SUN Interbrew Plc

Consolidated Financial Statements
for the year ended 31 December 2012

SUN Interbrew Plc

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SUN Interbrew Plc

Board of Directors and other officers

Andrii Gubka – Chief Executive Officer ("CEO")
Nand Khemka – Director (Chairman of the Board)
Shiv Khemka – Director
Uday Khemka – Director
Denis Khrenov – Chief Legal Officer ("CLO")
Lyudmila Nakonechnaya – Director
Matias Tavella – Chief Financial Officer ("CFO")
Oleksandr Balakhnov – Director and member of the Audit Committee and Nomination and Remuneration Committee
Oraz Durdyev – Director and member of the Audit Committee and Nomination and Remuneration Committee
Inter Jura CY (Directors) Limited – Director and member of the Audit Committee and Nomination and Remuneration Committee
Inter Jura CY (Management) Limited – Director
Tunc Mustafa Cerrahoglu (resigned 5 November 2012)
Khamzat Khazbulatov (resigned 29 August 2012)
Christopher Lloyd (resigned 29 August 2012)
Anna Gorodilova – Director (resigned 26 February 2013)

Company Secretary

Inter Jura CY (Services) Limited
1 Lampousa Street
CY-1095 Nicosia
Cyprus

Registered office

1 Lampousa Street
CY-1095 Nicosia
Cyprus

Declaration of Directors and other responsible officers of the Company for the preparation of the Consolidation Financial Statements

In accordance with Article 9 sections (3 (c)) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law 2007 ("Law") we, the members of the Board of Directors and the other responsible persons for the consolidated financial statements of SUN Interbrew Plc (the "Company") for the year ended 31 December 2012, we confirm that, to the best of our knowledge:

(a) the annual consolidated financial statements which are presented on pages 13 to 55:

  (i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions of Article 9, Section (4) of the Law, and

  (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of SUN Interbrew Plc and the businesses that are included in the consolidated accounts as a total and.

(b) the Board of Directors' report provides a fair view of the developments and the performance of the business as well as the financial position of the Company and the undertakings included in the consolidated accounts as a total, together with a description of the main risks and uncertainties that are facing.

Members of the Board of Directors

Name and surname	Signature
Andrii Gubka – Chief Executive Officer	
Nand Khemka - Chairman	
Shiv Khemka – Director	
Uday Khemka – Director	
Denis Khrenov – Chief Legal Officer	
Lyudmila Nakonechnaya – Director	
Oraz Durdyev – Director	
Matias Tavella – Chief Financial Officer	
Oleksandr Balakhnov – Director	
Inter Jura CY (Directors) Limited – Director	
Inter Jura CY (Management) Limited – Director	

Responsible for the preparation of the consolidated financial statements

Name and surname	Position	Signature
Matias Tavella	Chief Financial Officer	

Report of Board of Directors

1 The Board of Directors presents its report together with the audited consolidated financial statements of SUN Interbrew Plc (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.

Principal activities

2 The principal activities of the Group, which are unchanged from last year, are manufacturing, marketing and distribution of beer and soft drinks.

Review of developments, position and performance of the Group's business

3 The loss of the Group for the year ended 31 December 2012 was EUR 76,246 thousand (2011: EUR 56,643 thousand). The primary part of the loss is due to interest expense in the amount of EUR 64,777 thousand for loans and other borrowings and service fee costs of EUR 24,203 thousand. On 31 December 2012 the total assets of the Group were EUR 1,422,159 thousand (2011: EUR 1,772,264 thousand) and the net assets were EUR 525,023 thousand (2011: net assets EUR 612,252 thousand). The financial position, development and performance of the Group as presented in these consolidated financial statements are as expected.

Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Group are disclosed in Notes 2, 24 and 27 of the consolidated financial statements.

Future developments of the Group

5 The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Group in the foreseeable future.

Results

6 The Group's results for the year are set out on page 14 of the consolidated financial statements. The loss for the year is carried forward.

Difference from preliminary results

7 The loss for the year as presented on page 14 of the consolidated financial statements is the same as presented in the preliminary results announced on 28 February 2013.

Dividends

8 No dividends were recommended by the Board of Directors.

Report of Board of Directors (Continued)

Share capital

9 There were no changes in the share capital of the Company during the year. The authorised share capital which amounts to GBP 1,552,786 is divided into 125,278,614 class A shares of GBP 0.01 each and 30,000,000 class B shares of GBP 0.01 each.

10 The Company's share ownership is disclosed in the Company's Annual Report available on the Company's website www.suninterbrew.com.

Board of Directors

11 The members of the Board of Directors at 31 December 2012 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2012, except Mr. Tunc Mustafa Cerrahoglu who resigned on 5 November 2012 and Khamzat Khazbulatov and Christopher Lloyd who resigned on 29 August 2012. Mrs Anna Gorodilova resigned on 26 February 2013.

12 There being no requirement in the Company's Articles of Association for retirement of Directors by rotation, all the Directors remain at office.

Corporate governance

13 The Board of Directors is subject to the provisions of the Corporate Governance Charter, adopted by the Board of Directors at the meeting of the Board of Directors held on 6 December 2011.

14 The Company is not required to comply with the provisions of corporate governance code of Luxembourg Stock Exchange. The Company has voluntarily applied corporate governance practices, mentioned in the Corporate Governance Charter, which is available to public on company's website www.suninterbrew.com.

General rules

15 The directors have power to delegate any of their powers to committees consisting of such directors or other persons as they think fit.

16 In order to carry out its work more effectively the Board has appointed a nomination and remuneration committee (the "Nomination and Remuneration Committee") and an audit committee (the "Audit Committee").

17 These committees handle business within their respective areas and present recommendations and reports on which the Board may base its decisions and actions. All members of the Board have the same responsibility for all decisions taken irrespective of whether the issue in question has been reviewed by such a committee or not.

18 The internal regulations of each committee are laid down hereunder. A quorum shall be three committee members present or represented by alternate committee members. All decisions by the committees require a simple majority of votes. In case of ballot the Chairman of the committee has a casting vote.

Report of Board of Directors (Continued)

General rules (continued)

19 Each committee regularly evaluates its own composition, organization and effectiveness as a collective body and makes recommendations to the Board for any necessary adjustments in its internal regulations and, where necessary, take appropriate steps to improve its performance.

20 The committees of the Board should perform their tasks within the framework of the regulations that they have been given and ensure that they report regularly on their activity and on the results of their work to the Board.

21 Each committee of the Board may seek expert assistance in obtaining the necessary information for the proper fulfilment of their duties. The Company should provide each committee with the financial resources it needs for this purpose.

(a) Regulations for the Nomination and Remuneration Committee

(i) Role

The Responsibility of the Nomination and Remuneration Committee includes issues regarding appointment and remuneration of directors and appointment and salaries, pension plans, bonus programs and other employments terms of the CEO, CFO, CLO and other senior management. The Nomination and Remuneration Committee shall in particular:

- submit proposals to the Board regarding the appointment and remuneration of directors and Senior Management and ensure that its proposals are in accordance with the remuneration policy adopted by the Company;
- discuss with the CEO the performance of the other members of Senior Management at least once a year based on evaluation criteria clearly defined. The CEO should not be present at the discussion of his own evaluation;
- ensure that the remuneration of non-executive directors is proportional to their responsibilities and the time devoted to their functions;
- assisting the Board in the selection of directors. It considers all proposals submitted by the shareholders, the Board or the Senior Management commending suitable candidates to the Board and assisting the Board in making for every position to be filled an evaluation of the existing and required skills, knowledge and experience. On the basis of this evaluation the Nomination and Remuneration Committee will assist the Board in drawing up a description of the role together with the skills, knowledge and experience required.

(ii) Composition

The Nomination and Remuneration Committee is composed exclusively of 4 non-executive directors of which 2 are independent. The Chairman of the Board or another non-executive director chairs the Nomination and Remuneration Committee.

Report of Board of Directors (Continued)

General rules (continued)

(a) Regulations for the Nomination and Remuneration Committee

(iii) Working rules

The Nomination and Remuneration Committee should meet as often as it considers necessary, but at least once a year. After each meeting of the Nomination and Remuneration Committee, its chairman should make a report to the Board. The chairman of the Nomination and Remuneration Committee ensures that minutes of meetings are prepared.

(b) Regulations for the Audit Committee

(i) Role

The Audit Committee assists the Board in the selection of the independent auditor to be proposed for appointment to the shareholders vote. The Audit Committee assumes also the function of prime entry point of the auditor to the Company on any audit aspects of the financials and of the internal control and risk evaluation procedures. The Audit Committee assists the Board on specific risks analysis and descriptions as well as on risk control systems to be implemented.

(ii) Composition

The Audit Committee is composed exclusively of 4 non-executive directors of which 2 are independent. The Chairman of the Board or another non-executive director chairs the Remuneration and Nomination Committee.

(iii) Working rules

The Audit Committee should meet as often as it considers necessary. After each meeting of the Audit Committee, its chairman should report to the Board of the Company. The chairman of the Audit Committee ensures that minutes of meetings are prepared.

22 The current number of issued shares is 116,628,930 including A class shares (non-voting) of 88,832,710 and B class shares (voting) of 27,796,220. The titles issued by the Company and their ISIN number are as follows:

	ISIN
144A Class A GDR	US86677C1045
Regulation S EURO Class A GDR	US86677C4015
Regulation S Class A GDR	US86677C3025
144A Class B GDR	US86677C2035
Regulation S Class B GDR	US86677C7083
Class A share	GB0057139940
Class B share	GB0049659120

23 The shares/GDRs of which are listed on the Luxembourg Stock Exchange and its GDRs are admitted to trading on the over-the-counter markets ("Freiverkehr") of the Berlin Stock Exchange, Stuttgart Stock Exchange and Frankfurt Stock Exchange.

Report of Board of Directors (Continued)

Share Capital

24 The Class A shares have no right of conversion or redemption. The special rights, restrictions and provisions applicable to the Class A shares are as follows:

- The dividends on the Class A shares in any year shall be paid in an amount not less than and in equal priority to the dividend payable to the holders of Class B shares.
- On winding up of the Company, the surplus assets available for distribution shall be distributed proportionately amongst the holders of the Class A shares and the holders of Class B shares according to the amounts of their respective holdings of such shares in the Company.
- The holders of the Class A shares have a right to receive notice of and to attend any shareholder meeting of the Company, but do not have a right to vote at shareholders' meetings, other than at class meetings of the holders of Class A shares, which are necessary in respect of certain matters affecting the rights of the holders of Class A shares.

25 Class B shares have no restrictions on voting rights.

Competences of the Board

26 The Board is vested with the broadest powers to perform all acts necessary or useful for accomplishing the Company's purposes. All powers not expressly reserved by law to the general meeting of shareholders are in the competence of the Board.

27 The Board provides effective support for and control of the activities of the executive management of the Company.

28 The Board of Directors, subject to approval by the Company's shareholders, can issue or purchase Company's shares. The issue of any new shares is further subject to the provisions of the Company's Articles of Association, the prevailing law and the principle of fair treatment to all existing shareholders.

Functioning of the Board

29 The Board meets upon call by the Chairman. A meeting of the Board must be convened if any director so requires.

30 Any director may act at any meeting of the Board by appointing any person (other than a person disqualified by law from being a director of a company) as an alternate director to attend and vote in his place. A quorum of the Board may be fixed by the directors, and unless so fixed at any other number shall be four. Decisions are taken by the affirmative votes of a majority of the votes cast.

Conflicts of Interest

31 The rules governing the handling of conflict of interests are set out in the Articles of Association.

Report of Board of Directors (Continued)

Chairmanship

32 The Board chooses from among its members a Chairman and/or deputy chairman and/or vice-chairman. The Board also chooses a secretary who need not be a director who will be responsible for keeping the minutes of the meetings of the Board and of the shareholders.

33 The Chairman, or in his absence the deputy chairman, or in his absence, the vice-chairman, presides at all meetings of shareholders and of the Board, but in his absence the Board will appoint another director as chairman pro tempore by vote of the majority of directors present at such meeting.

Existence and nature of the internal control and risk management system

34 The Board has overall responsibility for the Company's internal control systems and for monitoring their effectiveness. The Company's senior management (including among others the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief Legal Officer ("CLO")) are responsible for the implementation and maintenance of the internal control systems which are subject to periodic review. The Board monitors the ongoing process by which critical risks to the business are identified, evaluated and managed. Management is responsible for reviewing and monitoring the financial risks to the Company and for considering the risks in the Company's businesses. Similarly, management also monitors risks associated with information technology, human resource management and regulatory compliance.

Evaluation of the Board

35 The Board regularly carries out an evaluation of its performance and its relationship with the Senior Management of the Company.

36 The appointment and replacement of the members of the Board of Directors is done by the Company at its Annual General Meeting in accordance with the provisions of the Company's Articles of Association. The Company's Articles of Association provides that the Board of Directors has the power to appoint, at any time, any person as Director and such person that is appointed by the Board of Directors will hold his office until the next Annual General Meeting of the Company.

37 The Company's Articles of Association can be modified by the passing of a Special Resolution at an Extraordinary General Meeting of the shareholders.

Senior Management

38 The Board has delegated the daily management of the Company to the CEO who is assisted by the CFO and the CLO. The performance of the CEO, CFO and CLO is examined and evaluated on a yearly basis by the Board in accordance with the procedures it has established.

Remuneration policy for Board Members and Senior Managers

39 The total amount of remuneration granted directly or indirectly by the Company to the members of its Board and to the CEO, CFO and CLO is fully described in the Note 28a(i) to the consolidated financial statements of the Company.

Report of Board of Directors (Continued)

Remuneration policy for Board Members and Senior Managers (continued)

40 Compensation of Senior Management is determined by the Board after consultation of the Remuneration Committee. The members of the Board receive Board fees. The Board fees are determined by the Annual General Meeting of shareholders upon a recommendation from the Nomination and Remuneration Committee.

41 Variable and non-variable components of the remuneration and links between remuneration and performance are reviewed by the Nomination and Remuneration Committee. The variable element of remuneration for the Senior Management is determined by the Board of Directors. Performance plans are based on success criteria which are agreed by the Board of Directors. The plans are reviewed during the year; the remuneration is based on the achievement of these performance criteria.

Contracts with Directors and related parties

42 Other than the transactions and the balances with related parties referred to in Note 28 of the consolidated financial statements, there were no other significant contracts with the Group, or its subsidiaries at 31 December 2012 in which the Directors or their related personshad a material interest. Related persons include the spouse, minor children and companies in which Directors hold directly or indirectly at least 20% of the voting rights in a general meeting.

Directors' interests in the Company's share capital

43 Directors have no material direct or indirect shareholding in the Company's share capital (including their spouse, children and companies in which they hold directly or indirectly at least 20% of the shares with voting rights in a general meeting) both at the year end and 30 days before the notice for the Annual General Meeting or 5 days before the date the financial statements are approved by the board of directors.

Shareholders holding the Company's share capital

44 As at 31 December 2012 the Company has the following shareholders structure:

#	Name	A	B	Total	%
1	InBev S.A. *	2,859,843	2,765,718	5,625,561	4.8235
	InBev Belgium N.V./S.A. *	-	1	1	0.0001
	Brandbrew S.A. *	-	1	1	0.0001
	Interbrew International B.V. *	-	1	1	0.0001
2	Worldoor Limited *	70,154,537	9,519,598	79,674,135	68.3142
3	Hancock Venture Partners Inc.	30,545	30,545	61,090	0.0524
4	Bank of New York (Nominees) Limited – London **	745,384	-	745,384	0.6390
5	Bank of New York (Nominees) Limited – New York **	15,042,401	15,480,356	30,522,757	26.1706
		88,832,710	27,796,220	116,628,930	100.0000

* Companies are related parties to Anheuser-Busch InBev

** Beneficiary owner is Anheuser-Busch InBev

Branches

45 The Group did not operate through any branches during the year.

Report of Board of Directors (Continued)

Events after the balance sheet date

46 Other than as disclosed in Note 30 to the consolidated financial statements, there were no material post balance sheet events, which have a bearing on the understanding of the consolidated financial statements.

Independent Auditors

47 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Andrii Gubka
Chief Executive Officer

22 April 2013

Independent auditor's report

To the Members of SUN Interbrew Plc

Report on the consolidated financial statements

We have audited the accompanying financial statements of SUN Interbrew Plc (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated balance sheet as at 31 December 2012, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg No 143594) A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site Offices in Nicosia Limassol, Larnaca and Paphos

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of SUN Interbrew Plc and its subsidiaries as at 31 December 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Group's consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

According to the requirements of the direction OD190-2007-04 of the Cyprus Capital Market Board, we report that a statement of corporate governance code has been issued regarding paragraphs (a), (b), (c), (f) and (d) of Article 5 of the given direction and consist a special part of the report of the board of directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Yiangos Kaponides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol,22 April 2013

'000 EUR	**Note**	**31 December 2012**	**31 December 2011**
Assets			
Non-current assets			
Property, plant and equipment	12	620,310	686,334
Intangible assets	14	134,592	135,312
Available for sale financial assets		196	191
Deferred income tax assets	15	42,819	22,932
Total non-current assets		**797,917**	**844,769**
Current assets			
Inventories	16	107,593	113,090
Loan granted to related parties	28	109,524	693,025
Current income tax assets		3,344	18,833
Trade and other receivables	17	48,230	68,437
Prepayments		4,792	4,684
Cash and cash equivalents	18	328,310	29,426
Total current assets		**601,793**	**927,495**
Assets classified as held for sale	13	**22,449**	-
Total assets		**1,422,159**	**1,772,264**
Capital and reserves and liabilities			
Capital and reserves	19		
Share capital		1,809	1,809
Share premium		459,105	459,105
Retained earnings		280,851	347,378
Translation reserve		(246,003)	(234,567)
Total capital and reserves attributable to the holders of the Company		**495,762**	**573,725**
Non-controlling interests		**29,261**	**38,527**
Total capital and reserves		**525,023**	**612,252**
Non-current liabilities			
Loans and borrowings	21	334,602	786,777
Employee benefits	22	192	271
Deferred income tax liabilities	15	-	864
Total non-current liabilities		**334,794**	**787,912**
Current liabilities			
Loans and borrowings	21	171,394	15,664
Trade and other payables	23	390,418	353,982
Current income tax liabilities		530	2,454
Total current liabilities		**562,342**	**372,100**
Total liabilities		**897,136**	**1,160,012**
Total capital and reserves and liabilities		**1,422,159**	**1,772,264**

These consolidated financial statements were approved by the Board of Directors on 22 April 2013 and were signed on its behalf by:

Andrii Gubka – Chief Executive Officer

Matias Tavella – Chief Financial Officer

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 17 to 54.

'000 EUR	**Note**	**2012**	**2011**
Revenue	6	1,299,296	1,247,040
Cost of sales		(758,368)	(733,054)
Gross profit		**540,928**	**513,986**
Selling, marketing and distribution expenses		(455,661)	(457,576)
General and administrative expenses	7	(110,056)	(68,484)
Other (losses)/gains, net	8	(3,237)	650
Results from operating activities		**(28,026)**	**(11,424)**
Finance income	10	4,324	10,883
Finance costs	10	(65,941)	(65,195)
Net finance costs		**(61,617)**	**(54,312)**
Loss before income tax		**(89,643)**	**(65,736)**
Income tax credit	11	13,397	9,093
Loss for the year		**(76,246)**	**(56,643)**
Other comprehensive income/(loss)			
Defined benefit plan actuarial gains/(losses)	22	70	(14)
Foreign currency translation differences		(11,052)	7,539
Other comprehensive (loss)/income for the year		(10,982)	7,525
Total comprehensive loss for the year		**(87,228)**	**(49,118)**
(Loss)/profit attributable to:			
Owners of the Company		(66,597)	(50,141)
Non-controlling interests		(9,649)	(6,502)
Loss for the year		**(76,246)**	**(56,643)**
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(77,962)	(41,820)
Non-controlling interests		(9,266)	(7,298)
Total comprehensive loss for the year		**(87,228)**	**(49,118)**
Loss per share			
Basic and diluted loss per share (EUR)	20	**(0.57)**	**(0.43)**

Items in other comprehensive income above are disclosed net of tax. There is no significant tax relating to each component of other comprehensive income.

The consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 17 to 54.

'000 EUR	Attributable to equity holders of the Company						
	Share capital	Share premium (1, 2)	Retained earnings	Translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	1,809	459,105	397,533	(242,902)	615,545	45,825	661,370
Comprehensive (loss)/income for the year							
Loss for the year	-	-	(50,141)	-	(50,141)	(6,502)	(56,643)
Other comprehensive income/(loss)							
Defined benefit plan actuarial losses	-	-	(14)	-	(14)	-	(14)
Foreign currency translation differences	-	-		8,335	8,335	(796)	7,539
Total comprehensive (loss)/income for the year	-	-	(50,155)	8,335	(41,820)	(7,298)	(49,118)
Balance at 31 December 2011	1,809	459,105	347,378	(234,567)	573,725	38,527	612,252

'000 EUR	Attributable to equity holders of the Company						
	Share capital	Share premium (1, 2)	Retained earnings	Translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	1,809	459,105	347,378	(234,567)	573,725	38,527	612,252
Comprehensive (loss)/income for the year							
Loss for the year	-	-	(66,597)	-	(66,597)	(9,649)	(76,246)
Other comprehensive income/(loss)							
Defined benefit plan actuarial gain	-	-	70	-	70	-	70
Foreign currency translation differences	-	-	-	(11,436)	(11,436)	383	(11,053)
Total comprehensive (loss)/income for the year	-	-	(66,527)	(11,436)	(77,963)	(9,266)	(87,229)
Balance at 31 December 2012	1,809	459,105	280,851	(246,003)	495,762	29,261	525,023

(1) Share premium is not available for distribution in the form of dividend.
(2) Share premium includes an amount of EUR 99,615 thousand which relates to issuance of shares of subsidiaries during a reorganization of the Group before the redomiciliation of the Company to Cyprus.

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 17 to 54.

'000 EUR	**Note**	**2012**	**2011**
Cash flows from operating activities			
Loss for the year		**(76,246)**	**(56,643)**
Adjustments for:			
Depreciation and amortisation	12, 14	148,332	140,933
Impairment losses on property, plant and equipment and intangible assets	12, 14	3,707	3,706
Gain on disposal of property, plant and equipment	8	(2,030)	(2,042)
Interest expense, net of interest income	10	60,572	51,979
Unrealized foreign exchange loss		152	3,165
Income tax credit	11	(13,397)	(9,093)
Other non-cash items		3,028	(71)
Cash from operating activities before changes in working capital and provisions		**124,118**	**131,934**
Change in inventories		5,876	(247)
Change in prepayments for current assets		(108)	1,866
Change in trade and other receivables		16,011	7,432
Change in trade and other payables		11,469	(22,934)
Change in provisions and employee benefits		(36)	(4)
Cash flows from operations before income taxes and interest paid		**157,330**	**118,047**
Income tax refunded/(paid)		4,407	(11,232)
Interest paid		(66,042)	(63,790)
Net cash from operating activities		**95,695**	**43,025**
Cash flows from investing activities			
Loans granted		(1,627)	(40,744)
Loans granted, received		589,201	-
Proceeds from sale of property, plant and equipment		6,727	4,122
Other intercompany proceeds		-	180
Interest received		4,441	9,561
Acquisition of property, plant and equipment	12	(93,511)	(107,109)
Acquisition of intangible assets	14	(2,520)	(4,475)
Net cash used in investing activities		502,711	**(138,465)**
Cash flows from financing activities			
Proceeds from borrowings		138,077	214,477
Repayment of borrowings		(438,225)	(111,725)
Other financing costs		(752)	(3,870)
Dividends paid		(76)	(452)
Net cash from financing activities		**(300,976)**	**98,430**
Net increase in cash and cash equivalents		**297,430**	**2,990**
Cash and cash equivalents at beginning of the year		29,418	27,801
Effect of exchange rate fluctuations on cash and cash equivalents		1,462	(1,373)
Cash and cash equivalents at end of year	18	328,310	**29,418**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 17 to 54.

1 Background

(a) Organisation and operations

SUN Interbrew Plc (the "Company") was redomiciled in Cyprus in December 2010, as a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company's registered office is 1 Lampousa Street, 1095 Nicosia, Cyprus. Before December 2010, the Company was registered under the name "SUN Interbrew Limited" and was incorporated in Jersey, the Channel Islands.

As at 31 December 2012 and 31 December 2011, the Company's ordinary shares (Class B) were effectively 99.89% owned and the preference shares (Class A) effectively 99.97% owned by Anheuser-Busch InBev, which is the Company's ultimate parent company and ultimate controlling party (the "Parent"). The Company's immediate parent company is Worldoor Limited (the "Immediate Parent"), a company registered in Cyprus. The Company is listed on the Luxembourg Stock Exchange and has also a global depositary receipts program that is listed on the Luxembourg Stock Exchange and admitted to trading on the over-the-counter markets of the Berlin Stock Exchange, Stuttgart Stock Exchange and Frankfurt Stock Exchange.

The Company through a number of holding companies incorporated in Luxembourg, the Netherlands and Cyprus has a controlling interest in 10 breweries and 6 malt plants in the Russian Federation and 3 breweries in Ukraine (referred to collectively as the "Group"). The significant subsidiaries within the Group are listed in Note 29.

The Group manufactures, markets and distributes beer and soft drinks.

The majority of the Group's funding is from other entities within the group headed by Anheuser-Busch InBev (the "Shareholder Group"). As a result the Group is economically dependent upon the Shareholder Group headed by Anheuser-Busch InBev. In addition, the activities of the Group are closely linked with the requirements of the Shareholder Group headed by Anheuser-Busch InBev. Related party transactions are disclosed in Note 28.

(b) Business environment

Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Russian transfer pricing legislation was introduced from 1999 and was amended with effect from 1 January 2012. The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development. The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not on an arm's length basis.

Management believes that its pricing policy used in 2012 and proceeding years is arm's length and it has implemented internal controls to be in compliance with the new transfer pricing legislation.

1 Background (continued)

(b) Business environment (continued)

The transfer pricing legislation that is applicable to transactions on or prior to 31 December 2011, also provided the possibility for tax authorities to make transfer pricing adjustments and to impose additional tax liabilities in respect of all controllable transactions, provided that the transaction price differs from the market price by more than 20%. Controllable transactions included transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective of whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differed by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions.

Given that the practice of implementation of the new Russian transfer pricing rules has not yet developed, and the interpretation of the historic rules to date has remained unclear, the impact of any challenge of the Group's transfer prices cannot be reliably estimated; however, it may be significant to the financial conditions and/or the overall operations of the Group.

The international sovereign debt crisis, stock market volatility and other risks could have a negative effect on the Russian financial and corporate sectors. Management determined impairment provisions by considering the economic situation and outlook at the end of the reporting period.

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

Ukrainian business environment

The Group also operates in Ukraine. Ukraine is experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Ukraine involve risks that typically do not exist in other markets. In addition, the contraction in the capital and credit markets and its impact on the economy of the Ukraine have further increased the level of economic uncertainty in the environment. These consolidated financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, and the requirements of the Cyprus Companies Law, Cap. 113.

The remuneration of the statutory auditors of the Group for the audit services provided to the Group amount to EUR 36 thousand (2011: EUR 41 thousand). Administration expenses include an amount of EUR 2 thousand for tax services charged by the Company's statutory auditors (2011: EUR 4 thousand).

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis.

2 Basis of preparation (continued)

(c) Functional and presentation currency

The Company's functional currency is the Euro. Items included in the Group's financial statements are measured using the currency of the primary economic environment in which each entity operates. The functional currencies of the Russian and Ukrainian subsidiaries are the Russian Rouble and Ukrainian Hryvna respectively. Management has selected to use the Euro as the presentation currency for the consolidated financial statements. All financial information is presented in thousands of Euro unless stated otherwise and has been rounded to the nearest thousand.

(d) Use of estimates and judgments

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 24 – allowances for trade receivables

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 14 – goodwill impairment testing assumptions
- Note 15 – deferred tax assets
- Note 27 – contingencies.

(e) Changes in accounting policies

The Group has not changed its accounting policies during the 2012 financial year.

3 Significant accounting policies

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 all of the Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(ii) Loss of control

Upon the loss of control, the Group 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 the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at 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.

(iii) Transactions with non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in loss of control 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 identifiable assets of the subsidiary.

For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss 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 at 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 at the date of the transaction. Foreign currency differences arising in retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive loss/income.

3 Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign entities

The assets and liabilities of foreign entities, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at the exchange rates at the reporting date. The income and expenses of foreign entities are translated to EUR at exchange rates at the dates of the transactions.

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

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

The results and financial position of all the group entities that have a functional currency different from presentation currency are translated to presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each statement of comprehensive income or separate income statement presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions or at the average exchange rate for the period; and

(c) all resulting exchange differences shall be recognized in other comprehensive loss/income.

(c) Financial instruments

(i) Non-derivative financial instruments

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

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables category comprise the following classes of assets: trade and other receivables as presented in Note 17, cash and cash equivalents as presented in Note 18 and loans to related parties as presented in Note 28 (b).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overdrafts, call deposits and highly liquid investments with maturities at initial recognition of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 3(i)(i)) and foreign currency differences on available-for-sale debt instruments (see Note 3 (b) (i)), are recognised in other comprehensive loss/income and presented within equity in the fair value reserve. When an investment is derecognised or impaired, the cumulative gain or loss in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

Other financial liabilities comprise loans and borrowings and trade and other payables.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. 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, unless they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of that asset.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(iii) Share capital

Ordinary shares (Class A)

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

Preference share capital (Class B)

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Repurchase, disposal and reissue of share capital (treasury shares)

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2008, the date of transition to IFRSs, was determined by reference to its carrying amount that would be included in the Parent's consolidated financial statements, based on the Parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the Parent acquired the Group.

3 Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other gains/losses – net.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- buildings — 10 to 20 years
- plant and equipment — 5 to 15 years
- transportation and office equipment — 4 to 10 years
- packaging materials — 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 3(i) (ii)).

3 Significant accounting policies (continued)

(e) Assets held for sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use if the conditions of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are met, which are described below.

They are stated at the lower of carrying amount and fair value less costs to sell.

A disposal group is defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred. The group includes goodwill if the group is a cash-generating unit to which goodwill has been allocated or if it is an operation within such a cash-generating unit. A disposal group may be a group of CGUs (cash generating unit), a single CGU or part of a CGU.

(f) Intangible assets

(i) Goodwill

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the 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 at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Brands and Trademarks

Brands and trademarks which are acquired by the Group are shown at historical cost, have indefinite useful life and are not amortized but tested for impairment annually. Expenditure on internally generated brands is recognised in the income statement as an expense as incurred.

(iii) Software and software under development

Purchased software is measured at cost less accumulated amortization. Expenditure on internally developed software is capitalized when the expenditure qualifies as development activities; otherwise, it is recognized in the income statement when incurred.

Amortization related to software is included in cost of sales, distribution expenses, sales and marketing expenses or administrative expenses based on the activity the software supports.

(iv) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(f) Intangible assets (continued)

(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, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

(vi) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- software 3-5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's statement of financial position.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, 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. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3 Significant accounting policies (continued)

(i) Impairment (continued)

(i) Non-derivative financial assets (continued)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Receivables

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at 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 have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

3 Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Non-financial assets (continued)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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 at 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.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans, including Russia and Ukraine's State pension fund, 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 employees render the service are discounted to their present value.

(ii) Defined benefit plans

One of the Group subsidiaries PJSC SUN InBev Ukraine makes contributions to a defined benefit plan that provides pension benefits for its employees upon retirement. The subsidiary recognises all actuarial gains and losses arising from the plan in other comprehensive loss/income and all expenses related to the plan in personnel expenses in profit or loss.

(iii) Short-term 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 cash bonus or profit-sharing plans 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.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 Significant accounting policies (continued)

(k) Provisions (continued)

Restructuring provisions primarily comprise employee termination payments, and are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Company are not provided in advance.

(l) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of excise duties, returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. 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.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of beer and soft drinks, transfer usually occurs when the product is shipped to the carrier. Generally for such products the buyer has no right of return.

The Group accounts for the returnable containers as its property, plant and equipment and does not derecognise them as part of a sales transaction. On delivery of beer to customers, the Group collects a deposit for each container delivered and it has an obligation to refund this deposit when the customers return the containers.

(m) Other expenses

Lease payments

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

(n) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

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 as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(o) Current and deferred income tax

Income tax expense 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. In this case, tax is also recognised in equity or other comprehensive income, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income, and any adjustment to tax payable in respect of previous years.

3 Significant accounting policies (continued)

(o) Current and deferred income tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on 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;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

In accordance with the tax legislation of the Russian Federation and Ukraine, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

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 at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per share

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

(q) Segment reporting

An operating segment is a component of the Group 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 the Group's other components. All operating segments' operating results are reviewed regularly by Anheuser-Busch InBev's CEE Zone President (the "Zone President") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Zone President is considered to be the Chief Operating Decision Maker in accordance with IFRS 8 Operating Segments.

Segment results that are reported to the Zone President include items directly attributable to a segment.

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

3 Significant accounting policies (continued)

(r) Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date, if payment under a contract becomes probable, and the amount recognised less cumulative amortization.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies under common control, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(s) New Standards and Interpretations

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2012 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2012. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these financial statements the following financial reporting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Adopted by the European Union

New standards

- IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 12, "Disclosure of Interests in Other entities" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).
- IAS 27, "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).
- IAS 28, "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2014).

Amendments

- Amendment to IAS 12 "Income Taxes" on deferred tax relating to recovery of underlying assets (effective for annual periods beginning on or after 1 January 2013).

3 Significant accounting policies (continued)

(s) New Standards and Interpretations (continued)

(i) Adopted by the European Union (continued)

Amendments (continued)

- Amendment to IFRS 1 "First-time adoption of International Financial Reporting Standards" on severe hyperinflation and removal of fixed dates for First Time Adopters (effective for annual periods beginning on or after 1 January 2013).
- Amendment to IAS 1 "Financial Statements Presentation" on Presentation of Items of Other Comprehensive Income" (effective for annual periods beginning on or after 1 July 2012).
- Amendments to IAS 19 "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 7 "Financial Instruments: Disclosures" on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IAS 32 "Financial Instruments: Presentation" on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).

New IFRICs

- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).

(ii) Not adopted by the European Union

New standards

- IFRS 9 "Financial Instruments" (and subsequent amendments to IFRS 9 and IFRS 7) (effective for annual periods beginning on or after 1 January 2015).

Amendments

- Amendment to IFRS 1 "First-time adoption of International Financial Reporting Standards" on IAS 20 'Accounting for Government Grants and Disclosure on Government Assistance' – exemption on the retrospective application of IFRSs in relation to government grants (effective for annual periods beginning on or after 1 January 2013).
- Annual Improvements 2011 (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IFRS 10, IFRS 11 and IFRS 12 on transition guidance (effective for annual periods beginning on or after 1 January 2013).

The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Group.

(iii) Other Standards, Interpretations and Amendments to the Standards

A number of other amendments to standards are effective for annual periods beginning after 1 January 2012, and have not been listed above because of either their non-applicability to or their immateriality the Group's consolidated financial statements.

The Board of Directors expects that the adoption of these financial reporting standards in the future periods will not have a material effect on the consolidated financial statements of the Group.

4 Determination of fair values

A number of the Group'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 for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) Loans to related parties

The fair value of loans to related parties is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(c) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Operating segments

The Group has two reportable segments: breweries operating in the Russian Federation and breweries operating in Ukraine. Segment information is presented by geographical segments, consistent with the IFRS-based information that is available and evaluated regularly by the Zone President who is the Group's chief operating decision-maker.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Zone President. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the industry.

(i) Information about reportable segments

2012

'000 EUR	**Russia**	**Ukraine**	**Total**
Total segment revenue	917,153	393,626	1,310,779
Inter-segment revenue	-	(11,483)	(11,483)
	917,153	382,143	1,299,296
Profit or loss			
Cost of sales	(495,224)	(263,144)	(758,368)
Selling, marketing and distribution expenses	(359,636)	(96,025)	(455,661)
General and administrative expenses	(86,013)	(24,043)	(110,056)
Operating income/(losses), net	(5,403)	2,166	(3,237)
Finance income	1,794	2,530	4,324
Finance costs	(64,960)	(981)	(65,941)
Reportable segment (loss)/profit before income tax	**(92,289)**	**2,646**	**(89,643)**
Assets			
Reportable segment assets	1,165,513	258,862	1,424,375
Inter-segment receivables	(112)	(2,104)	(2,216)
	1,165,401	**256,758**	**1,422,159**
Liabilities			
Reportable segment liabilities	(793,106)	(106,246)	(899,352)
Inter-segment payables	2,104	112	2,216
	(791,002)	**(106,134)**	**(897,136)**

5 Operating segments (continued)

(i) *Information about reportable segments (continued)*

Other items

2012 **'000 EUR**	**Russia**	**Ukraine**	**Total**
Interest income	1,775	2,430	4,205
Interest expense	(64,688)	(89)	(64,777)
Capital expenditure	(37,449)	(58,582)	(96,031)
Depreciation and amortisation	(93,788)	(54,544)	(148,332)
Impairment on property, plant and equipment and intangible assets	(1,662)	(2,045)	(3,707)
Income tax credit/(expense)	19,729	(6,332)	13,397

2011 **'000 EUR**	**Russia**	**Ukraine**	**Total**
Total segment revenue	908,341	343,014	1,251,355
Inter-segment revenue	-	(4,315)	(4,315)
	908,341	338,669	1,247,040
Profit or loss			
Cost of sales	(506,794)	(226,260)	(733,054)
Selling, marketing and distribution expenses	(369,143)	(88,433)	(457,576)
General and administrative expenses	(68,620)	136	(68,484)
Operating income/(losses), net	(1,313)	1,963	650
Finance income	8,784	2,099	10,883
Finance costs	(64,216)	(979)	(65,195)
Reportable segment (loss)/profit before income tax	**(92,961)**	**27,225**	**(65,736)**
Assets			
Reportable segment assets	1,464,646	311,281	1,775,927
Inter-segment receivables	(753)	(2,910)	(3,663)
	1,463,893	**308,371**	**1,772,264**
Liabilities			
Reportable segment liabilities	(1,048,580)	(115,095)	(1,163,675)
Inter-segment payables	2,910	753	3,663
	(1,045,670)	**(114,342)**	**(1,160,012)**

Other items

2011 **'000 EUR**	**Russia**	**Ukraine**	**Total**
Interest income	8,298	1,015	9,313
Interest expense	(61,234)	(58)	(61,292)
Capital expenditure	(57,612)	(53,972)	(111,584)
Depreciation and amortisation	(92,754)	(48,179)	(140,933)
Impairment on property, plant and equipment and intangible assets	(1,472)	(2,234)	(3,706)
Income tax credit/(expense)	18,579	(9,486)	9,093

(ii) *Major customers*

In 2012 as well as in 2011 there were no customers which represent more than 10% of the Group's total revenue, or any of the segment's revenue. Russia and Ukraine revenue is predominantly generated from customers within the respective country.

6 Revenue

'000 EUR	2012	2011
Beer	1,287,565	1,236,821
Soft drinks	11,731	10,219
	1,299,296	**1,247,040**

7 General and administrative expenses

'000 EUR	2012	2011
Supply chain overheads	(11,915)	(7,458)
Fixed administrative costs	(61,268)	(52,291)
Service fee (costs)/income	(24,203)	3,105
Depreciation and impairment	(12,669)	(11,840)
	(110,055)	**(68,484)**

8 Other (losses)/gains, net

'000 EUR	2012	2011
Gain on disposal of property, plant and equipment	2,030	2,042
Other gains	596	-
	2,626	**2,042**
Restructuring expenses of payments to employees	(5,863)	-
Other losses	-	(1,392)
	(5,863)	**(1,392)**
Other (losses)/gains, net	**(3,237)**	**650**

9 Personnel costs

'000 EUR	2012	2011
Wages and salaries	135,878	121,704
Compulsory social security contributions and contributions to State pension fund	34,762	33,226
Other employee benefits	17,011	17,862
Restructuring expenses of payments to employees included in other (losses)/gains, net	5,863	-
	193,514	172,792

10 Finance income and finance costs

'000 EUR	2012	2011
Recognised in profit or loss		
Interest income on loans and receivables	1,228	8,014
Interest income on bank deposits	2,977	1,299
Net foreign exchange gain	109	1,034
Other	10	536
Finance income	**4,324**	**10,883**
Interest expense on loans and borrowings	(64,777)	(61,292)
Net foreign exchange loss	(152)	(3,165)
Other	(1,012)	(738)
Finance costs	**(65,941)**	**(65,195)**
Net finance costs recognised in profit or loss	**(61,617)**	**(54,312)**

11 Income tax expense

Income taxes are provided for based on taxable income and the varying tax rates applicable in Russia, Ukraine, the Netherlands, Luxembourg and Cyprus. Certain costs and expenses, including some types of employees' compensation, benefits, and interest, which are included as expenses in the consolidated statement of comprehensive income are not deductible when determining taxable income.

The statutory income tax rate applicable to the Russian companies is 20% (2011: 20%). The statutory income tax rate applicable to the Ukrainian companies is 21% (2011: 23%). With effect from 1 January 2013, the income tax rate for the Ukrainian companies has been reduced to 19%, and is further reducing to 16% from 1 January 2014.

The statutory income tax applicable to Cyprus companies is 10%. From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 10%; increased to 15% as from 31 August 2011. In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15% (17% from 31 August 2011 onwards and 20% from 1 January 2012 till 31 December 2013).

As from tax year 2012 brought forward losses for Cyprus companies may only be utilised within five years.

Gains on disposals of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

'000 EUR	**2012**	**2011**
Current tax expense		
Current year	7,118	6,770
	7,118	6,770
Deferred tax expense (Note 15)		
Origination and reversal of temporary differences	(21,222)	(16,642)
Change in tax rate	707	779
	(20,515)	(15,863)
Total income tax credit	**(13,397)**	**(9,093)**

Reconciliation of effective tax rate:

	2012		**2011**	
	'000 EUR	**%**	**'000 EUR**	**%**
Loss before income tax	(89,643)	(100)	(65,736)	(100)
Total income tax credit	13,397	15	9,093	14
Loss for the year	**(76,246)**	**(85)**	**(56,643)**	**(86)**
Income tax at applicable tax rate	**8,964**	**10**	**6,574**	**10**
Effect of income taxed at higher rates applicable to the Russian and Ukrainian subsidiaries	9,805	11	(790)	(1)
Reduction in tax rate	(707)	(1)	(779)	(1)
Write-off of deferred tax assets	(1,454)	(2)	-	-
Non-deductible (expenses)/income	(3,211)	(3)	4,088	6
	13,397	**(15)**	**9,093**	**14**

12 Property, plant and equipment

'000 EUR	Land and buildings	Plant and equipment	Transportation and office equipment	Packaging materials	Assets under construction	Total
Cost						
Balance at 1 January 2011	**331,889**	**831,613**	**237,303**	**56,518**	**90,539**	**1,547,862**
Additions	10,153	37,764	24,403	18,625	16,164	107,109
Interest capitalisation	-	387	-	-	43	430
Disposals	(1,729)	(21,890)	(13,738)	(11,337)	(134)	(48,828)
Transfers	8,267	18,498	5,392	-	(33,565)	(1,408)
Effect of movements in exchange rates	(7,505)	(16,362)	(2,913)	1,179	(1,034)	(26,635)
Balance at 31 December 2011	**341,075**	**850,010**	**250,447**	**64,985**	**72,013**	**1,578,530**
Balance at 1 January 2012	**341,075**	**850,010**	**250,447**	**64,985**	**72,013**	**1,578,530**
Additions	5,351	26,844	22,677	16,006	22,633	93,511
Disposals	(304)	(10,902)	(33,678)	(25,522)	-	(70,406)
Transfers to assets held for sale (Note 13)	(32,376)	(15,455)	(167)	-	(441)	(48,439)
Transfers	21,385	26,705	2,332	(36)	(51,156)	(770)
Effect of movements in exchange rates	8,881	18,673	4,011	(379)	1,262	32,448
Balance at 31 December 2012	**344,012**	**895,875**	**245,622**	**55,054**	**44,311**	**1,584,874**
Depreciation and impairment losses						
Balance at 1 January 2011	**(129,929)**	**(485,465)**	**(176,500)**	**(24,777)**	**-**	**(816,671)**
Depreciation for the year	(20,015)	(72,161)	(27,564)	(16,014)	-	(135,754)
Impairment loss	16	131	(202)	(489)	(3,138)	(3,682)
Disposals	1,711	21,055	13,313	10,669	-	46,748
Transfers	(1,442)	1,329	116	-	1,392	1,395
Effect of movements in exchange rates	3,281	10,430	2,707	(516)	(134)	15,768
Balance at 31 December 2011	**(146,378)**	**(524,681)**	**(188,130)**	**(31,127)**	**(1,880)**	**(892,196)**
Balance at 1 January 2012	**(146,378)**	**(524,681)**	**(188,130)**	**(31,127)**	**(1,880)**	**(892,196)**
Depreciation for the year	(20,576)	(75,674)	(26,606)	(19,338)	-	(142,194)
Impairment loss	(155)	(1,508)	(322)	(58)	(1,664)	(3,707)
Disposals	304	10,436	33,551	21,981	-	66,272
Transfers to assets held for sale (Note 13)	14,386	11,456	148	-	-	25,990
Transfers	(66)	-	-	36	1,199	1,169
Effect of movements in exchange rates	(3,951)	(12,470)	(3,608)	85	46	(19,898)
Balance at 31 December 2012	**(156,436)**	**(592,441)**	**(184,967)**	**(28,421)**	**(2,299)**	**(964,564)**
Carrying amounts						
At 1 January 2011	**201,960**	**346,148**	**60,803**	**31,741**	90,539	731,191
At 31 December 2011	194,697	325,329	62,317	**33,858**	**70,133**	**686,334**
At 31 December 2012	**187,576**	**303,434**	**60,655**	**26,633**	**42,012**	**620,310**

12 Property, plant and equipment (continued)

Depreciation expense of EUR 108,636 thousand (2011: EUR 101,866 thousand) has been charged to cost of sales, EUR 27,252 thousand (2011: EUR 28,484 thousand) to distribution expenses and EUR 6,306 thousand (2011: EUR 5,404 thousand) to administrative expenses.

Impairment loss

The impairment loss recognized during the year in amount of EUR 3,707 thousand (2011: EUR 3,682 thousand) related to obsolete brewing production facilities. EUR 3,228 thousand (2011: EUR 1,841 thousand) of impairment loss was included in cost of sales. The recoverable amount of the assets was their fair value less costs to sell determined by reference to an active market.

13 Assets held for sale

In December 2012 management of the Group approved a formal plan of selling the Tinkoff plant in Pushkin and a malt plant in Kursk. As a result, the Group reclassified, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", assets from property, plant and equipment to assets held for sale. The following represents the carrying value at 31 December 2012.

'000 EUR	Kursk	Tinkoff	Total
Buildings	1,490	16,501	17,991
Plant and equipment	1,137	2,861	3,998
Furniture and vehicles	-	9	9
IT equipment	3	7	10
Assets under construction & advance payments	441	-	441
	3,071	**19,378**	**22,449**

In 2012, contracts with third party buyers were signed and according to their provisions property, plant and equipment will be either actually transferred to the buyer for the Kursk plant or the Group will physically lose access to items because the plant itself as a whole is a part of purchase agreement in the case of Tinkoff plant. By the end of 2012 no transfers had been made to the buyers and control over those assets remained in the Group.

There were no assets classified as assets held for sale as at 31 December 2011.

14 Intangible assets

'000 EUR	Goodwill	Software	Software under development	Other intangibles	Brands and trademarks	Total
Cost						
Balance at 1 January 2011	**104,017**	**31,610**	**2,257**	**675**	**24,486**	**163,045**
Additions	-	3,392	1,079	3	1	4,475
Disposals	-	(101)	-	(204)	(4,262)	(4,567)
Transfers	-	1,340	(1,916)	-	-	(576)
Effect of movement in exchange rates	(1,871)	(802)	(58)	10	(707)	(3,428)
Balance at 31 December 2011	**102,146**	**35,439**	**1,362**	**484**	**19,518**	**158,949**
Balance at 1 January 2012	**102,146**	**35,439**	**1,362**	**484**	**19,518**	**158,949**
Additions	-	914	1,606	-	-	2,520
Disposals	-	(29)	-	(51)	(1)	(81)
Transfers	-	648	(1,043)	4	(6)	(397)
Effect of movement in exchange rates	2,162	980	44	(10)	699	3,875
Balance at 31 December 2012	**104,308**	**37,952**	**1,969**	**427**	**20,210**	**164,866**
Amortisation and impairment losses						
Balance at 1 January 2011	-	**(18,524)**	-	**(649)**	**(4,369)**	**(23,542)**
Amortisation for the year	-	(5,211)	-	35	(3)	(5,179)
Impairment loss	-	-	-	(24)	-	(24)
Disposals	-	101	-	167	4,299	4,567
Transfers	-	(3)	-	-	-	(3)
Effect of movement in exchange rates	-	494	-	(10)	60	544
Balance at 31 December 2011	-	**(23,143)**	-	**(481)**	**(13)**	**(23,637)**
Balance at 1 January 2012	-	**(23,143)**	-	**(481)**	**(13)**	**(23,637)**
Amortisation for the year	-	(6,135)	-	(2)	(1)	(6,138)
Impairment loss	-	-	-	-	-	-
Disposals	-	29	-	51	1	81
Transfers	-	(2)	-	(4)	6	-
Effect of movement in exchange rates	-	(590)	-	10	-	(580)
Balance at 31 December 2012	-	**(29,841)**	-	**(426)**	**(7)**	**(30,274)**
Carrying amounts						
At 1 January 2011	**104,017**	**13,086**	**2,257**	**26**	**20,117**	**139,503**
At 31 December 2011	**102,146**	**12,296**	**1,362**	**3**	**19,505**	**135,312**
At 31 December 2012	**104,308**	**8,111**	**1,969**	**1**	**20,203**	**134,592**

14 Intangible assets (continued)

(a) Amortisation and impairment charge

Amortisation expense has been recognised as part of general and administrative expenses.

(b) Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in Note 5.

The aggregate carrying amounts of goodwill allocated to each unit and the related impairment losses recognised are as follows:

'000 EUR	Goodwill 2012	Impairment 2012	Goodwill 2011	Impairment 2011
Russian business unit	79,306	-	76,559	-
Ukrainian business unit	25,002	-	25,587	-
	104,308	-	**102,146**	-

The recoverable amount of each unit was based on the unit's value in use. The carrying amount of the units was determined to be lower than the unit's respective recoverable amounts therefore no impairment loss was recognised.

Value in use was determined by discounting the future cash flows generated from the continuing use of the units. Unless indicated otherwise, value in use in 2012 was determined similarly as in 2011.

Key assumptions used in discounted cash flow projections.

(i) The first year is based on management best estimates of the free cash flow outlook for the current year.

(ii) In the second to fourth year, free cash flows are based on the Group's strategic plan as approved by the Parent's key management. The Group's strategic plan is prepared by country and is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experiences and planned initiatives which will impact market share, revenue, variable and fixed costs, capital expenditure and working capital assumptions.

(iii) For subsequent six years the data from the strategic plan is extrapolated generally using simplified assumptions such as constant volumes and variable cost per hectolitre, and fixed cost linked to inflation, as obtained from external sources.

(iv) Cash flows after the first ten year period are extrapolated generally using expected annual long-term consumer price indices, based on external sources, in order to calculate the terminal value.

(v) Projections are made in the functional currency of the business unit and discounted at the unit's weighted average cost of capital and comprised of approximately 9% (2011: 14%) for Russia and 14% (2011: 15%) for Ukraine.

(c) Sensitivity to changes in assumptions

The impairment test is not particularly sensitive to changes in EBITDA growth rates and discount rates. If there is no EBITDA growth after 2012, the units' values in use will exceed the respective carrying amounts. Similarly, an increase in the discount rate by 5 percentage points will not result in impairment loss for each unit.

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
'000 EUR	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Property, plant and equipment	8,831	6,629	(11,293)	(11,630)	(2,462)	(5,001)
Intangible assets	493	321	(4,764)	(5,157)	(4,271)	(4,836)
Inventories	1,018	449	-	-	1,018	449
Employee benefits	3,717	797	-	-	3,717	797
Trade and other receivables	7,962	16,228	(480)	(1,108)	7,482	15,120
Trade and other payables	16,547	1,775	(2,131)	(381)	14,416	1,394
Tax assets/(liabilities)	**38,568**	**26,199**	**(18,668)**	**(18,276)**	**19,900**	**7,923**
Tax losses carried forward	22,919	14,145	-	-	22,919	14,145
Set off of tax	(18,668)	(17,412)	18,668	17,412	-	-
Net tax assets/(liabilities)	**42,819**	**22,932**	**-**	**(864)**	**42,819**	**22,068**

Movement in temporary differences during the year

'000 EUR	**1 January 2012**	**Recog- nised in profit or loss (Note 11)**	**Change in tax rate (Note 11)**	**Recognised in other comprehensive income- foreign exchange differences**	**31 December 2012**
Property, plant and equipment	(5,001)	3,262	(335)	(388)	(2,462)
Intangible assets	(4,836)	749	(2)	(180)	(4,269)
Inventories	449	599	(27)	(3)	1,018
Employee benefits	797	2,931	(6)	(6)	3,716
Trade and other receivables	15,120	(7,952)	(194)	508	7,482
Trade and other payables	1,394	13,300	(143)	(136)	14,415
Tax losses carried forward	14,145	8,334	-	440	22,919
	22,068	**21,223**	**(707)**	**235**	**42,819**

'000 EUR	**1 January 2011**	**Recognise d in profit or loss (Note 11)**	**Change in tax rate (Note 11)**	**Recognised in other comprehensive income- foreign exchange differences**	**31 December 2011**
Property, plant and equipment	(11,080)	5,851	(328)	556	(5,001)
Intangible assets	(5,428)	425	(2)	169	(4,836)
Inventories	(281)	730	(26)	26	449
Employee benefits	50	765	(6)	(12)	797
Trade and other receivables	13,217	2,349	(238)	(208)	15,120
Trade and other payables	8,923	(7,061)	(179)	(289)	1,394
Tax losses carried forward	839	13,583	-	(277)	14,145
	6,240	**16,642**	**(779)**	**(35)**	**22,068**

Deferred income tax assets are recognised for unused tax losses, tax credits and deductable temporary differences, to the extent that management is satisfied that it is probable that future taxable profits will be available against which they can be utilised. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the countries where the deferred tax assets originated and during the periods when the deferred tax assets become deductible. Management assessed that the Group will be able to generate future taxable profits through cost cutting initiatives being currently put in place, as well as amending the terms of related party transactions. In addition, management considered the consequences of future finance costs that will decrease significantly, as in 2012 significant portion of borrowings was repaid.

15 Deferred tax assets and liabilities (continued)

Recognised deferred tax assets and liabilities (continued)

In making an assessment of whether the Group is likely to create sufficient taxable profits to be able to realise deferred tax assets, management has also considered tax planning opportunities available to the Group and its ability to implement them. Deferred tax assets are expected to be recovered after more than 12 months. Losses amounting to EUR 67,408 thousand and EUR 45,432 thousand (2011: EUR 70,726 thousand) expire in 2021 and 2022, respectively.

16 Inventories

'000 EUR	2012	2011
Raw materials	68,992	76,090
Work in progress	5,698	8,345
Finished goods and goods for resale	24,606	19,605
Other	8,297	9,050
	107,593	**113,090**
Write-down of inventories in the current year	(3,519)	(1,324)

In 2012 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to EUR 518,946 thousand (2011: EUR 535,941 thousand). The write-down of inventories to net realisable value and reversal of write-downs are included in cost of sales.

17 Trade and other receivables

'000 EUR	2012	2011
Trade receivables	42,183	52,317
Trade receivables due from Parent (Note 28(b))	-	6,350
Non-income taxes receivable	2,103	1,345
Other receivables due from entities under common control (Note 28(b))	-	369
Other receivables	3,944	8,056
	48,230	**68,437**

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 24.

18 Cash and cash equivalents

'000 EUR	2012	2011
Bank balances	281,515	4,599
Call deposits	65,895	24,827
Cash and cash equivalents in the consolidated statement of financial position excluding bank overdrafts used for cash management purposes	**347,410**	**29,426**
Bank overdrafts used for cash management purposes	(19,100)	(8)
Cash and cash equivalents in the consolidated statement of cash flows	328,310	29,418

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 24.

19 Capital and reserves

(a) Share capital

Number of shares unless otherwise stated	Ordinary shares (Class B)		Preference shares (Class A)	
	2012	2011	2012	2011
Authorised shares	30,000,000	30,000,000	125,278,614	125,278,614
Par value	GBP 0.01	GBP 0.01	GBP 0.01	GBP 0.01
On issue at 1 January and 31 December, fully paid	27,796,220	27,796,220	88,832,710	88,832,710

Ordinary shares

All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the 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. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued.

Non-redeemable preference shares

Preference shares have no right of conversion or redemption. The special rights, restrictions and provisions applicable to the preference shares are as follows:

- The dividends on the preference shares in any year shall be paid in an amount not less than and in equal priority to the dividend payable to the ordinary shareholders in such year;
- On winding up of the company, the surplus assets available for distribution to its members shall be distributed proportionately amongst the holders of the preference shares and the ordinary shares according to the amounts of their respective holdings of such shares in the Company;
- The holders of the preference shares do not have right to vote in shareholders' meeting, except for the matters affecting the rights of the holders of preference shares, including "change of control" transaction as defined in the "Article of Association" of the Company.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(c) Share premium

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

(d) Distributable reserves

In accordance with Cypriot legislation, the Company's distributable reserves are limited to the balance of accumulated retained earnings of the Company.

20 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary and to preference shareholders by the weighted average number of ordinary and preference shares outstanding respectively during the year. The Company has no dilutive potential ordinary shares.

2012	Loss (Numerator) '000 EUR	Shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	(50,725)	88,832,710	(0.57)
Attributable to holders of class "B" participating shares	(15,872)	27,796,220	(0.57)
Total attributable to participating shares	**(66,597)**	**116,628,930**	**(0.57)**

2011	Profit (Numerator) '000 EUR	Shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	(38,191)	88,832,710	(0.43)
Attributable to holders of class "B" participating shares	(11,950)	27,796,220	(0.43)
Total attributable to participating shares	**(50,141)**	**116,628,930**	**(0.43)**

21 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 24.

'000 EUR	Note	2012	2011
Non-current liabilities			
Loan from entity under common control	28 (b)	334,602	786,777
Current liabilities			
Bank overdraft		19,100	8
Current loans from entities under common control	28 (b)	171,394	15,656
		190,494	15,664

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

'000 EUR	Currency	Nominal interest rate	Year of maturity	31 December 2012 Face value	31 December 2012 Carrying amount	31 December 2011 Face value	31 December 2011 Carrying amount
Non-current loan from an entity under common control	RUB	8.25%	2018	334,602	334,602	635,594	635,594
Non-current loan from an entity under common control	RUB	Mosprime + 2%	2013	-	-	151,183	151,183
Bank overdraft	RUB	6.15% - 6.80%	n/a	19,100	19,100	8	8
Current loans from an entity under common control	EUR	3m EURIBOR+ 0.25%	on demand	-	-	11,726	11,726
Current loans from an entity under common control	RUB	Mosprime + 2%	2013	168,342	168,342	-	-
Current interest payable	N/A	N/A	2013	3,052	3,052	3,930	3,930
Total interest-bearing liabilities				**525,096**	**525,096**	**802,441**	**802,441**

22 Employee benefits

One of the Group subsidiaries, PJSC SUN InBev Ukraine makes contributions to a defined benefit plan that provides pension benefits for its employees upon retirement. The subsidiary recognises all actuarial gains and losses arising from the plan in other comprehensive income and all expenses related to the plan in personnel expenses in profit or loss.

23 Trade and other payables

'000 EUR	2012	2011
Trade payables	269,354	267,715
Non-income taxes payable	69,111	59,916
Payroll and social security payables	26,265	12,551
Other payables and accrued expenses	25,688	13,800
	390,418	**353,982**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 24.

24 Financial instruments and risk management

Financial instruments by category

'000 EUR	2012	2011
Loans and receivables		
Loan granted to related party	109,524	693,025
Trade and other receivables excluding non-income taxes receivable	46,127	67,092
Cash and cash equivalents	328,310	29,426
	483,961	**789,543**
Available for sale		
Available for sale financial asset investments	196	191
	484,157	789,734
Financial liabilities measured at amortized cost		
Trade payables and other payables and accrued expenses	295,042	281,515
Current loans and borrowings	171,394	15,664
Non-current loans and borrowings	334,602	786,777
	801,038	**1,083,956**

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Parent's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Parent has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Parent's Board of Directors on its activities.

24 Financial instruments and risk management (continued)

Risk management framework (continued)

The Parent's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Parent's Audit Committee is assisted in its oversight role by the Parent's Internal Audit. Parent's Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Parent's Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and the loan granted to related party. Credit risks also arises from cash and cash equivalents and deposits with banks and financial institutions.

(i) Trade and other receivables

Sales are performed through the network of independent distributors and direct distribution. The direct distribution consists of two major groups of companies: key accounts (large supermarkets and malls) and selling points.

There was no significant concentration of credit risk by region or with any single counterparty as at 31 December 2012 (2011: none).

The Group assesses the credit quality of its customers, taking into account its financial position, past experience and other factors. The Group has a credit policy in place and the exposure to counterparty credit risk is monitored. A credit assessment is performed on each of the Group's customers in order to determine their financial strength. Credit limits are set per customer depending on the customer's financial profile and risk category and on the collaterals and guarantees received from the customer, if any. Other than those balances in which an impairment has been recognised, the current trade and other receivables balances is with customers with good credit quality and history of limited or no default.

Credit limits are reviewed at least once a year. The credit control for all customers is carried out on a daily basis. If the credit limit is exceeded shipments to those customers are suspended.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

(ii) Loan granted to related party

The Company granted a loan to an entity controlled by the Parent company (Note 28(b)). The Group assesses the credit risk relating to this loan as low as the Shareholder Group is an established business and is expected to have sufficient liquidity to repay the loan when due.

(iii) Cash and cash equivalents

The Company has established minimum counterparty credit ratings and enters into transactions only with financial institutions of investment grade. The Company monitors counterparty credit exposures closely and reviews any downgrade in credit rating immediately. There was no significant concentration of credit risks with any single counterparty per 31 December 2012 and 31 December 2011.

24 Financial instruments and risk management (continued)

Risk management framework (continued)

(b) Credit risk (continued)

(iv) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
'000 EUR	**2012**	**2011**
Available for sale financial asset investments	196	191
Loan granted to related party	109,524	693,025
Trade and other receivables excluding non-income taxes receivable	46,127	67,092
Cash and cash equivalents	328,310	29,426
	484,157	**789,734**

The Group's does not issue financial guarantees to third parties.

Impairment losses

The aging of trade and other receivables at the reporting date was:

'000 EUR	**Gross 2012**	**Impairment 2012**	**Gross 2011**	**Impairment 2011**
Not past due	46,480	(1,607)	65,956	(1,103)
Past due 0-30 days	3,227	(3)	3,385	(159)
Past due 31- 59 days	76	(10)	255	(8)
Past due 60 - 89 days	71	(46)	235	(184)
Past due 90 - 179 days	170	(165)	507	(497)
Past due 180- 359 days	341	(341)	171	(162)
Past due more than 360 days	4,806	(4,769)	6,173	(6,132)
	55,171	**(6,941)**	**76,682**	**(8,245)**

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

'000 EUR	**2012**	**2011**
Balance at beginning of the year	(8,245)	(8,666)
Decrease due to reversal	1,304	421
Balance at end of the year	**(6,941)**	**(8,245)**

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Group charges an allowance for impairment on the individual basis and in respect of the following amounts: 100% balance receivable for the amounts past due more than 90 days and 50% for the amounts past due from 45 to 90 days adjusted for individually unimpaired amounts, unless the Group is clear that the debt will be collected The Group may create an impairment allowance for amounts that are past due by less than 45 days when there is strong evidence that the debt will not be collected.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 the Group's reputation.

24 Financial instruments and risk management (continued)

(c) Liquidity risk (continued)

The Group's primary sources of cash have historically been cash flows from operating activities, the issuance of debt and bank borrowings. The Group's material cash requirements include debt service and capital expenditures.

The Group believes that cash flows from operating activities, available cash and cash equivalents and access to the Parent's borrowing facilities, will be sufficient to finance capital expenditures and debt.

It is the Group's objective to continue to reduce its financial indebtedness by using cash from operating activities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

2012

'000 EUR	Carrying amount	Contractual cash flows	0-12 mths (1)	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	Over 5 yrs
Non-derivative financial liabilities								
Trade payables and other payables and accrued expenses	295,042	295,042	295,042	-	-	-	-	-
Current loans payable (1)	171,394	171,394	171,394	-	-	-	-	-
Non-current loan from related party	334,602	472,627	27,605	27,605	27,605	27,605	27,605	334,602
	801,038	**939,063**	**494,041**	**27,605**	**27,605**	**27,605**	**27,605**	**334,602**

2011

'000 EUR	Carrying amount	Contractual cash flows	0-12 mths	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	Over 5 yrs
Non-derivative financial liabilities								
Trade payables and other payables and accrued expenses	281,515	281,515	281,515	-	-	-	-	-
Current loans payable (1)	15,664	15,664	15,664	-	-	-	-	-
Non-current loan from related party	786,777	1,172,616	65,467	210,804	52,437	52,437	52,437	739,034
	1,083,956	**1,469,795**	**362,646**	**210,804**	**52,437**	**52,437**	**52,437**	**739,034**

24 Financial instruments and risk management (continued)

(c) Liquidity risk (continued)

(1) Current loans payable are payable on demand.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group'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.

(i) Currency risk

The Group is exposed to currency risk on loans granted and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Russian Rouble (RUB) and Ukrainian Hryvna (UAH). The currencies in which these transactions primarily are denominated are EUR and United States Dollar (USD).

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily RUB. This provides an economic hedge without a need to enter into derivative contracts.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

'000 EUR	USD-denominated 2012	EUR-denominated 2012	USD-denominated 2011	EUR-denominated 2011
Trade and other payables	(3,916)	(37,090)	(13,967)	(55,878)
Current loans from related parties	(50)	-	-	(11,727)
Current loans granted to related party	50	109,998	-	693,025
Trade and other receivables	603	601	465	7,987
Net exposure	**(3,313)**	**73,509**	**(13,502)**	**633,407**

The following significant exchange rates applied during the year:

in EUR	Average rate		Reporting date spot rate	
	2012	2011	2012	2011
RUB for EUR 1	39.9083	40.9038	40.2286	41.6714
UAH for EUR 1	10.2746	11.0926	10.5372	10.2981

Sensitivity analysis

A strengthening of the RUB and UAH, as indicated below, against the following currencies at 31 December would have increased (decreased) equity and profit or loss before taxes by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

24 Financial instruments and risk management (continued)

(d) Market risk (continued)

Sensitivity analysis (continued)

The analysis is performed on the same basis for 2011, albeit that the reasonably possible foreign exchange changes rate variances were different, as indicated below.

'000 EUR	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
31 December 2012				
USD (+/-10% movement in exchange rate)	(331)	(331)	331	331
EUR (+/-10% movement in exchange rate)	7,351	7,351	(7,351)	(7,351)
31 December 2011				
USD (+/-10% movement in exchange rate)	(1,350)	(1,350)	1,350	1,350
EUR (+/-10% movement in exchange rate)	63,341	63,341	(63,341)	(63,341)

A weakening of the RUB and UAH against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates, as the majority of the Group's loans is drawn from related parties.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
'000 EUR	**2012**	**2011**
Fixed rate instruments		
Financial liabilities	(334,602)	(647,156)
	(334,602)	**(647,156)**
Variable rate instruments		
Financial assets	109,524	693,025
Financial liabilities	(168,337)	(151,347)
	(58,813)	541,678

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial instruments as fair value through profit or loss or as available-for-sale. Therefore, a change in interest rates at the reporting date would not have an effect on profit or loss or equity.

24 Financial instruments and risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss before taxes by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss		Equity	
'000 EUR	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
2012				
Variable rate instruments	(588)	588	(588)	588
Cash flow sensitivity (net)	**(588)**	**588**	**(588)**	**588**
2011				
Variable rate instruments	5,417	(5,417)	5,417	(5,417)
Cash flow sensitivity (net)	**5,417**	**(5,417)**	**5,417**	**(5,417)**

(e) Accounting classifications and fair values

(i) Fair values versus carrying amounts

Management believes that there is no significant difference between the carrying amounts and fair values of financial assets and liabilities. The basis for determining fair values is disclosed in Note 4.

(f) Capital management

The Parent has overall responsibility for the establishment and oversight of the Group's capital management framework. The Group is continuously optimizing its capital structure targeting to maximize shareholder value while keeping the desired financial flexibility to execute the strategic projects.

The Group manages its capital based on their debt to capital ratio. The Group's debt to capital ratio at the end of the reporting period was as follows:

'000 EUR	**2012**	**2011**
Total liabilities	(897,136)	(1,160,012)
Less: cash and cash equivalents	328,310	29,426
Net debt	**(568,826)**	**(1,130,586)**
Total equity	(525,053)	(612,252)
Debt to capital ratio at 31 December	**1.1**	**1.8**

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 Operating leases

The Group leases a number of warehouses and plots of land under operating leases. Lease payments are usually increased annually to reflect market rentals.

Since the land title does not pass, the Group has determined that the land leases are operating leases. The rent paid to the landlords of the warehouses is increased to market rent at regular intervals, and the Group does not participate in the residual value of the warehouses, it was determined that substantially all the risks and rewards of the warehouses are with the landlords. As such, the Group determined that the leases are operating leases.

The lease expenditure charged in the income statement is EUR 7,371 thousand at 31 December 2012 (2011: EUR 7,353 thousand).

26 Commitments

At 31 December 2012 the Group had outstanding contractual commitments totalling approximately EUR 5,771 thousand (2011: EUR 20,728 thousand) to purchase property, plant and equipment. In addition, the Group had commitments to purchase raw and packaging materials worth EUR 18,953 thousand at 31 December 2012 (2011: EUR 70,583 thousand).

27 Contingencies

(a) Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Taxation contingencies

Taxation contingencies in the Russian Federation

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

See also additional tax information discussed in Note 1.

27 Contingencies (continued)

(b) Taxation contingencies (continued)

Taxation contingencies in Ukraine

The Group also performs its operations in Ukraine and therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation which may be applied retroactively, open to wide interpretation and in some cases are conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and between the Ministry of Finance and other state authorities are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer.

These facts create tax risks substantially more significant than typically found in countries with more developed systems. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

28 Related party transactions

For the purposes of these financial statements, parties are considered related if one party has the ability to control the other party or exercise significant influence over the financial or operational decisions of the other party as determined by the IAS 24 "Related Party Disclosures". In determining each possible related party relationship, consideration is given to the substance of the relationship and not the legal form. Related parties may enter into transactions that may not be possible between non-related parties and transactions between related parties may not be made on the same terms and conditions as transactions with non-related parties.

(a) Control relationships

The Company's immediate and ultimate parent companies are disclosed in Note 1(a). The ultimate parent company produces publicly available financial statements in accordance with IFRS.

(i) Management and directors remuneration

Key management of the Group includes members of its Board of Directors. Key management received the following remuneration during the year, which is included in personnel costs (see Note 9):

'000 EUR	**2012**	**2011**
Salaries and bonuses	1,440	1,030
Contributions to State pension fund	5	5
Other service benefits	409	542
	1,854	1,577

(b) Transactions with other related parties

The Group has entered into various service agreements with other entities controlled by AB InBev. These services include management support, general technical assistance, provision of loans, publicity, marketing, use of brands and various other services. The amount of the service fees is agreed annually between the parties. During 2012 service expenditures and royalties amounted to EUR 75,303 thousand (2011: EUR 28,014 thousand) under these agreements.

The total interest expense charged by related parties amounted to EUR 64,815 thousand (2011: EUR 61,054 thousand). Interest income charged by related parties amounted to EUR 1,464 thousand (2011: EUR 8,014 thousand).

28 Related party transactions (continued)

(b) Transactions with other related parties (continued)

Purchases from other related parties amounted to EUR 11,483 thousand for 2012 (2011: EUR 11,538 thousand).

In 2012, the Company received EUR 557,753 thousand from repayment of current loans and repaid EUR 338,005 thousand of non-current loans and EUR 100,220 thousand of current loans. Also the Company borrowed EUR 110,237 thousand of non-current loans from entities under common control and EUR 27,840 thousand of current loans from entities under common control.

In 2011, the Company repaid EUR 21,094 thousand of non-current loans and was granted new loan facility of EUR 151,183 thousand from the entity under common control. Part of the current loan that had been unpaid by the end of 2010 was still unpaid, but subsequently netted with the loan receivable from the same entity. Current loan of EUR 58,668 thousand was repaid during the year.

The outstanding balances with related parties were as follows:

'000 EUR	31 December 2012	31 December 2011
Accounts receivable from the Parent	-	6,350
Other receivable from entities under common control	-	369
Prepayments from entities under common control	4,140	3,667
Accounts payable to the Parent	-	(2,998)
Accounts payable to the entities under common control	(23,419)	(25,353)
Loan granted to an entity under common control	109,524	693,025
Current loans from entities under common control	(168,342)	(11,726)
Interest payable to entities under common control	(3,052)	(3,930)
Non-current loans from entities under common control	(334,602)	(786,777)
	(415,751)	(127,373)

(c) Pricing policies

Related party transactions are based on market prices.

29 Significant subsidiaries

Subsidiary	Country of incorporation	2012 Ownership/voting	2011 Ownership/voting
Sun Interbrew Finance Ltd	Russian Federation	100%/100%	100%/100%
OJSC Sun InBev Russia	Russian Federation	88.12%/88.12%	88.12%/88.12%
PJSC Sun InBev Ukraine	Ukraine	86.66%/98.34%	86.66%/98.34%

30 Events subsequent to the reporting date

Effective from 1 January 2013, the excise duty on beer in Russia has been increased by 3 RussianRoubles, from 12 to 15 Russian Roubles per hectolitre. Management is unable to assess the financial effect of the increase.

Income tax rate in Ukraine decreased from 21% to 19% since 1 January 2013. Since 1 January 2014 it will be further reduced to 16%. Management is unable to assess the financial effect of increase.

On 31 January 2013, the Group completed the sale of malting plant in Kursk. As a result assets with carrying value of EUR 3,071 thousand were disposed and a profit was recognized by the Group. The profit of disposal is not significant to the Group.

There were no other material post balance sheet events, which have a bearing on the understanding of the consolidated financial statements.

Independent Auditor's Report on pages 11 to 12.