilities	-139	-1,077	-12	-14	-179	-872	_
Forward exchange contracts:							
Assets	1	317	130	187	_	_	_
Liabilities	_	-309	-128	-181	_	_	_
	-106	-60	32	14	-3	-103	_

2009	Carrying	Expected	6 months	6-12	1–2	2-5	More than
	amount	cash flows	or less	months	years	years	5 years
Interest rate swaps:							
Assets	_	987	27	20	61	666	213
Liabilities	-212	-1,079	-9	-11	-22	-802	-235
Forward exchange contracts:							
Assets	_	_	_	_	-	_	_
Liabilities	_	_	_	_	_	_	_
	-212	-92	18	9	39	-136	-22

Capital management

Heineken Holding N.V.'s capital management is strongly related to Heineken N.V.'s capital management because every Heineken N.V. share held by Heineken Holding N.V. is matched by one share issued by Heineken Holding N.V. This enables Heineken N.V. to pursue its long-term policy in the interest of the Heineken N.V. shareholders.

There were no major changes in Heineken Holding N.V.'s approach to capital management during the year. The policy of the Board of Directors of Heineken Holding N.V. is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business and acquisitions of Heineken N.V. Capital is herein defined as equity attributable to equity holders of Heineken Holding N.V. (total equity minus non-controlling interests).

Heineken Holding N.V. is not subject to externally imposed capital requirements other than the legal reserves explained in note 22.

Pursuant to Article 10, paragraph 6, of the Articles of Association of Heineken Holding N.V., holders of Heineken Holding N.V. ordinary shares receive the same dividend as holders of Heineken N.V. shares.

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value
	2010	2010	2009	2009
Loans	455	455	329	329
Indemnification receivable	145	145	_	_
Other long-term receivables	174	174	_	_
Held-to-maturity investments	4	4	4	4
Available-for-sale investments	190	190	219	219
Advances to customers	449	449	319	319
Investments held for trading	17	17	15	15
Trade and other receivables, excluding				
derivatives	2,263	2,263	2,261	2,261
Cash and cash equivalents	610	610	520	520
Interest rate swaps used for hedge accounting:				
Assets	121	121	17	17
Liabilities	-244	-244	-438	-438
Forward exchange contracts used				
for hedge accounting:				
Assets	11	11	48	48
Liabilities	-18	-18	-26	-26
Other derivatives used for hedge accounting:				
Assets	26	26	_	_
Liabilities	-33	-33	_	_
Other derivatives not used for hedge				
accounting, net	-75	-75	_	-
Bank loans	-3,665	-3,734	-3,311	-3,362
Unsecured bond issues	-2,482	-2,739	-2,945	-3,058
Finance lease liabilities	- 95	-95	-108	-108
Other interest-bearing liabilities	-1,927	-2,260	-1,342	-1,423
Non-interest-bearing liabilities	- 55	- 55	-93	-93
Non-current derivatives	-291	- 291	-370	-370
Deposits from third parties	- 425	-425	-377	-377
Trade and other payables excluding				
dividend, interest and derivatives	-4,049	-4,049	-3,444	-3,444
Bank overdrafts	-132	-132	-156	-156

Basis for determining fair values

The significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above are discussed in note 4.

Fair value hierarchy

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- $\bullet \ \ Quoted\ prices\ (unadjusted)\ in\ active\ markets\ for\ identical\ assets\ or\ liabilities\ (level\ 1).$
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

31 December 2010	Level 1	Level 2	Level 3
Available-for-sale investments	70	-	120
Non-current derivative assets			
used for hedge accounting	_	135	_
Current derivative assets			
used for hedge accounting	_	10	_
Investments held for trading	17	_	_
	87	145	120
Non-current derivative liabilities			
used for hedge accounting	_	291	_
Current derivative liabilities			
used for hedge accounting	_	66	_
	_	357	_

31 December 2009	Level 1	Level 2	Level 3
Available-for-sale investments	57	_	162
Non-current derivative assets			
used for hedge accounting	_	16	_
Current derivative assets			
used for hedge accounting	_	49	_
Investments held for trading	15	_	_
	72	65	162
Non-current derivative liabilities			
used for hedge accounting	_	370	_
Current derivative liabilities			
used for hedge accounting	_	94	_
	_	464	_

FINANCIAL STATEMENTS 2010

	2010	2009
Available-for-sale investments		
based on Level 3		
Balance as at 1 January	162	174
Fair value adjustments recognised in		
other comprehensive income	-8	18
sposals	-26	-34
ransfers	-8	4
Balance as at 31 December	120	162

note 33 OFF-BALANCE SHEET COMMITMENTS

	Total 2010	Less than 1 year	1-5 years	More than 5 years	Total 2009
Lease & operational lease commitments	433	85	214	134	322
Property, plant & equipment ordered	49	49	_	_	46
Raw materials purchase contracts	4,503	1,055	2,469	979	3,564
Other off-balance sheet obligations	1,943	457	1,207	279	2,199
Off-balance sheet obligations	6,928	1,646	3,890	1,392	6,131
Undrawn committed bank facilities	2,188	138	2,050	_	2,077

Heineken leases buildings, cars and equipment.

Raw material contracts include long term purchase contracts with suppliers in which prices are fixed or will be agreed based upon pre-defined price formulas. These contracts mainly relate to malt, bottles and cans.

During the year ended 31 December 2010 €224 million (2009: €184 million) was recognised as an expense in profit or loss in respect of operating leases and rent.

Other off-balance sheet obligations mainly include distribution, rental, service and sponsorship contracts.

Committed bank facilities are credit facilities on which a commitment fee is paid as compensation for the bank's requirement to reserve capital. For the details of these committed bank facilities see note 25. The bank is legally obliged to provide the facility under the terms and conditions of the agreement.

note 34 CONTINGENCIES

Netherlands

Heineken is involved in an antitrust case initiated by the European Commission for alleged violations of the European Union competition laws. By decision of 18 April 2007 the European Commission stated that Heineken and other brewers operating in the Netherlands, restricted competition in the Dutch market during the period 1996-1999. This decision follows an investigation by the European Commission that commenced in March 2000. Heineken fully cooperated with the authorities in this investigation. As a result of its decision, the European Commission imposed a fine on Heineken of €219 million in April 2007.

On 4 July 2007 Heineken filed an appeal with the European Court of First Instance against the decision of the European Commission as Heineken disagrees with the findings of the European Commission. Pending appeal, Heineken was obliged to pay the fine to the European Commission. This fine was paid in 2007 and was treated as an expense in the 2007 Annual Report. A final decision by the European Court of First Instance is expected in 2011.

Carlsberg

During 2010 the existing contingency between Heineken and Carlsberg was settled. The consideration paid (purchase price) for the acquisition of S&N was finalised. The impact on goodwill was immaterial.

Brazil

As part of the acquisition of the beer operations of FEMSA Heineken also inherited existing legal proceedings with labour unions, tax authorities and other parties of its, now wholly-owned, subsidiary Cervejarias Kaiser (Heineken Brasil). The proceedings have arisen in the ordinary course of business and are common to the current economic and legal environment of Brazil. The proceedings have partly been provided for, see note 30. The contingent amount being claimed against Heineken Brasil resulting from such proceedings as at 31 December 2010 is €1,267 million. Such contingencies were classified by legal counsel as less than probable but more than remote of being settled against Heineken Brasil. However, Heineken believes that the ultimate resolution of such legal proceedings will not have a material adverse effect on its consolidated financial position or result of operations. Heineken does not expect any significant liability to arise from these contingencies. A significant part of the afore mentioned contingencies (€364 million) are tax related and qualify for indemnification by FEMSA, see note 6.

As is customary in Brazil, Heineken Brasil has been requested by the tax authorities to collateralise tax contingencies currently in litigation amounting to €218 million by either pledging fixed assets or entering into available lines of credit which cover such contingencies.

	Total 2010	Less than 1 year	1-5 years	More than 5 years	Total 2009
Guarantees to banks for loans (to third parties)	384	213	111	60	371
Other guarantees	271	68	9	194	177
Guarantees	655	281	120	254	548

Guarantees to banks for loans relate to loans to customers, which are given by external parties in the ordinary course of business of Heineken. Heineken provides guarantees to the banks to cover the risk related to these loans.

FINANCIAL STATEMENTS 2010

note 35 RELATED PARTIES

Identification of related parties

Heineken Holding N.V. has a related party relationship with its Board of Directors, the Executive Board and Supervisory Board of Heineken N.V., L'Arche Green N.V., Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), associates and joint ventures (refer note 16).

2010

2009

Board of Directors remuneration		
in thousands of euros		
M. Das	60	60
C.L. de Carvalho-Heineken	45	45
J.A. Fernández Carbajal*	31	_
D.P. Hoyer	45	45
K. Vuursteen	45	45
	226	195

As at 31 December 2010, the Board of Directors represented 145,654,038 shares in the Company (2009: 144,112,051 shares).

Executive Board remuneration		ed salary	Incen	ort-Term tive Plan	Incent	ng-Term tive Plan*		ion plan	2040	Total
in thousands of euros J.F.M.L. van Boxmeer	2010 950	750	2010	2009	2010 595	303	2010	2009	3,315	2,557
D.R. Hooft Graafland	650	550	670	619	326	167	404	315	2,050	1,651
Total	1,600	1,300	1,976	1,744	921	470	868	694	5,365	4,208

^{*} The remuneration reported as part of Long-Term Incentive Plan is based on IFRS accounting policies based on target shares and does not reflect the value of vested performance shares.

Executive Board

The remuneration of the members of the Executive Board comprises a fixed component and a variable component. The variable component is made up of a Short-Term Incentive Plan and a Long-Term Incentive Plan. The Short-Term Incentive Plan is based on financial and operational measures and on individual leadership targets as set by the Supervisory Board. It will be subject to the approval of the General Meeting of Shareholders to be held on 21 April 2011. It is partly paid out in Heineken N.V. shares that are blocked over a period of five calendar years. For the Long-Term Incentive Plan see note 29.

As at 31 December 2010, J.F.M.L. van Boxmeer held 9,244 Heineken N.V. shares and D.R. Hooft Graafland 6,544 (2009: J.F.M.L. van Boxmeer 9,244 and D.R. Hooft Graafland 6,544 shares). D.R. Hooft Graafland held 3,052 shares of Heineken Holding N.V. as at 31 December 2010 (2009: 3,052 shares).

^{*} Appointed as at 30 April 2010.

 $The individual \, members \, of the \, Supervisory \, Board \, received \, the \, following \, remuneration: \, and \, received \, the \, following \, remuneration: \, for all the following \, remuneration: \, for all th$

2010

2009

Supervisory Board remuneration		
in thousands of euros		
C.J.A. van Lede	67	66
J.A. Fernández Carbajal ²	35	_
M. Das	52	52
M.R. de Carvalho	53	50
J.M. Hessels	50	50
J.M. de Jong	53	52
A.M. Fentener van Vlissingen	50	50
M.E. Minnick	48	45
V.C.O.B.J. Navarre	48	31
J.G. Astaburugua Sanjinés ²	35	_
I.C. MacLaurin ¹	15	50
	506	446

31 December 2010 and 2009, the Supervisory Board C.J.A. van Lede received €45 thousand (2009: €45 $members \ did \ not \ hold \ any \ of \ the \ Heineken \ N.V. \ bonds \\ \qquad thousand) \ and \ M.R. \ de \ Carvalho \ received \ {\it \leqslant } 45 \ thousand \\$ or option rights. C.J.A. van Lede held 2,656 and (2009: €45 thousand) as fee for attending the meetings M.R. de Carvalho held 8 shares of Heineken Holding N.V. of the Board of Directors of Heineken Holding N.V.

M.R. de Carvalho held 8 shares of Heineken N.V. as at 31 December 2010 (2009: C.J.A. van Lede 2,656 ¹ Stepped down as at 22 April 2010. as at 31 December 2010 (2009: 8 shares). As at and M.R. de Carvalho 8 shares). In addition to the above, ² Appointed as at 30 April 2010.

Other related party transactions		Transaction value	Balance outstanding as at 31 December	
	2010	2009	2010	2009
Sale of products and services				
To associates and joint ventures	18	142	12	12
To FEMSA	244	_	78	-
	262	142	90	12
Raw materials, consumables and services				
Goods for resale – joint ventures	57	89	_	
Other expenses – joint ventures	_	12	1	-
Other expenses FEMSA	12	_	_	-
	69	101	1	

There are no significant transactions with L'Arche Green N.V.

FEMSA

As consideration for Heineken's acquisition of the beer operations of Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), FEMSA became a major shareholder of Heineken Holding N.V. and Heineken N.V. Therefore, several existing contracts between FEMSA and former FEMSA owned companies acquired by Heineken have become related party contracts. The total revenue amount related to these related party relationships amounts to €244 million.

APB

On 10 February 2010 and 13 April 2010 Heineken transferred its stakes in PT Multi Bintang Indonesia (MBI) and Grande Brasserie de Nouvelle-Caledonie S.A. (GBNC) to its joint venture Asia Pacific Breweries (APB). The total consideration was €265 million.

Additionally, on 10 February 2010 Heineken acquired from APB, APB Aurangabad and APB Pearl of which 50% of each entity was subsequently sold to the UBL joint venture partner VJM Group.

note 36 HEINEKEN ENTITIES

Control of Heineken

The ordinary shares of the Company are traded on Euronext Amsterdam. L'Arche Green N.V. holds 50,57% of the Heineken Holding N.V. ordinary shares. The Heineken family has an interest of 88,55% of L'Arche Green N.V. Heineken Holding N.V. holds an interest in Heineken N.V. of 50.005% of the issued capital (being 50.147% (2009: 50.133%) of the outstanding capital following the purchase of own shares by Heineken N.V.). A declaration of joint and several liability pursuant to the provisions of Section 403 of Book 2 of the Dutch

A declaration of joint and several liability pursuant to the provisions of Section 403 of Book 2 of the Dutcl Civil Code has been issued by Heineken N.V. with respect to legal entities established in the Netherlands marked with a • below.

Significant subsidiaries of Heineken N.V.		Owners	Ownership	
		interest (%)		
	Country of incorporation	2010	2009	
Heineken Nederlands Beheer B.V.	Netherlands	100.0	100.0	
 Heineken Brouwerijen B.V. 	Netherlands	100.0	100.0	
 Heineken Nederland B.V. 	Netherlands	100.0	100.0	
 Heineken International B.V. 	Netherlands	100.0	100.0	
 Heineken Supply Chain B.V. 	Netherlands	100.0	100.0	
Amstel Brouwerij B.V.	Netherlands	100.0	100.0	
Amstel Internationaal B.V.	Netherlands	100.0	100.0	
Vrumona B.V.	Netherlands	100.0	100.0	
 Invebra Holland B.V. 	Netherlands	100.0	100.0	
 B.V. Beleggingsmaatschappij Limba 	Netherlands	100.0	100.0	
 Brand Bierbrouwerij B.V. 	Netherlands	100.0	100.0	
Heineken CEE Holdings B.V.	Netherlands	100.0	100.0	
Brasinvest B.V.	Netherlands	100.0	100.0	
Heineken Beer Systems B.V.	Netherlands	100.0	100.0	
Central Europe Beverages B.V.	Netherlands	72.0	72.0	
Heineken France S.A.S.	France	100.0	100.0	
Heineken UK Ltd.	United Kingdom	100.0	100.0	
Sociedade Central de Cervejas et Bebidas S.A.	Portugal	100.0	100.0	

		Ownership interest (%)	
Significant subsidiaries of Heineken N.V.	Country of incorporation	2010	2009
Oy Hartwell Ab.	Finland	100.0	100.0
Heineken España S.A.	Spain	98.7	98.7
Heineken Italia S.p.A.	Italy	100.0	100.0
Athenian Brewery S.A.	Greece	98.8	98.8
Brau Union AG	Austria	100.0	100.0
Brau Union Österreich AG	Austria	100.0	100.0
Grupa Żywiec S.A.	Poland	61.9	61.9
Heineken Ireland Ltd.*	Ireland	100.0	100.0
Heineken Hungária Sorgyárak Zrt.	Hungary	100.0	100.0
Heineken Slovensko a.s.	Slovakia	100.0	100.0
Heineken Switzerland AG	Switzerland	100.0	100.0
Karlovačka Pivovara d.o.o.	Croatia	100.0	100.0
Mouterij Albert N.V.	Belgium	100.0	100.0
Ibecor S.A.	Belgium	100.0	100.0
N.V. Brouwerijen Alken-Maes Brasseries S.A.	Belgium	99.9	99.7
LLC Heineken Breweries	Russia	100.0	100.0
Heineken USA Inc.	United States	100.0	100.0
Heineken Česká republika a.s.	Czech Republic	100.0	100.0
Heineken Romania S.A.	Romania	98.6	98.5
FCJSC "Heineken Breweries"	Belarus	100.0	100.0
OJSC ,Rechitsapivo'	Belarus	95.4	86.2
Commonwealth Brewery Ltd.	Bahamas	100.0	53.2
Windward & Leeward Brewery Ltd.	St Lucia	72.7	72.7
Cervecerias Baru-Panama S.A.	Panama	74.9	74.9
Nigerian Breweries Plc.	Nigeria	54.1	54.1
Al Ahram Beverages Company S.A.E.	Egypt	99.9	99.9
Brasserie Lorraine S.A.	Martinique	1 <mark>00.0</mark>	100.0
Surinaamse Brouwerij N.V.	Surinam	7 <mark>6.2</mark>	76.2
Cuauhtémoc Moctezuma Holding, S.A. de C.V.	Mexico	100.0	_
Fabricas Monterrey, S.A. de C.V.	Mexico	100.0	_
Silices de Veracruz, S.A. de C.V.	Mexico	100.0	_
Cervejarias Kaiser Brazil S.A.	Brazil	100.0	17.0
Consolidated Breweries Ltd.	Nigeria	50.5	50.4
Brasserie Almaza S.A.L.	Lebanon	67.0	67.0
Brasseries, Limonaderies et Malteries 'Bralima' S.A.R.L.	D.R. Congo	95.0	95.0
Brasseries et Limonaderies du Rwanda 'Bralirwa' S.A.	Rwanda	75.0	70.0
Brasseries et Limonaderies du Burundi 'Brarudi' S.A.	Burundi	59.3	59.3
Brasseries de Bourbon S.A.	Réunion	85.7	85.7
Sierra Leone Brewery Ltd.	Sierra Leone	83.1	83.1
Tango s.a.r.l.	Algeria	100.0	100.0
Société Nouvelle des Boissons Gazeuses S.A. ('SNBG')	Tunisia	74.5	74.5
Société Nouvelle de Brasserie S.A. 'Sonobra'	Tunisia	49.9	49.9

^{*}In accordance with article 17 of the Republic of Ireland Companies (Amendment) Act 1986, Heineken N.V. issued $\;\;$ Ireland Ltd., Heineken Ireland Sales Ltd., an irrevocable guarantee for the years

ended 31 December 2010 and 2009 $\,$ regarding the liabilities of Heineken West Cork Bottling Ltd.,

Western Beverages Ltd., Beamish and Crawford Ltd. and Nash Beverages Ltd. as referred to in article 5(I) of the Republic of Ireland Companies (Amendment) Act 1986.

note 37 SUBSEQUENT EVENTS

Acquisition of business in Nigeria

On 12 January 2011, Heineken N.V. announced that it has strengthened its platform for growth in Nigeria via the acquisition of two holding companies from the Sona Group. The two acquired businesses have controlling interests in each of the Sona, IBBI, Benue, Life and Champion breweries in Nigeria. Heineken will explore the possibility of selling the newly acquired breweries to its existing businesses in Nigeria during 2011. Discussions with Nigerian Breweries and Consolidated Breweries will begin now the transaction has been finalised. The acquired breweries will continue to provide and expand contract brewing services to Nigerian Breweries and Consolidated Breweries for the meantime, while continuing to own, brew and support the Goldberg, Williams Dark Ale and Malta Gold brands as well as various smaller regional brands.

The acquisition has been funded from existing resources.

Allotted Share Delivery Instrument

Between 1 January and 11 February 2011, Heineken N.V. has bought 710,437 additional Heineken N.V. shares, which are in portfolio pending delivery to FEMSA.

OTHER INFORMATION

Rights of holders of priority shares

The priority shares in issue with a nominal value of €500, which comprise 250 shares of €2 nominal value, are held by:

Stichting Administratiekantoor Priores (125 priority shares)

The members of the board of this foundation are Mrs C.L. de Carvalho-Heineken, chairman Mr M. Das

Mr R.H. Meppelink

Stichting Beheer Prioriteitsaandelen
Heineken Holding N.V.
(125 priority shares)
The members of the board of this foundation are
Mr H.A. Oosters, chairman
Mr P.E.B. Corten

For the rights conferred by the priority shares, reference is made to the following articles of the company's Articles of Association:

Article 4, para. 8

(cooperation of the meeting of priority shareholders in issue of depositary receipts for shares)

Article 7, para. 2

(the meeting of priority shareholders draws up non-binding list of candidates for appointments to the Board of Directors by the General Meeting)

Article 8, para. 5

(the meeting of priority shareholders gives approval for exercising voting rights on shares)

Article 8, para. 6

(the meeting of priority shareholders and the General Meeting give approval for resolutions relating to any material change in the nature or identity of the company or the enterprise)

Article 9, para. 4

(appointment of representative by the meeting of priority shareholders in the event of absence or inability to act of all members of the Board of Directors)

Article 10, para. 6

(4% dividend, after distribution of dividend to holders of ordinary shares)

Article 13, para. 1

(the meeting of priority shareholders brings resolutions to amend the Articles of Association or wind up the company to the General Meeting) Article 14, para. 3

(priority shareholders' claims to liquidation surplus are subordinated).

Provisions of the Articles of Association concerning appropriation of profit

The relevant provisions of the Articles of Association concerning appropriation of profit read as follows: Article 10, para. 4: Profit distributions may only be made if the shareholders' equity of the company exceeds the sum of the paid-up and called capital and the reserves prescribed by law.

Article 10, para. 6: Out of the profit as shown by the income statement adopted by the General Meeting, the ordinary shareholders shall first be paid the same dividend per share as paid by Heineken N.V. for the year concerned, having due regard to the provisions of paragraph 4. If and to the extent that the dividend paid by Heineken N.V. is in the form of a stock dividend, the dividend paid to the ordinary shareholders shall also be in the form of a stock dividend. From what remains after the distribution to the ordinary shareholders, the priority shareholders shall be paid a dividend of four per cent (4%) of the nominal value of the priority shares and the remainder shall be appropriated to the reserves. On a motion of the meeting of priority shareholders, the General Meeting shall be authorised to make distributions from the reserves.

Remuneration of the Board of Directors

Pursuant to the company's Articles of Association, Article 7, para. 5, the meeting of holders of priority shares may pass resolutions fixing the remuneration of the members of the Board of Directors.

Shares held by the Board of Directors

As at 31 December 2010, the Board of Directors represented 145,654,038 shares of the company.

Proposed appropriation of profit

It is proposed to appropriate €219 million of the profit for payment of dividend and to add €501 million to the reserves.

STATEMENT OF THE BOARD OF DIRECTORS

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

To our knowledge,

- 1. the Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of Heineken Holding N.V. and its consolidated companies;
- 2. the Report of the Board of Directors gives a true and fair view of the position as at 31 December 2010 and the developments during the financial year 2010 of Heineken Holding N.V. and its related companies included in its Financial Statements; and
- 3. the Report of the Board of Directors describes the material risks Heineken Holding N.V. is facing.

Amsterdam, 15 February 2011

Board of Directors Mr M. Das Mrs C.L. de Carvalho-Heineken Mr J.A. Fernández Carbajal Mr D.P. Hoyer Mr K. Vuursteen

INDEPENDENT AUDITOR'S REPORT

To: Annual General Meeting of Shareholders of Heineken Holding N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Heineken Holding N.V., Amsterdam, as set out on pages 20 to 128. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Heineken Holding N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Heineken Holding N.V. as at 31 December 2010 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Board of Directors, as set out on pages 9 to 18, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report of the Board of Directors, as set out on pages 9 to 18, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

KPMG ACCOUNTANTS N.V. G.L.M. van Hengstum RA

COLOPHON

A Heineken Holding N.V. publication

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