27.04.2015

LEFKOSIA, CYPRUS

ANNOUNCEMENT

Re: SUN Interbrew Plc - Approval and publication of the Annual Financial Report for the financial year ended 31 December 2014

The Board of Directors of SUN Interbrew Plc (the "Company") has today approved the Annual Financial Report of the Company for the financial year that ended on 31 December 2014, which was prepared in accordance with the applicable provisions of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Laws of 2007 to 2013 of the Republic of Cyprus. The Annual Financial Report includes the final, audited financial statements of the Group (consolidated) and of the Company (separate) for 2014, the Board of Directors' Report and the Independent Auditors' Report.

The Annual Financial Report is hereby attached. Further, it will be uploaded on the Company's website (www.suninterbrew.com) from where it may be accessed and printed, and will be published and made available according to the applicable Transparency legislation and stock exchange rules.

SUN Interbrew Plc contact:

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NAP Regulatory Compliance Services Ltd
Regulatory Compliance Officer for the Company

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CC: Cyprus Securities and Exchange Commission

SUN Interbrew Plc

Annual Report and Consolidated Financial Statements for the year ended 31 December 2014

SUN Interbrew Plc

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SUN Interbrew Plc

Board of Directors and other officers

Nand Lal Khemka - Director (Chairman of the Board)
Denis Khrenov - Director and Chief Legal Officer ("CLO") – until 8 May 2014. Appointed Chief Executive Officer ("CEO") on 8 of May 2014 and resign from position of CLO
Oleksandr Balakhnov - Director and Chief Legal Officer and member of the Audit Committee and Nominations and Remuneration Committee ("CLO") (appointed 8 of May 2014 as CLO)
Olesya Sheppard - Director and Chief Financial Officer ("CFO") (appointed 8 of May 2014 as Director and 27 of August as CFO)
Shiv Vikram Khemka - Director
Uday Harsh Khemka - Director
Timur Miretskyy - Director (appointed 8 of May 2014)
Dmytro Shpakov - Director
Natalia Malysheva – Director (appointed 27 August 2014 and resigned 11 of December 2014)
Inter Jura CY (Directors) Limited – Director and member of the Audit Committee and Nomination and Remuneration Committee
Inter Jura CY (Management) Limited - Director
Andrii Gubka - Director and Chief Executive Officer ("CEO") (resigned 8 of May 2014)
Anton Chvanov - Director and Chief Financial Officer ("CFO") and member of the Audit Committee and Nominations and Remuneration Committee (resigned 27 of August 2014)
Inna Ivanova - Director (resigned 8 of May 2014)
Oraz Durdyev - Director and member of the Audit Committee and Nominations and Remuneration Committee (resigned 8 of May 2014)

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 Section 9 sub-sections (3 (c)) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 as amended (the "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 2014, confirm that, to the best of our knowledge:

(a) the annual consolidated financial statements which are presented on pages 16 to 67:

(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 Section 9, sub-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
Denis Khrenov – Director and Chief Executive Officer	
Nand Lal Khemka - Chairman	
Shiv Vikram Khemka – Director	
Uday Harsh Khemka – Director	
Timur Miretskyy - Director	
Oleksandr Balakhnov – Director and Chief Legal Officer	
Dmytro Shpakov – Director	
Olesya Sheppard – Director and Chief Financial Officer	
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
Olesya Sheppard	Chief Financial Officer	

Report of the 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 2014.

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 2014 was EUR 163,590 thousand (2013: EUR 68,320 thousand). The primary part of the loss is due to net revenue reduction of EUR 299,218 thousand driven mainly by the overall industry decline, interest expense in the amount of EUR 35,607 thousand for on loans and other borrowings and impairment of closed breweries of EUR 76,000 thousand. On 31 December 2014 the total assets of the Group were EUR 751,114 thousand (2013: EUR 1,152,662 thousand) and the net assets were EUR 172,534 thousand (2013: net assets EUR 341,512 thousand). The financial position, development and performance of the Group as presented in these consolidated financial statements are as expected given the market conditions in Ukraine and Russia.

Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Group are disclosed in Notes 1, 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 aside from those disclosed in the business environment section included herein.

Results

6 The Group's results for the year are set out on page 17 of the consolidated financial statements. The loss for the year is carried forward.

No substantial difference of results from indicative results published

7 The loss for the year as presented on page 17 of the consolidated financial statements is not significantly different from the preliminary results announced on 26 February 2015.

Dividends

8 No dividends were recommended by the Board of Directors.

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.

Report of the Board of Directors (Continued)

Share capital (continued)

10 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

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

12 As of 31 December 2014 the Group, which is beneficially owned by Anheuser-Busch InBev, had the following shareholders' structure. This structure remained unchanged as of five days before the date of approval of these consolidated financial statements.

#	Name	A	B	Total	%
1	InBev S.A.	2,859,843	2,765,718	5,625,561	4.8235
2	InBev Belgium N.V./S.A.	-	1	1	0.0000
3	Brandbrew S.A.	-	1	1	0.0000
4	Interbrew International B.V.	-	1	1	0.0000
5	Worldoor Limited	70,154,537	9,519,598	79,674,135	68.3142
6	Hancock Venture Partners Inc.	30,545	30,545	61,090	0.0524
7	Bank of New York (Nominees) Limited - London	745,384	-	745,384	0.6391
8	Bank of New York (Nominees) Limited - New York	15,042,401	15,480,356	30,522,757	26.1708
		88,832,710	27,796,220	116,628,930	100.0000

13 It is noted that for a valid transfer of shares to take place, the name of the transferee must be entered in the register of members in respect thereof.

14 The Class A shares of the Company 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.

Report of the Board of Directors (Continued)

Share capital (continued)

- 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.

15 The Class B shares of the Company have no restrictions on voting rights.

Board of Directors

16 The members of the Board of Directors at 31 December 2014 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2014 except in relation to the following: Mr Andrii Gubka, Mr Oraz Durdyev and Mrs Inna Ivanova, who resigned on 8 of May 2014 and Mr Anton Chvanov resigned on 27 August 2014. Mrs Olesya Sheppard and Mr Timur Miretsky were appointed as Director on 8 May 2014. Mrs Olesya Sheppard was also appointed as Chief Financial Officer on 27 August 2014. Mr Denis Khrenov was a member of the Board throughout the year 2014, but also was appointed as CEO on 8 of May 2014. Mr Oleksandr Balakhnov was a member of the Board throughout the year 2014, but was also appointed as CLO on 8 May 2014. Mrs Natalia Malysheva was appointed as Director on 27 August 2014 and resigned on 11 December 2014.

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

Directors' interests in the Company's share capital

18 Directors have no material direct or indirect shareholding in the Company's share capital or share options (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 end of the financial year and 5 days before the date the financial statements are approved by the board of Directors.

Branches

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

Events after the balance sheet date

20 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

21 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.

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law").

<u>Paragraphs 5(a) – (c) of the Directive – Corporate Governance</u>

22 The Company is voluntarily 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 12 August 2012, which is available to the public on the Company's website: www.suninterbrew.com. The Company's corporate governance charter has been adopted, but has not yet been implemented.

23 The Company is not required to comply with the provisions of the corporate governance code of the Luxembourg Stock Exchange, although, the Corporate Governance Charter it applies, is generally based on the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange. The Company has voluntarily applied corporate governance practices, mentioned in the Corporate Governance Charter. The Articles of Association of the Company further provide for the powers, duties and procedures of the Directors, and are also available on the Company's website, as cited above.

<u>Paragraph 5(d) of the Directive – description of the main features of the issuers' internal control and risk management systems in relation to the composition, preparation and drafting of the periodic information of Part II of the Law</u>

24 The periodic information referred to in Part II of the Law, comprises of the annual financial report, the half-yearly financial report, the first and second semester interim management statements, and the indicative results. Issuers whose titles are admitted to trading on a regulated market are obliged to prepare and disclose such information in accordance with the provisions and the time schedules stipulated in Part II of the Law. Moreover, and as stipulated in Part II of the Law, the financial reports of the Company and of the Group are prepared based on the applicable International Accounting Standards, the Law, as well as the provisions of the Companies Law, Cap. 113 in order to provide a true and fair picture of the financial affairs of the Company and the Group, respectively.

25 The Secretary, the professional advisers of the Company along with the Board of Directors through the use of adequate control procedures and risk management, ensure the lawful drafting, preparation, compilation and publication of required periodic information.

26 The Compliance Officers of the Company in relation to the obligations of the Law, ensure the timely publication of the necessary periodic information, and that this information includes the information required by the Law. This information is disclosed in accordance with the manner and time schedules set out in the Law and the relevant Transparency Directives. Finally, it should be noted that, pursuant to the Law, the Annual Financial Reports of the Group and the Company are audited by the External Auditors of the Company, PricewaterhouseCoopers Limited, in accordance with the provisions of the Companies Law and the applicable International Accounting Standards.

<u>Par. 5(e) of the Directive: Significant shareholders holding the Company's share capital</u>

27 See paragraphs 9 to 15 above under "Share Capital".

<u>Par. 5(f) – (g) of the Directive: types of shares and attached rights</u>

28 See paragraphs 9 to 15 above under "Share Capital" regarding special rights attributed to classes of shares.

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

<u>Par. 5(h) of the Directive: Rules governing the appointment and replacement of Board Members and the amendment of the Articles of Association</u>

29 According to the Article 76 of the Articles of Association of the Company, the minimum number of directors shall be two and the maximum number shall be fifteen. Directors are appointed either by the general meeting of shareholders or by the board of directors. Pursuant to Articles 98 – 101 of the Articles of Association of the Company, the Company at a general meeting may appoint any person to be a director and to determine the period for which such person is to hold office. Further, the Company may, by ordinary resolution of which special notice has been given in accordance with Section 136 of the Cypriot Companies Law, remove any director before the expiration of his period of office.

30 In accordance with the provisions of the Cypriot Companies Law, the Company may, by special resolution, amend its Articles of Association. A special resolution may be approved by a majority not less than three quarters of the shareholders present which are entitled to vote at a general meeting, for which a suitable notification of at least twenty one days has been given, determining the intention to propose the resolution as a special resolution.

<u>Par. 5(i) of the Directive: the powers of the members of the Board of Directors</u>

Competences of the Board

31 The powers and duties of the Directors are stated in Articles 83 – 96 of the Articles of Association of the Company and the Corporate Governance Charter.

32 According to the above, 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.

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

34 The Board of Directors, subject to approval by the Company's shareholders, can cause the issue or buy-back of 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.

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

<u>Par. 5(i) of the Directive: the powers of the members of the Board of Directors</u> (continued)

Functioning of the Board

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

36 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 its 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

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

Chairmanship

38 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.

39 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

40 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

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

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par. 5(i) of the Directive: the powers of the members of the Board of Directors (continued)

Senior Management

42 The Board of Directors has delegated the daily management of the Company to the Chief Executive Officer ("CEO"), who is assisted by a Chief Financial Officer ("CFO") and a Chief Legal Officer ("CLO"). During the financial year 2014 till 8 of May Mr. Andrii Gubka served as CEO and was replaced on the same date by Mr. Denis Khrenov. During the financial year 2014 till 27 of August, Mr. Anton Chvanov served as CFO and was replaced on the same date by Mrs.Olesya Sheppard. During the financial year 2014 till 8 of May Mr.Denis Khrenov served asCLO and was replaced on the same date by Mr. Oleksandr Balakhnov.

Remuneration policy for Board Members and Senior Managers

43 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.

44 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.

45 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. The remuneration of the Board of Directors and key management is described in Note 28 of the consolidated financial statements.

Contracts with Directors and related parties

46 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 2014 in which the Directors or their related persons had 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.

Delegation of Director's powers to committees

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

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

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par. 5(i) of the Directive: the powers of the members of the Board of Directors (continued)

Delegation of Director's powers to committees (continued)

49 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.

Par 5(j) of the Directive

50 Non-Applicable.

Par 5(k) of the Directive: the composition and operation of the administrative, management and supervisory bodies of the Company and their committees

51 The composition of and operation of the Board of Directors, was stated in pg. 1 of this Report, and above, under the heading "Par 5(i) of the Directive: the powers of the members of the Board of Directors".

52 The composition, operation and internal regulation of the Audit Committee and the Nomination and Remuneration Committee of the Board of Directors are stated below.

General rules regarding both committees

53 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.

54 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.

55 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.

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

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par 5(k) of the Directive: the composition and operation of the administrative, management and supervisory bodies of the Company and their committees (continued)

(a) Regulations for the Nominations and Remuneration Committee

(i) Role

57 The Responsibility of the Nominations 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 Nominations 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

58 The Nominations and Remuneration Committee is composed exclusively of four directors of which 1 is independent. The Chairman of the Board or another non-executive director chairs the Nominations and Remuneration Committee.

(iii) Working rules

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

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par 5(k) of the Directive: the composition and operation of the administrative, management and supervisory bodies of the Company and their committees (continued)

(b) Regulations for the Audit Committee

(i) Role

60 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

61 The Audit Committee is composed exclusively of four directors of which one is independent. The Chairman of the Board or another non-executive director chairs the Audit Committee.

(iii) Working rules

62 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.

By Order of the Board

Denis Khrenov
Chief Executive Officer

27 April 2015

Independent auditor's report
To the Members of SUN Interbrew Plc

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of SUN Interbrew Plc (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of 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.

pwc

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2014, and of its financial performance and its 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.

Emphasis of matter

We draw attention to Note 1b to the consolidated financial statements which indicates that the operations of the Group, and those of other entities in Ukraine, have been affected and may continue to be affected for the foreseeable future, by the continuing uncertainties in Ukraine. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, 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, so far as appears from our examination of these books.
- 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 consolidated 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 directive OD190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a statement of corporate governance code has been issued regarding paragraphs (a), (b), (c), (f) and (g) 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 Laws of 2009 and 2013 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, 27 April 2015

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

'000 EUR	Note	31 December 2014	31 December 2013
Assets			
Non-current assets			
Property, plant and equipment	12	230,321	518,727
Intangible assets	14	77,967	120,614
Available for sale financial assets		111	196
Non-current income tax assets		2,811	4,895
Deferred income tax assets	15	49,792	39,287
Total non-current assets		**361,002**	**683,719**
Assets classified as held for sale	13	19,109	10,374
Current assets			
Inventories	16	48,531	82,521
Loan granted to related parties	28	128,778	129,311
Current income tax assets		783	2,681
Trade and other receivables	17	38,735	48,141
Prepayments		5,275	3,076
Cash and cash equivalents	18	148,901	192,839
Total current assets		**371,003**	**458,569**
Total assets		**751,114**	**1,152,662**
Capital and reserves and liabilities			
Capital and reserves	19		
Share capital		1,809	1,809
Share premium		459,105	459,105
Retained earnings		(44,811)	107,892
Translation reserve		(252,223)	(246,843)
Total capital and reserves attributable to the holders of the Company		**163,880**	**321,963**
Non-controlling interests		8,654	19,549
Total capital and reserves		**172,534**	**341,512**
Non-current liabilities			
Loans and borrowings	21	196,957	299,324
Employee benefits	22	115	216
Total non-current liabilities		**197,072**	**299,540**
Current liabilities			
Loans and borrowings	21	162,534	159,510
Trade and other payables	23	218,766	351,420
Current income tax liabilities		208	680
Total current liabilities		**381,580**	**511,610**
Total liabilities		**578,580**	**811,150**
Total capital and reserves and liabilities		**751,114**	**1,152,662**

These consolidated financial statements were approved by the Board of Directors on 27 April 2015 and were signed on its behalf by:

Denis Khrenov – Director and Chief Executive Officer

Olesya Sheppard – Director and 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 20 to 67.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

‘000 EUR	**Note**	**2014**	**2013**
Revenue	6	787,301	1,086,519
Cost of sales		(469,011)	(631,977)
Gross profit		**318,290**	**454,542**
Selling, marketing and distribution expenses		(310,941)	(396,199)
General and administrative expenses	7	(58,630)	(93,236)
Other losses	8	(2,190)	(2,578)
Non-recurring impairment losses	12	(76,000)	-
Results from operating activities		**(129,471)**	**(37,471)**
Finance income	10	334	2,384
Finance costs	10	(65,064)	(43,656)
Net finance costs		**(64,730)**	**(41,272)**
Loss before income tax		**(194,201)**	**(78,743)**
Income tax credit	11	30,611	10,423
Loss for the year		**(163,590)**	**(68,320)**
Other comprehensive income/(loss)			
Defined benefit plan actuarial losses	22	(18)	(57)
Foreign currency translation differences		(5,370)	(838)
Other comprehensive loss for the year		**(5,388)**	**(895)**
Total comprehensive loss for the year		**(168,978)**	**(69,215)**
Loss attributable to:			
Owners of the Company		(152,685)	(58,606)
Non-controlling interests		(10,905)	(9,714)
Loss for the year		**(163,590)**	**(68,320)**
Total comprehensive loss attributable to:			
Owners of the Company		(158,083)	(59,503)
Non-controlling interests		(10,895)	(9,712)
Total comprehensive loss for the year		**(168,978)**	**(69,215)**
Loss per share			
Basic and diluted loss per share (EUR)	20	**(1.31)**	**(0.50)**

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 20 to 67.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

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 2013	**1,809**	**459,105**	**280,851**	**(246,003)**	**495,762**	**29,261**	**525,023**
Comprehensive (loss)/income for the year							
Loss for the year	-	-	(58,606)	-	(58,606)	(9,714)	(68,320)
Defined benefit plan actuarial loss	-	-	(57)	-	(57)	-	(57)
Foreign currency translation differences	-	-	-	(840)	(840)	2	(838)
Total comprehensive loss for the year	**-**	**-**	**(58,663)**	**(840)**	**(59,503)**	**(9,712)**	**(69,215)**
Transaction with owners:							
Dividends paid (Note 19)	-	-	(114,296)	-	(114,296)	-	(114,296)
Total transaction with owners	**-**	**-**	**(114,296)**	**-**	**(114,296)**	**-**	**(114,296)**
Balance at 31 December 2013	**1,809**	**459,105**	**107,892**	**(246,843)**	**321,963**	**19,549**	**341,512**

'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 2014	**1,809**	**459,105**	**107,892**	**(246,843)**	**321,963**	**19,549**	**341,512**
Comprehensive (loss)/income for the year							
Loss for the year	-	-	(152,685)	-	(152,685)	(10,905)	(163,590)
Defined benefit plan actuarial income	-	-	(18)	-	(18)	-	(18)
Foreign currency translation difference	-	-	-	(5,380)	(5,380)	10	(5,370)
Total comprehensive loss for the year	**-**	**-**	**(152,703)**	**(5,380)**	**(158,083)**	**(10,895)**	**(168,978)**
Balance at 31 December 2014	**1,809**	**459,105**	**(44,811)**	**(252,223)**	**163,880**	**8,654**	**172,534**

(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 20 to 67.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

'000 EUR	**Note**	**2013**	**2012**
Cash flows from operating activities			
Loss for the year		**(163,590)**	**(68,320)**
Adjustments for:			
Depreciation and amortisation	12, 14	87,202	123,410
Impairment losses on property, plant and equipment	12, 14	78,953	6,652
Loss on disposal of property, plant and equipment	8	406	316
Interest expense, net of interest income	10	35,273	35,892
Unrealized foreign exchange loss		2,262	566
Income tax credit	11	(30,611)	(10,423)
Other non-cash items		818	160
Cash from operating activities before changes in working capital and provisions		**10,713**	**88,253**
Change in inventories		4,033	14,705
Change in prepayments for current assets		(2,199)	1,716
Change in trade and other receivables		(13,268)	(18,068)
Change in trade and other payables		(7,509)	9,527
Change in provisions and employee benefits		(243)	(202)
Cash flows from operations before income taxes and interest paid		**(8,473)**	**95,931**
Income tax (paid) /recovered		(936)	5,381
Interest paid		(33,150)	(38,403)
Net cash (used in)/generated by operating activities		**(42,559)**	**62,909**
Cash flows from investing activities			
Loans granted		(21)	(268,961)
Loans repaid		-	250,176
Interest received		702	2,439
Proceeds from sale of property, plant and equipment		8,013	1,069
Proceeds from sale of assets held for sale		110	24,642
Acquisition of property, plant and equipment	12	(61,556)	(92,011)
Acquisition of intangible assets	14	(3,225)	(2,036)
Net cash used in investing activities		**(55,977)**	**(84,682)**
Cash flows from financing activities			
Proceeds from borrowings		147,271	187,774
Repayment of borrowings		(71,448)	(182,649)
Other financing costs		(366)	(906)
Dividends paid	19	-	(114,296)
Net cash generated by/ (used in) financing activities		**75,457**	**(110,077)**
Net increase/(decrease) in cash and cash equivalents		**(23,079)**	**(131,850)**
Cash and cash equivalents at beginning of the year		192,839	328,310
Effect of exchange rate fluctuations on cash and cash equivalents		(20,859)	(3,621)
Cash and cash equivalents at end of year	18	**148,901**	**192,839**

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 20 to 67.

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 2014 and 2013 99.97% of the Company's preference shares (Class A) and 99.89% of the ordinary shares (Class B) were effectively 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 8 breweries and 5 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 comes from cash generated from its normal operating activities. In addition, when necessary, the Group seeks additional sources of support from within the group of companies headed by Anheuser-Busch InBev (the "Shareholder Group"). As a result, the Group is economically dependent upon the Shareholder Group. In addition, the activities of the Group are closely linked with the requirements of the Shareholder Group. Related party transactions are disclosed in Note 28.

(b) Business environment

Russian business environment

The Group's operations are primary 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.

Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2014 the Russian economy was negatively impacted by a decline in oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 2014:

- the Central Bank of Russian Federation ("CBRF") exchange rate fluctuated between RR 32.73 and RR 67.78 per USD;
- the CBRF key refinancing interest rate increased from 5.5% p.a. to 17.0% p.a. including an increase from 12.0% p.a. to 17.0% p.a. on 16 December 2014;
- the Russia Trading System ("RTS") stock exchange index ranged between 1,445 and 791;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior years.

1 Background (continued)

(b) Business environment (continued)

Russian business environment (continued)

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Subsequent to 31 December 2014:

- the CBRF exchange rate fluctuated between RR 51.07 per USD and RR 69.66 per USD;
- Russia's credit rating was downgraded by Fitch Ratings in January 2015 to BBB-, whilst Standard & Poor's cut it to BB+ and Moody's Investors Service at Ba1, putting it below investment grade for the first time in a decade. Moody's Investors Service and Fitch Ratings still have Russia as investment grade;
- the RTS stock exchange index ranged between 791 and 1,061.6;
- bank lending activity decreased as banks are reassessing the business models of their borrowers and their ability to withstand the increased lending and exchange rates; and
- the CBRF key refinancing interest rate decreased from 17.0% p.a. to 14% p.a.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

Ukrainian business environment

The Group has operations in Ukraine. Starting in late 2013 the political situation in Ukraine has experienced instability with numerous protests and continued political uncertainty that has led to a deterioration of the State's finances, volatility of financial markets and sharp depreciation of the national currency against major foreign currencies. The ratings of Ukrainian sovereign debt were downgraded by international rating agencies with negative outlooks for the future. The National Bank of Ukraine, among other measures, imposed certain restrictions on processing of client payments by banks and on the purchase of foreign currency on the inter-bank market. The political situation in 2014 has also been volatile, with changes in the Ukrainian Parliament and the Presidency..

The political situation in Eastern Ukraine continued to deteriorate in 2014 resulting in armed conflict and military activity in some parts of the Donetsk and Lugansk regions. The armed conflict has put further pressure on relations between Ukraine and the Russian Federation. Escalating political tensions have had an adverse effect on the Ukrainian financial markets, hampering the ability of Ukrainian companies and banks to obtain funding from the international equity and debt markets. This has contributed to a significant devaluation of the Hryvnia ("UAH") against major currencies. As of the date of this report the official NBU exchange rate of UAH against the US dollar was UAH 23.30 per USD 1, compared to UAH 7.99 per USD 1 as at 31 December 2014. Inflation for 2014 amounted to 24.9% and GDP decreased by at least 7%.

A final resolution of the political and economic crisis in Ukraine and the effects it may have are difficult to predict, however it may have severe effects on the Ukrainian economy and the Group's business.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 290 thousand (2013: EUR 404 thousand). During 2014 an amount of EUR 3 thousand was charged by the Company's statutory auditors for tax services provided (2013: EUR nil).

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except as otherwise stated.

(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 the Ukrainian Hryvnia, 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 IFRS 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 – Financial instruments and risk management

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 1 – Business environment
- Note 12 – Non-current assets classified as held for sale
- Note 14 – Goodwill impairment testing assumptions
- Note 15 – Deferred tax assets
- Note 27 – Contingencies.

2 Basis of preparation (continued)

(e) Changes in accounting policies

The Group changed its accounting policies during 2014 financial year in order to adopt all new and revised International Financial Reporting Standards that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014 as described in Note 3(s).

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 those investees, including structured entities, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

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 the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

(ii) 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.

(iii) 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

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is EURO ("EUR"). The functional currency of the subsidiary OJSC SunInbev is the national currency of the Russian Federation, Russian Roubles ("RR"). The functional currency of the subsidiary PJSC Sun InBev Ukraine is the national currency of the Ukraine, Ukrainian Hrivnya ("UAH"). The consolidated financial statements are presented in EURO, which is the Group's presentation currency.

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.

3 Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign entities

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.

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 of 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.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

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 reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. 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 24), 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.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(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.

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, net of any directly attributable incremental transaction costs and related income tax effect, is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3 Significant accounting policies (continued)

(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. 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 20 to 33 years
- plant and equipment 5 to 15 years
- transportation and office equipment 3 to 5 years
- packaging materials 2 to 10 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) Non-current assets classified as held for sale

Non-current assets are classified in the statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified. Held for sale non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plant and equipment are not depreciated or amortised.

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.

(f) Intangible assets

(i) Goodwill

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.

3. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iii) Software under development

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred.

(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.

(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.

3 Significant accounting policies (continued)

(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.

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.

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.

3 Significant accounting policies (continued)

(i) Impairment (continued)

(i) Non-financial assets (continued)

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.

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 a few of 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.

3 Significant accounting policies (continued)

(j) Employee benefits (continued)

(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

Provisions are recognized when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. 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, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

A provision for disputes and litigation is recognized when it is more likely than not that the Group will be required to make future payments as a result of past events, such items may include but are not limited to, several claims, suits and actions both initiated by third parties and initiated by the Group relating to antitrust laws, violations of distribution and license agreements, environmental matters, employment related disputes, claims from tax authorities, and alcohol industry litigation matters.

(l) Revenue

(i) Goods sold

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the income can be measured reliably. In relation to the sale of beverages and packaging, revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of goods, and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, discounts for cash payments and excise taxes.

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.

3 Significant accounting policies (continued)

(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 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.

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.

3 Significant accounting policies (continued)

(o) Current and deferred income tax (continued)

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 One Europe 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 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.

(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 2014 have been adopted by the EU through the endorsement procedure established by the European Commission.

3 Significant accounting policies (continued)

(s) New Standards and Interpretations (continued)

Adoption of new and revised IFRS

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 2014. 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:

New Standards, interpretations and amendments, not yet adopted by the Group

(i) Adopted by the European Union

- IFRIC 21 - Levies (issued on 20 May 2013 and effective for annual periods beginning 1 January 2015).
- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (issued in November 2013 and effective for annual periods beginning 1 January 2016)
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 January 2015).

(ii) Not yet adopted and not yet endorsed by the European Union

- IFRS 9 Financial Instruments (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018)
- IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).
- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017).
- Amendments to IFRS 11- Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer plants (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016)
- Amendments to IAS 27 - Equity Method in Separate Financial Statements (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016).
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016)

3 Significant accounting policies (continued)

(s) New Standards and Interpretations (continued)

Adoption of new and revised IFRS (continued)

New Standards, interpretations and amendments, not yet adopted by the Group (continued)

(ii) Not yet adopted and not yet endorsed by the European Union (continued)

- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 1 - Disclosure Initiative (issued in December 2014 and effective for annual periods on or after 1 January 2016)
- Amendment to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception (issued in December 2014 and effective for annual periods on or after 1 January 2016).

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

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

A number of other amendments to standards are effective for annual periods beginning after 1 January 2014, 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.

(b) 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.

(c) 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.

(d) 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.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

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

2014 **'000 EUR**	**Russia**	**Ukraine**	**Total**
Total segment revenue	584,477	206,441	790,918
Inter-segment revenue	(3,617)	-	(3,617)
Total Revenue	**580,860**	**206 441**	**787 301**
Cost of sales	(319,566)	(149,445)	(469,011)
Selling, marketing and distribution expenses	(250,795)	(60,146)	(310,941)
General and administrative expenses	(45,550)	(13,080)	(58,630)
Operating expenses, net	(1,605)	(585)	(2,190)
Non-recurring impairment loss	(76,000)	-	(76,000)
Finance income	215	119	334
Finance costs	(47,632)	(17,432)	(65,064)
Reportable segment loss before income tax	**(160,073)**	**(34,128)**	**(194,201)**
Assets			
Reportable segment assets	634,566	120,423	754,989
Inter-segment receivables	(924)	(2,951)	(3,875)
	633,642	**117,472**	**751,114**
Liabilities			
Reportable segment liabilities	(505,381)	(77,074)	(582,455)
Inter-segment payables	2,951	924	3,875
	(502,430)	**(76,150)**	**(578,580)**

Other items

2014 **'000 EUR**	**Russia**	**Ukraine**	**Total**
Interest income	215	119	334
Interest expense	(35,137)	(470)	(35,607)
Capital expenditure	(39,135)	(25,646)	(64,781)
Depreciation and amortisation	(51,831)	(35,371)	(87,202)
Impairment on property, plant and equipment and intangible assets (incl. non-recurring)	(77,093)	(1,860)	(78 953)
Income tax credit	24,430	6,181	30,611

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

5 Operating segments (continued)

(i) Information about reportable segments (continued)

2013

‘000 EUR	**Russia**	**Ukraine**	**Total**
Total segment revenue	774,756	315,803	1,090,559
Inter-segment revenue	(3,939)	(101)	(4,040)
Total Revenue	**770,817**	**315,702**	**1,086,519**
Cost of sales	(415,058)	(216,919)	(631,977)
Selling, marketing and distribution expenses	(309,743)	(86,456)	(396,199)
General and administrative expenses	(67,155)	(26,081)	(93,236)
Operating expenses, net	(1,380)	(1,198)	(2,578)
Finance income	2,152	232	2,384
Finance costs	(42,361)	(1,295)	(43,656)
Reportable segment loss before income tax	**(62,728)**	**(16,015)**	**(78,743)**
Assets			
Reportable segment assets	909,936	244,355	1,154,291
Inter-segment receivables	(1,405)	(224)	(1,629)
	908,531	**244,131**	**1,152,662**
Liabilities			
Reportable segment liabilities	(694,413)	(118,366)	(812,779)
Inter-segment payables	224	1,405	1,629
	(694,189)	**(116,961)**	**(811,150)**

Other items

2013

’000 EUR	**Russia**	**Ukraine**	**Total**
Interest income	2,152	232	2,384
Interest expense	(38,245)	(31)	(38,276)
Capital expenditure	(43,427)	(50,620)	(94,047)
Depreciation and amortisation	(74,047)	(49,363)	(123,410)
Impairment on property, plant and equipment and intangible assets	(4,983)	(1,669)	(6,652)
Income tax benefit	8,491	1,932	10,423

Other items

(ii) Major customers

In 2014, as well as in 2013, there were no customers which represented 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 each respective country.

6 Revenue

‘000 EUR	**2014**	**2013**
Beer	780,190	1,074,585
Soft drinks	7,111	11,934
	787,301	**1,086,519**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

7 General and administrative expenses

'000 EUR	**2014**	**2013**
Supply chain overheads	(6,845)	(11,133)
Fixed administrative costs	(40,015)	(52,263)
Service fee costs	(5,016)	(20,112)
Depreciation and impairment (other than "non recurring")	(6,754)	(9,728)
	(58,630)	**(93,236)**

8 Other (losses)/gains, net

'000 EUR	**2014**	**2013**
Loss on disposal of property, plant and equipment	(406)	(316)
Other gains	2,737	1,591
Restructuring expenses / payments to employees	(4,521)	(3,853)
Other losses, net	**(2,190)**	**(2,578)**

9 Personnel costs

'000 EUR	**2014**	**2013**
Wages and salaries	81,660	117,594
Compulsory social security contributions and contributions to State pension fund	20,903	29,386
Other employee benefits	13,485	18,535
Restructuring expenses of payments to employees included in other losses, net	4,521	3,853
	120,569	**169,368**

10 Finance income and finance costs

'000 EUR	**2014**	**2013**
Recognised in profit or loss		
Interest income on loans and receivables	-	1,237
Interest income on bank deposits	334	1,147
Finance income	**334**	**2,384**
Interest expense on loans and borrowings	(35,607)	(38,276)
Net foreign exchange loss	(29,088)	(4,973)
Other	(369)	(407)
Finance costs	**(65,064)**	**(43,656)**
Net finance costs recognised in profit or loss	**(64,730)**	**(41,272)**

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% (2013: 20%). The statutory income tax rate applicable to the Ukrainian companies is 18% (2013: 19%). With effect from 1 January 2014, the income tax rate for the Ukrainian companies has been reduced to 18%.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

11 Income tax expense (continued)

The statutory income tax applicable from 1 January 2014 to Cyprus companies is 12.5% (2013: 12.5%). 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, and to 30% as of 29 April 2013. As from tax year 2012 brought forward losses of only five year may be utilised. In certain cases dividends received from abroad may be subject to special contribution for defence at the of 15%, increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject special contribution for defence.

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

'000 EUR	**2014**	**2013**
Current tax expense		
Current year	668	1,315
Income tax charge/(benefit)	1,225	(11,158)
	1,893	**(9,843)**
Deferred tax expense (Note 15)		
Origination and reversal of temporary differences	(32,504)	453
Change in tax rate	-	(1,033)
	(32,504)	**(580)**
Total income tax credit	**(30,611)**	**(10,423)**

Reconciliation of effective tax rate:

	2014	**2013**
Loss before income tax	**(194,201)**	**(78,743)**
Tax credit calculated at corporate tax rates (12.5%)	(24,275)	(9,843)
Tax effect of:		
- Expenses non deductible for tax purposes	(20)	834
- Reduction in tax rate	-	1,033
- Write-off of deferred tax assets	198	2,624
Effect of higher tax rates applicable to the Russian and Ukrainian subsidiaries	(12,998)	(966)
Utilisation of tax losses	5,259	7,053
Income tax charge/(benefit)	1,225	(11,158)
Tax credit	**(30,611)**	**(10,423)**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

12 Property, plant and equipment

‘000 EUR	Land and buildings	Plant and equipment	Transpor-tation and office equipment	Packaging materials	Assets under construction	Total
Cost						
Balance at 1 January 2013	**344,012**	**895,875**	**245,622**	**55,054**	**44,311**	**1,584,874**
Additions	3,445	18,469	15,249	16,823	38,025	92,011
Interest capitalization	-	-	-	-	850	850
Disposals	(2,710)	(39,524)	(26,877)	(11,627)	-	(80,738)
Transfers to assets held for sale (Note 13)	(13,836)	(52,375)	(1,904)	-	(890)	(69,005)
Transfers	6,724	21,781	2,169	-	(20,149)	10,525
Effect of movements in exchange rates	(32,127)	(79,275)	(19,918)	(3,578)	(4,185)	(139,083)
Balance at 31 December 2013	**305,508**	**764,951**	**214,341**	**56,672**	**57,962**	**1,399,434**
Balance at 1 January 2014	**305,508**	**764,951**	**214,341**	**56,672**	**57,962**	**1,399,434**
Additions	3,805	14,554	18,198	9,610	15,389	61,556
Interest capitalization	-	-	-	-	1,686	1,686
Disposals	(3,917)	(12,299)	(21,524)	(23,181)	(94)	(61,015)
Transfers to assets held for sale (Note 13)	(76)	(54,937)	(230)	-	-	(55,243)
Transfers	707	7,161	11,163	1,133	(20,165)	(1)
Effect of movements in exchange rates	(109,887)	(266,706)	(82,423)	(20,732)	(20,151)	(499,899)
Balance at 31 December 2014	**196,140**	**452,724**	**139,525**	**23,502**	**34,627**	**846,518**
Depreciation and impairment losses						
Balance at 1 January 2013	**(156,436)**	**(592,441)**	**(184,967)**	**(28,421)**	**(2,299)**	**(964,564)**
Depreciation for the year	(16,987)	(63,922)	(24,348)	(14,771)	-	(120,028)
Impairment loss	(915)	(2,362)	(1,487)	(348)	(1,540)	(6,652)
Disposals	2,709	35,918	26,749	8,932	-	74,308
Transfers to assets held for sale (Note 13)	9,747	43,831	1,590	-	864	56,032
Transfers	(1,873)	(7,778)	(194)	-	1,394	(8,451)
Effect of movements in exchange rates	15,424	55,188	15,770	2,146	120	88,648
Balance at 31 December 2013	**(148,331)**	**(531,566)**	**(166,887)**	**(32,462)**	**(1,461)**	**(880,707)**
Balance at 1 January 2014	**(148,331)**	**(531,566)**	**(166,887)**	**(32,462)**	**(1,461)**	**(880,707)**
Depreciation for the year	(12,805)	(43,039)	(18,476)	(10,613)	-	(84,933)
Impairment loss	(40,856)	(28,962)	(740)	-	(8,395)	(78,953)
Disposals	3,844	10,679	20,092	17,261	-	51,876
Transfers to assets held for sale (Note 13)	44	37,829	216	-	-	38,089
Transfers	-	(276)	(73)	-	396	47
Effect of movements in exchange rates	65,389	197,194	61,865	11,689	2,247	338,384
Balance at 31 December 2014	**(132,715)**	**(358,141)**	**(104,003)**	**(14,125)**	**(7,213)**	**(616,197)**
Carrying amounts						
At 1 January 2013	**187,576**	**303,434**	**60,655**	**26,633**	**42,012**	**620,310**
At 31 December 2013	**157,177**	**233,385**	**47,454**	**24,210**	**56,501**	**518,727**
At 31 December 2014	**63,425**	**94,583**	**35,522**	**9,377**	**27,414**	**230,321**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

12 Property, plant and equipment (continued)

Depreciation expense of EUR 62,602 thousand (2013: EUR 90,364 thousand) has been charged to cost of sales, EUR 17,822 thousand (2013: EUR 23,994 thousand) to distribution expenses and EUR 4,508 thousand (2013: EUR 5,670 thousand) to administrative expenses.

Borrowing costs were capitalized as the weighted average rate of its general borrowings of 12.06 % for Russia and 22.83% for Ukraine.

Impairment loss

The impairment loss recognized during the year in amount of EUR 76,000 thousand (2013: EUR nil) relate to the closure of the Angarsk and Perm breweries in Russia which is included in Non-recurring impairment losses in our Consolidated Statement of Comprehensive Income. These changes were aimed to eliminate overlap or duplicated processes and realign the right match of employee profiles with the new organizational requirements. As a result of the series of decisions, these one time expenses are expected to provide the company with a lower cost base in addition to a stronger focus on the Group’s core activities, quicker decision making and improvements to efficiency, service and quality. All of the aforementioned losses were incurred within the Russia segment and were taken against the industrial building, production equipment and certain assets under constructions. For the purposes of the impairment assessment, each plant above was considered it's separate cash generating unit and the recoverable amount was calculated using the fair value less cost of disposal or value in use determined by references to an active market for similar type transactions. The Group consider the recoverable amount of the remaining assets of approximately EUR 18,488 thousand to be determined using some unobservable inputs and, therefore, should be classified as a Level 3 on the fair value hierarchy per IFRS 13, Fair Value Measurements.

In addition to the impairment charge discussed above, The Group have recorded an immaterial expense of EUR 2,953 thousand (2013: EUR 6,652 thousand) related to other transportation, plant and office equipment which is included in the General and administrative expenses. In 2013, this loss was EUR 6,652 thousand and was split between the Cost of sales and General and administrative expenses.

13 Non-current assets classified as held for sale

In 2014 management of the Group approved a formal plan of selling of the breweries in Perm within twelve months from the date of the financial statements. Held for sale assets are measured at the lower of their carrying amount and fair value less costs to sell. 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 2014:

‘000 EUR	**Kursk**	**Novocheboksarsk**	**Perm**	**Total**
Buildings	600	1,936	25	2,561
Plant and equipment	155	3,463	12,765	16,383
Furniture and vehicles	39	14	3	56
IT equipment	21	27	7	55
Other assets	23	31	-	54
	838	**5,471**	**12,800**	**19,109**

During 2014 proceeds from sale of assets classified as held for sale amounts to EUR 110 thousand.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

13 Non-current assets classified as held for sale (continued)

In 2013 management of the Group approved a formal plan of selling of the breweries in Kursk and Novocheboksarsk. 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 2013:

‘000 EUR	**Kursk**	**Novocheboksarsk**	**Total**
Buildings	912	2,942	3,854
Plant and equipment	985	5,263	6,248
Furniture and vehicles	95	21	116
IT equipment	32	41	73
Other assets	35	48	83
	2,059	**8,315**	**10,374**

During 2013 proceeds from sale of assets classified as held for sale amounted to EUR 24,642 thousand.

14 Intangible assets

‘000 EUR	**Goodwill**	**Software**	**Software under development**	**Other intangibles**	**Brands and trade-marks**	**Total**
Cost						
Balance at 1 January 2013	**104,308**	**37,952**	**1,969**	**427**	**20,210**	**164,866**
Additions	-	420	1,616	-	-	2,036
Disposals	-	(365)	-	-	-	(365)
Transfers	-	1,210	(1,300)	-	-	(90)
Effect of movement in exchange rates	(9,503)	(3,778)	(218)	(30)	(2,132)	(15,661)
Balance at 31 December 2013	**94,805**	**35,439**	**2,067**	**397**	**18,078**	**150,786**
Balance at 1 January 2014	94,805	35,439	2,067	397	18,078	150,786
Additions	-	262	2,807	156	-	3,225
Disposals	-	-	-	(1)	-	(1)
Transfers	-	769	(798)	0	-	(29)
Effect of movement in exchange rates	(34,426)	(12,757)	(1,263)	(205)	(6,179)	(54,830)
Balance at 31 December 2014	**60,379**	**23,713**	**2,813**	**347**	**11,899**	**99,151**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

14 Intangible assets (continued)

'000 EUR	**Goodwill**	**Software**	**Software under development**	**Other intangibles**	**Brands and trade-marks**	**Total**
Amortisation and impairment losses						
Balance at 1 January 2013	**-**	**(29,841)**	**-**	**(426)**	**(7)**	**(30,274)**
Amortisation for the year	-	(3,379)	-	(2)	(1)	(3,382)
Disposals	-	365	-	5	-	370
Effect of movement in exchange rates	-	3,085	-	29	-	3,114
Balance at 31 December 2013	**-**	**(29,770)**	**-**	**(394)**	**(8)**	**(30,172)**
Balance at 1 January 2014	-	(29,770)	-	(394)	(8)	(30,172)
Amortisation for the year	-	(2,267)	-	(2)	-	(2,269)
Disposals	-	-	-	1	-	1
Effect of movement in exchange rates	-	11,080	-	176	-	11,256
Balance at 31 December 2014	**-**	**(20,957)**	**-**	**(219)**	**(8)**	**(21,184)**
Carrying amounts						
At 1 January 2013	**104,308**	**8,111**	**1,969**	**1**	**20,203**	**134,592**
At 31 December 2013	**94,805**	**5,669**	**2,067**	**3**	**18,070**	**120,614**
At 31 December 2014	**60,379**	**2,756**	**2,813**	**128**	**11,891**	**77,967**

(a) Amortisation

Amortisation expense of EUR 2,267 thousand has been recognised as part of general and administrative expenses, EUR 2 thousand has been recognised as part of cost of sales.

(b) Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating 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 0.

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

'000 EUR	**Goodwill 31.12.2014**	**Impairment 31.12.2014**	**Goodwill 31.12.2013**	**Impairment 31.12.2013**
Russian operating segment	46,681	-	70,943	-
Ukrainian operating segment	13,698	-	23,862	-
	60,379	**-**	**94,805**	**-**

14 Intangible assets (continued)

The Group completed its annual impairment test for goodwill and concluded, based on the assumptions described below, that no impairment charge was warranted. The Group cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. The Group believes that all of its estimates are reasonable: they are consistent with the internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. During its valuation, the company ran sensitivity analysis for key assumptions including the weighted average cost of capital and the terminal growth rate for Russia and Ukraine taking into account the continued political instability and deteriorating macroeconomic conditions. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the Group, based on the sensitivity analysis performed is not aware of any reasonably possible change in a key assumption used that would cause an operating segment's carrying amount to materially exceed its recoverable amount. Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill is tested for impairment at the operating segment level (that is one level below the reporting segments). The operating segment level is the lowest level at which goodwill is monitored for internal management purposes. Whenever a business combination occurs, goodwill is allocated as from the acquisition date, to each of the Group's operating segments that are expected to benefit from the synergies of the combination. The Group impairment testing methodology is in accordance with IAS 36, in which a fair-value-less-cost-to-sell and value in use approaches are taken into consideration. This includes applying a discounted free cash flow approach based on acquisition valuation models for its major operating segments and the operating segments showing a high invested capital to EBITDA ratio, and valuation multiples for its other operating segments. The key judgments, estimates and assumptions used in the discounted free cash flow calculations are as follows:

- The first year of the model is based on management's best estimate of the free cash flow outlook for the current year;
- In the second to fourth years of the model, free cash flows are based on Group's strategic plan as approved by key
- management. The Group's strategic plan is prepared per country and is based on external sources in respect of macroeconomic
- assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;
- For the subsequent six years of the model, data from the strategic plan is extrapolated generally using simplified
- assumptions such as constant volumes and variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources;

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14 Intangible assets (continued)

(b) Impairment testing for cash generating units containing goodwill (continued)

- Cash flows after the first ten-year period are extrapolated generally using expected annual long-term consumer price indices ("CPI"), based on external sources, in order to calculate the terminal value, considering sensitivities on this metric.
- Projections are made in the functional currency of each CGU and discounted at the operating segment's weighted average cost of capital which was approximately 15.74% (2013: 11.6%) for Russia and 28.11% (2013: 16.1%) for Ukraine.

Although the Group believes that its judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or market or macro-economic conditions. However reasonable changes are not expected to lead to a different conclusion.

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	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Property, plant and equipment	16,356	10,283	(9,710)	(13,351)	6,646	(3,068)
Intangible assets	408	593	(3,125)	(4,315)	(2,717)	(3,722)
Inventories	1,011	855	-	-	1,011	855
Employee benefits	1,143	1,819	(69)	-	1,074	1,819
Trade and other receivables	3,631	3,665	(80)	(88)	3,551	3,577
Trade and other payables	9,411	20,323	-	(4,100)	9,411	16,223
Tax assets/(liabilities)	**31,960**	**37,538**	**(12,984)**	**(21,854)**	**18,976**	**15,684**
Tax losses carried forward	30,816	23,603	-		30,816	23,603
Set off of tax	(12,984)	(21,854)	12,984	21,854	-	-
Net tax assets	**49,792**	**39,287**	**-**	**-**	**49 792**	**39,287**

Movement in temporary differences during the year

'000 EUR	**1 January 2014**	**Recognised in profit or loss (Note 11)**	**Change in tax rate (Note 11)**	**Recognised in other comprehensive income- foreign exchange differences**	**31 December 2014**
Property, plant and equipment	(3,068)	12,184	-	(2,470)	6,646
Intangible assets	(3,722)	(374)	-	1,379	(2,717)
Inventories	855	602	-	(446)	1,011
Employee benefits	1,819	(116)	-	(629)	1,074
Trade and other receivables	3,577	1,611	-	(1,637)	3,551
Trade and other payables	16,223	(1,087)	-	(5,725)	9,411
Tax losses carried forward	23,603	19,684	-	(12,471)	30,816
	39,287	**32,504**	**-**	**(21,999)**	**49,792**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

15 Deferred tax assets and liabilities (continued)

'000 EUR	1 January 2013	Recognised in profit or loss (Note 11)	Change in tax rate (Note 11)	Recognised in other comprehensive income- foreign exchange differences	31 December 2013
Property, plant and equipment	(2,462)	(1,593)	470	517	(3,068)
Intangible assets	(4,269)	104	2	441	(3,722)
Inventories	1,018	(111)	39	(91)	855
Employee benefits	3,716	(1,709)	81	(269)	1,819
Trade and other receivables	7,482	(3,597)	229	(537)	3,577
Trade and other payables	14,415	3,165	212	(1,569)	16,223
Tax losses carried forward	22,919	3,288	-	(2,604)	23,603
	42,819	**(453)**	**1,033**	**(4,112)**	**39,287**

Deferred income tax assets are recognised for unused tax losses, tax credit and deductible 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 revenue growth initiatives being currently put in place, as well as amending the terms of related party transaction. The assessment consists in applying a discounted free cash flow approach based on acquisition valuation models for its business units. Deferred tax assets are expected to be recovered after more than 12 months and within statutory expiration period.

The tax loss carry forwards expire as follows:

'000 EUR	2014	2013
Tax loss carry-forwards expiring by the end of:		
- 31 December 2021	8,625	13,108
- 31 December 2022	4,866	7,395
- 31 December 2023	2,040	3,100
- 31 December 2024	8,251	-
- not subject to expiration	7,034	-
Total tax loss carry forwards	**30,816**	**23,603**

16 Inventories

'000 EUR	2014	2013
Raw materials	32,551	55,924
Work in progress	1,716	3,069
Finished goods and goods for resale	9,803	16,379
Other	4,461	7,149
	48,531	**82,521**
Write-down of inventories in the year	(1,444)	(215)

In 2014 raw materials, consumables and changes in finished goods and work in progress recognized as cost of sales amounted to EUR 307,640 thousand (2013: EUR 434,454 thousand). The write-down of inventories to net realizable value and reversal of write-downs are included in cost of sales.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

17 Trade and other receivables

'000 EUR	**2014**	**2013**
Trade receivables	33,775	43,903
Non-income taxes receivable	1,224	636
Other receivables due from entities under common control	10	-
Other receivables	3,726	3,602
	38,735	**48,141**

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	**2014**	**2013**
Bank balances	148,396	164,146
Call deposits	19,753	47,810
Cash and cash equivalents in the consolidated statement of financial position excluding bank overdrafts used for cash management purposes	**168,149**	**211,956**
Bank overdrafts used for cash management purposes (Note 21)	(19,248)	(19,117)
Cash and cash equivalents in the consolidated statement of financial position and cash flows	**148,901**	**192,839**

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)**	
	2014	**2013**	**2014**	**2013**
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
In issue at 1 January and 31 December, fully paid	27,796,220	27,796,220	88,832,710	88,832,710

There were no changes in the share capital during the year.

Ordinary shares

All shares rank equally with regard to the Company's residual assets..

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:

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19 Capital and reserves (continued)

(a) Share capital (continued)

- 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 share 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 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.

No dividends were distributed in 2014 by the Company.

On 28 August 2013 the Board of Directors approved the payment of interim dividends of EUR 0.98 for each issued and fully paid Class A share and for each issued and fully paid Class B share, amounting to EUR 114,296 thousand. The dividends were fully paid by 31st October 2013.

20 Earnings per share

Basic earnings per share is calculated by dividing the loss 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.

2014	**Loss (Numerator) '000 EUR**	**Number of shares (Denominator)**	**Per share-amount EUR**
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	(116,295)	88,832,710	(1.31)
Attributable to holders of class "B" participating shares	(36,390)	27,796,220	(1.31)
Total attributable to participating shares	**(152,685)**	**116,628,930**	**(1.31)**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

20 Earnings per share (continued)

2013	Loss (Numerator) '000 EUR	Number of shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	(44,638)	88,832,710	(0.50)
Attributable to holders of class "B" participating shares	(13,968)	27,796,220	(0.50)
Total attributable to participating shares	**(58,606)**	**116,628,930**	**(0.50)**

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	2014	2013
Non-current liabilities			
Loan from entity under common control	28 (b)	196,957	299,324
Current liabilities			
Bank overdraft (Note 18)		19,248	19,117
Current loans from bank		10,797	-
Current loans from entities under common control	28 (b)	151,737	159,510
		181,782	**178,627**

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 2014 Face value	31 December 2014 Carrying amount	31 December 2013 Face value	31 December 2013 Carrying amount
Non-current loan from an entity under common control	RUB	8.25%	2018	196,957	196,957	299,324	299,324
Bank overdraft	RUB	6.15% - 6.80%	n/a	19,248	19,248	19,117	19,117
Current loans from bank	UAH	15.5% - 16.5%	2015	10,797	10,797	-	-
Current loans from an entity under common control	RUB	Mosprime + 2%	2015	146,345	146,345	156,006	156,006
Current interest payable	N/A	N/A	2015	5,392	5,392	3,504	3,504
Total interest-bearing liabilities				**378,739**	**378,739**	**477,951**	**477,951**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

21 Loans and borrowings (continued)

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The carrying value of non-current borrowings exceed its fair value by EUR 60,199 thousand. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 18.04% and are within level 3 of the fair value hierarchy.

22 Employee benefits

One of the Group subsidiaries, PJSC SUN InBev Ukraine makes contributions to a defined benefit plan that provides pension benefits for a limited number of 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. The amount is not material for the Group and covers a limited number of employees in Ukraine.

23 Trade and other payables

'000 EUR	**2014**	**2013**
Trade payables	169,633	259,816
Non-income taxes payable	32,744	57,474
Payroll and social security payables	8,800	16,952
Other payables and accrued expenses	7,589	17,178
	218,766	**351,420**

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	**2014**	**2013**
Loans and receivables		
Loan granted to a related party	128,778	129,311
Trade and other receivables excluding non-income taxes receivable	37,511	47,505
Cash and cash equivalents	148,901	192,839
	315,190	**369,655**
Available for sale		
Available for sale financial asset investments	111	196
	315,301	**369,851**
Financial liabilities measured at amortized cost	177,222	
Trade payables and other payables and accrued expenses		276,994
Current loans and borrowings	162,534	159,510
Non-current loans and borrowings	196,957	299,324
	536,713	**735,828**

24 Financial instruments and risk management (continued)

(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.

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 2014 (2013: none).

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.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

24 Financial instruments and risk management (continued)

(b) Credit risk (continued)

(i) Trade and other receivables (continued)

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 (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 Group attempt to minimize our credit exposure to counterparties by entering into agreements with major international financial institutions with "A" or higher credit ratings as issued by Fitch. Although our theoretical credit risk is the replacement cost at the then estimated fair value of the financial instruments at these institutions, the Group believe that the risk of incurring credit risk losses is remote and that such losses, if any, would not be material.

The credit quality of cash and cash equivalents balances may be summarized based on Fitch long-term issuer ratings as follows:

	31 December 2014		**31 December 2013**	
’000 EUR	**Bank balances payable on demand**	**Term deposits**	**Bank balances payable on demand**	**Term deposits**
AAA rated	641*	-	126*	-
AA- to AA+ rated	-	-	-	-
A- to A+ rated	128,276	19,753	143,921	47,810
Lower than A- rated	-		-	-
Unrated	231	-		982
	129,148	**19,753**	**144,047**	**48,792**

**based on the national scale*

For the following financial institutions Fitch Agency doesn’t establish credit ratings, therefore the rating of the ultimate parent has been introduced:

Financial institution	**Owner**	**% Ownership**
Deutsche Bank Plc (Russia)	Deutsche Bank AG	100%
Deutsche Bank OJSC (Ukraine)	Deutsche Bank AG	100%
Bank Mendes Gans NV (Netherlands)	ING Bank NV	100%
ING Bank OJSC Ukraine (Ukraine)	ING Bank NV	100%

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

24 Financial instruments and risk management (continued)

(b) Credit risk (continued)

(iii) Cash and cash equivalents (continued)

Investing and financing transactions that did not require the use of cash and cash equivalents and were excluded from the cash flow statement are presented in Note 41.

Concentrations of Credit Risk

The Group is potentially subject to concentrations of credit risk on accounts receivable and financial instruments, such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions (as counterparties to hedging transactions) and monitoring procedures. Company's business often involves large transactions with customers for which the Group does not require collateral. If one or more of those customers were to default in its obligations under applicable contractual arrangements, the Group could be exposed to potentially significant losses. Moreover, a prolonged downturn in the global economy could have an adverse impact on the ability of our customers to pay their obligations on a timely basis. The Group believes that the reserves for potential losses are adequate. As of December 31, 2014, the Group did not have any significant concentration of credit risk related to financial instruments.

(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	**2014**	**2013**
Available for sale financial asset investments	111	196
Loan granted to related party	128,778	129,311
Trade and other receivables excluding non-income taxes receivable	37,511	47,505
Cash and cash equivalents	148,901	192,839
	315,301	**369,851**

(v) Impairment losses

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

'000 EUR	**Gross 2014**	**Impairment 2014**	**Gross 2013**	**Impairment 2013**
Not past due	36,677	(588)	46,270	(729)
Past due 0-30 days	2,810	(298)	3,160	(726)
Past due 31- 59 days	144	(51)	155	(6)
Past due 60 - 89 days	93	(73)	39	(22)
Past due 90 - 179 days	1,748	(1,727)	1,573	(1,573)
Past due 180- 359 days	2,486	(2,486)	540	(540)
Past due more than 360 days	1,570	(1,570)	404	(404)
	45,528	**(6,793)**	**52,141**	**(4,000)**

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

'000 EUR	**2014**	**2013**
Balance at beginning of the year	(4,000)	(6,941)
Increase during the year	(5,883)	-
Decrease due to reversal	3,090	2,941
Balance at end of the year	**(6,793)**	**(4,000)**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

24 Financial instruments and risk management (continued)

(b) Credit risk (continued)

(v) Impairment losses (continued)

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 confident 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.

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.

2014

‘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	177,222	177,222	177,222	-	-	-	-	-
Current loans payable (1)	162,534	162,534	162,534	-	-	-	-	-
Non-current loan from related party	196,957	245,704	16,249	16,249	16,249	196,957	-	-
	536,713	**585,460**	**356,005**	**16,249**	**16,249**	**196,957**	**-**	**-**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

24 Financial instruments and risk management (continued)

(c) Liquidity risk (continued)

2013

'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	276,994	276,994	276,994	-	-	-	-	-
Current loans payable (1)	159,510	159,510	159,510	-	-	-	-	-
Non-current loan from related party	299,324	422,794	24,694	24,694	24,694	24,694	299,324	-
	735,828	**859,298**	**461,198**	**24,694**	**24,694**	**24,694**	**299,324**	**-**

(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 Hryvnia (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 2014**	**EUR-denominated 2014**	**USD-denominated 2013**	**EUR-denominated 2013**
Trade and other payables	(22,370)	(44,208)	(23,595)	(57,614)
Current loans from related parties	-	(24)	(33,200)	(757)
Current loans granted to related party	-	128,856	-	128,834
Trade and other receivables	-	-	1,915	-
Net exposure	**(22,370)**	**84,624**	**(54,880)**	**70,463**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

24 Financial instruments and risk management (continued)

(d) Market risk (continued)

(i) Currency risk (continued)

The following significant exchange rates applied during the year:

in EUR	**Average rate**		**Reporting date spot rate**	
	2014	**2013**	**2014**	**2013**
RUB for EUR 1	50.9928	42.4001	68.3427	44.9699
UAH for EUR 1	15.6833	10.6157	19.2329	11.0415

Sensitivity analysis

A strengthening/weakening 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. The analysis is performed on the same basis for 2013, 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 2014				
USD (+/-30% movement in exchange rate)	(15,239)	(15,239)	15,239	15,239
EUR (+/-30% movement in exchange rate)	25,387	25,387	(25,387)	(25,387)
31 December 2013				
USD (+/-30% movement in exchange rate)	(16,464)	(16,464)	16,464	16,464
EUR (+/-30% movement in exchange rate)	21,138	21,138	(21,138)	(21.138)

(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.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

24 Financial instruments and risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Profile

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

	Carrying amount	
'000 EUR	**2014**	**2013**
Fixed rate instruments		
Financial liabilities	(196,957)	(299,324)
	(196,957)	**(299,324)**
Variable rate instruments		
Financial assets	128,778	129,311
Financial liabilities	(162,534)	(159,510)
	(33,756)	**(30,199)**

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 in profit or loss or in equity.

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 2013.

	Profit or loss		Equity	
'000 EUR	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
2014				
Variable rate instruments	(338)	338	(338)	338
Cash flow sensitivity (net)	**(338)**	**338**	**(338)**	**338**
2013				
Variable rate instruments	(302)	302	(302)	302
Cash flow sensitivity (net)	**(302)**	**302**	**(302)**	**302**

(e) Accounting classifications and fair values

As required by IFRS 13 Fair value measurement, the following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

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24 Financial instruments and risk management (continued)

(e) Accounting classifications and fair values (continued)

Fair value hierarchy 2014 **‘000 EUR**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at amortized cost			
Non-current assets classified as held for sale	-	-	19,109
Loan granted to related party	-	-	128,778
Trade and other receivables excluding non-income taxes receivable	-	37,511	-
Cash and cash equivalents	148,901	-	-
	148,901	**37,511**	**147,887**
Financial liabilities measured at amortized cost			
Trade payables and other payables and accrued expenses	-	177,222	-
Current loans and borrowings	-	-	162,534
Non-current loans and borrowings	-	-	196,957
	-	**177,222**	**359,491**

Fair value hierarchy 2013 **‘000 EUR**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at amortized cost			
Non-current assets classified as held for sale	-	-	10,374
Loan granted to related party	-	-	129,311
Trade and other receivables excluding non-income taxes receivable	-	47,505	-
Cash and cash equivalents	192,839	-	-
	192,839	**47,505**	**139,685**
Financial liabilities measured at amortized cost			
Trade payables and other payables and accrued expenses	-	276,994	- -
Current loans and borrowings	-	-	159,510
Non-current loans and borrowings	-	-	299,324
	-	**276,994**	**458,834**

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, except Non-current loans from entities under common control as disclosed in Note 21. 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.

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24 Financial instruments and risk management (continued)

(f) Capital management (continued)

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	**2014**	**2013**
Total liabilities	(578,580)	(811,150)
Less: cash and cash equivalents	148,901	192,839
Net debt	**(429,679)**	**(618,311)**
Total equity	(172,534)	(341,512)
Debt to capital ratio at 31 December	**2.49**	**1.81**

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.

Offsetting Financial Assets and Financial Liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2014:

'000 EUR	**Gross amounts before offsetting in the statement of financial position**	**Gross amounts set off in the statement of financial position**	**Net amount after offsetting in the statement of financial position**	**Net amount of exposure**
Assets				
Trade receivables	41,286	(7,511)	33,775	33,775
Total assets subject to offsetting, master netting and similar arrangement	**41,286**	**(7,511)**	**33,775**	**33,775**
Liabilities				
Trade payables	177,144	(7,511)	169,633	169,633
Total liabilities subject to offsetting, master netting and similar arrangement	**177,144**	**(7,511)**	**169,633**	**169,633**

The Group has master netting arrangements of payables for trade marketing activities with customers, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off trade receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty.

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 6,805 thousand (2013: EUR 6,586 thousand).

26 Commitments

At 31 December 2014 the Group had outstanding contractual commitments totalling approximately EUR 3,667 thousand (31 December 2013: EUR 3,936 thousand) to purchase property, plant and equipment. In addition, the Group had commitments to purchase raw and packaging materials worth EUR 8,754 thousand at 31 December 2014 (31 December 2013: EUR 13,998 thousand). All the Groups commitments are current and will be settled within 12 months after reporting date.

27 Contingencies

(a) Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

(b) Taxation contingencies

Taxation contingencies in the Russian Federation

Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This 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 arm's length. Management has implemented internal controls to be in compliance with this transfer pricing legislation.

27 Contingencies (continued)

(b) Taxation contingencies (continued)

Taxation contingencies in the Russian Federation (continued)

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. Management plans to defend vigorously the Group's transfer pricing positions.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. In 2014, the Controlled Foreign Company (CFC) legislation introduced Russian taxation of profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). Starting from 2015, CFC income will be subject to a 20% tax rate. As a result, management reassessed the Group’s tax positions and recognised deferred taxes for temporary differences that arose from the expected taxable manner of recovery of the relevant Group’s operations to which the CFC legislation will apply to and to the extent that the Group (rather than its owners) is obliged to settle such taxes.

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.

(c) 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.

(d) Business environment

Contingencies arising from the Group’s operating environment are disclosed in Note 1.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

28 Related party transactions

For the purposes of these consolidated 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 and amounts for 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. In addition, during 2014 there was no exit compensation provided to four members of the Board who resigned (2013: EUR 20 thousand). Key management received the following remuneration during the year, which is included in personnel costs (see Note 9):

'000 EUR	**2014**	**2013**
Salaries and bonuses	1,182	2,407
Contributions to State pension fund	130	61
Other service benefits	173	578
	1,485	**3,046**

The total remuneration of the Directors (included in key management remuneration above) for 2014 was EUR 636 thousand (2013: EUR 938 thousand).

(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 2014 service expenditures and royalties amounted to EUR 37,324 thousand (2013: EUR 64,381 thousand) under these agreements.

The total interest expense charged by related parties amounted to EUR 34,624 thousand (2013: EUR 38,866 thousand). The total interest income from related parties in 2014 amounted to EUR 322 thousand (2013: EUR nil).

Purchases from other related parties amounted to EUR 32,044 thousand for 2014 (2013: EUR 11,483 thousand).

The outstanding balances with related parties were as follows:

'000 EUR	**31 December 2014**	**31 December 2013**
Other receivables from entities under common control	4,928	2,651
Accounts payable to the entities under common control	(22,484)	(22,899)
Loan granted to an entity under common control	128,778	129,311
Current loans from entities under common control	(146,345)	(156,006)
Interest payable to entities under common control	(5,392)	(3,504)
Non-current loans from entities under common control	(196,957)	(299,324)
	(237,472)	**(349,771)**

(c) Pricing policies

Related party transactions are based on market prices.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

29 Significant subsidiaries

Subsidiary	Country of incorporation/business	2014 Ownership/voting	2013 Ownership/voting
Sun Interbrew Finance Ltd	Russian Federation	100%/100%	100%/100%
OJSC Sun InBev Russia	Russian Federation	93.55%/93.55%	88.12%/88.12%
PJSC Sun InBev Ukraine	Ukraine	91.89%/98.34%	86.66%/98.34%

The increase in shareholding in OJSC Sun InBev Russia and PJSC Sun InBev Ukraine represents the registration of the increase in the share capital of the subsidiary OJSC Sun InBev Russia. The contribution for the share capital increase was made in 2012, however the change became effective in 2014.

30 Events subsequent to the reporting date

The following exchange rates were noted as of 15th April 2015 and during the period between 1st January 2015 and 15th April 2015:

	Average rate		Spot rate	
	Period 1 January 2015 until 15 April 2015	Year ended 31 December 2014	15 April 2015	31 December 2014
RUB for EUR	69,0424	50,9928	54,8387	68,3427
UAH for EUR	23,7861	15,6833	24,2196	19,2329

The following events subsequent to the reporting date were identified. On 31 December 2014 the Parliament of Ukraine passed a law which significantly revised the Tax Code effective from 1 January 2015. Applicable taxes include value-added tax, corporate income tax, customs duties and other taxes. As a result, there may be significant uncertainty as to the implementation or interpretation of the new legislation and unclear or non-existent implementing regulations. Management’s interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant regional and State authorities. Recent events in Ukraine suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities of the Company that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The most significant changes that are expected to impact the Group’s operations in Ukraine are:

- Revised corporate tax computation rules, whereby the basis for calculating corporation tax is now an adjusted accounting profit, rather than through a separate calculation of taxable income and deductible expenses. The enacted corporate tax rates were not change as a result of this revision.

30 Events subsequent to the reporting date (continued)

- The electronic VAT administration system will be implemented starting from 1 February 2015 and will operate in a test mode till 1 July 2015. During this period all VAT invoices should be issued in electronic form and registered in the Unified Register of tax invoices (failure to register the invoices on time will be subject to 10-50% fines depending on the overdue period). The VAT base for taxable supplies cannot be lower than (i) the purchase price for purchased goods/services, (ii) the cost of goods sold for produced goods/services, (iii) the net balance value per accounting books at the beginning of the reporting period for non-current assets.
- Starting from 1 July 2015 beer will be treated as alcohol beverage which will lead to additional certification and licensing to be passed by beer producers.
- Dividends received from Ukrainian legal entity CPT payer (other than collective investment arrangement) are subject to 5% personal income tax.
- Additional 5-10% import fee is introduced: 10% will apply for goods classified in chapters 1-24 of the Ukrainian Nomenclature (mostly food and agricultural products, etc.); 5% will apply for goods classified in chapters 25-97 (all other goods).
- Starting from 1 January 2015 the duty for purchases of foreign currency is increased from 0.5% to 2%. This pension fund duty should no longer apply to legal entities and does not apply to the purchase of foreign currency by individuals to repay hard currency loans.
- The main changes to transfer pricing (“TP”) legislation are the following:
    - The arm’s length principle has been officially introduced.
    - The list of related parties and controlled transactions for the purposes of the transfer pricing regulations is expanded. However, transactions between two residents of Ukraine were excluded from the list of controlled transactions.
    - The criteria for recognition of controlled transactions have been separated for corporate profit tax (“CPT”) and VAT purposes.
    - The threshold for controlled transactions has been reduced to UAH 1 million or 3% of the taxpayer’s revenue with one counterparty (provided the total annual revenue of the taxpayer or its related parties exceeds UAH 20 million).
    - The duration of a TP tax audit is increased to 18 months with an extension of 12 months.
    - Priority of “official sources” of information will no longer apply.
    - Taxpayers who performed controlled transactions during the reporting period should file an annex to the CPT return, which contains information about the performed controlled transactions.
    - The statutory limitation period for TP assessments was extended to 2,555 days.
    - During the TP audit the tax authorities are now entitled to interview employees of the taxpayer and/or its related parties.
    - New penalties for non-inclusion of controlled transactions into the TP report are introduced (5% of the amount of controlled transactions, the maximum of 100 minimum wages will no longer apply).
    - Penalties for non-provision of TP documentation have been changed to 3% of the amount of the controlled transactions (limited to 200 minimum salaries for all controlled transactions).
    - If the price or profitability in the controlled transactions does not fall in the arm’s length range, TP adjustments will be made to a median level (not the lower / upper limit of the range as previously allowed).

30 Events subsequent to the reporting date (continued)

Currency restriction. On March 4th, 2015, the National Bank of Ukraine strengthened currency control restrictions and introduced the following additional restrictions:

- The threshold for service payments to non-residents, which require price expertise of the Foreign Markets Monitoring Centre, was decreased from EUR 50,000 to EUR 25,000 per year with one counterparty.
- In order to purchase or transfer foreign currency abroad under import transactions, clients are obliged to provide to the servicing bank a Certificate from the State Fiscal Service of Ukraine on absence of tax debt;
- Companies cannot purchase foreign currency if they have more than USD 10,000 on their current and deposit accounts in all banks.
- A ban on the remitting funds to foreign investors through payment of dividends on securities traded on the stock exchange and a decrease in the charter capital or the exit of foreign investors from legal entities.

Previously effective and newly introduced restrictions will be effective till 3 June 2015 (inclusive).

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 13 to 15.

SUN Interbrew Plc

Annual Report and Separate Financial Statements for the year ended 31 December 2014

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Board of Directors and other officers

Board of Directors

Nand Lal Khemka - Director (Chairman of the Board)
Denis Khrenov - Director and Chief Legal Officer ("CLO") – until 8 May 2014. Appointed Chief Executive Officer ("CEO") on 8 of May 2014 and resigned from position of CLO
Oleksandr Balakhnov - Director and Chief Legal Officer and member of the Audit Committee and Nominations and Remuneration Committee ("CLO") (appointed 8 of May 2014 as CLO)
Olesya Sheppard - Director and Chief Financial Officer ("CFO") (appointed 8 of May 2014 as Director and 27 of August as CFO)
Shiv Vikram Khemka - Director
Uday Harsh Khemka - Director
Timur Miretskyy - Director (appointed 8 of May 2014)
Dmytro Shpakov - Director
Natalia Malysheva – Director (appointed 27 August 2014 and resigned 11 of December 2014)
Inter Jura CY (Directors) Limited – Director and member of the Audit Committee and Nomination and Remuneration Committee
Inter Jura CY (Management) Limited - Director
Andrii Gubka - Director and Chief Executive Officer ("CEO") (resigned 8 of May 2014)
Anton Chvanov - Director and Chief Financial Officer ("CFO") and member of the Audit Committee and Nominations and Remuneration Committee (resigned 27 of August 2014)
Inna Ivanova - Director (resigned 8 of May 2014)
Oraz Durdyev - Director and member of the Audit Committee and Nominations and Remuneration Committee (resigned 8 of May 2014)

Company Secretary

Inter Jura CY (Services) Ltd
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 Financial Statements

In accordance with Section 9 sub-sections (3 (c)) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law 2007 as amended ("the Law") we, the members of the Board of Directors and the other responsible persons for the financial statements of SUN Interbrew Plc (the "Company") for the year ended 31 December 2014, we confirm that, to the best of our knowledge:

(a) the annual financial statements of the Company which are presented on pages 17 to 42:

(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 Section 9, Sub-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

(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 together with a description of the main risks and uncertainties that its facing.

Members of the Board of Directors

Name and surname	Signature
Nand Lal Khemka - Chairman	
Shiv Vikram Khemka – Director	
Uday Harsh Khemka – Director	
Denis Khrenov – Director and Chief Executive Officer	
Dmytro Shpakov – Director	
Oleksandr Balakhnov – Director and Chief Legal Officer	
Inter Jura CY (Directors) Limited – Director	
Inter Jura CY (Management) Limited – Director	
Olesya Sheppard – Director and Chief Financial Officer	
Timur Miretskyy - Director	

Responsible for the preparation of the financial statements

Name and surname	Position	Signature
Olesya Sheppard	Chief Financial Officer	

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited parent company financial statements of the Company for the year ended 31 December 2014.

Principal activities

2 The principal activities of the Company, which are unchanged from last year, are to act as a holding and investments company for specific businesses belonging to the controlling shareholder of the Company and the provision of loans within the Group.

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

3 The loss of the Company for the year ended 31 December 2014 was €639,534,109 (2013: loss €250,130,135). On 31 December 2014 the total assets of the Company were €779,424,457 (2013: €1,418,969,456) and the net assets were €779,320,225 (2013: net assets €1,418,854,334). The financial position, development and performance of the Company as presented in these financial statements are as expected given the market conditions in Ukraine and Russia.

Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Company are disclosed in Notes 2, 16 and 17 of the financial statements.

Future developments of the Company

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

Results and dividends

6 The Company's results for the year are set out on page 18. The Board of Directors does not recommend the payment of a dividend. The loss for the year is carried forward.

Share capital

7 There were no changes in the share capital of the Company during the year.

8 The authorized share capital which amounts to GBP1,552,786 is divided into 125,278,614 class A shares of GBP0.01 each and 30,000,000 class B shares of GBP0.01 each.

Report of the Board of Directors (continued)

Share capital (continued)

9 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

10 The shares/GDRs 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.

11 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 among 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.

12 Class B shares have no restrictions on voting rights.

13 As of 31 December 2014 the Company, which is beneficiary owned by Anheuser-Busch InBev, had the following shareholders' structure. This structure remained unchanged as of five days before the date of approval of these financial statements.

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

Report of the Board of Directors (continued)

Share capital (continued)

14 It is noted that for a valid transfer of shares to take place, the name of the transferee must be entered in the register of members in respect thereof.

Board of Directors

15 The members of the Board of Directors at 31 December 2014 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2014 except in relation to the following: Mr Andrii Gubka, Mr Oraz Durdyev and Mrs Inna Ivanova, who resigned on 8 of May 2014 and Mr Anton Chvanov resigned on 27 of August 2014. Mrs Olesya Sheppard and Mr Timur Miretskyy were appointed as Director on 08 May 2014. Mrs Olesya Sheppard was also appointed as Chief Financial Officer on 27 August 2014. Mr Denis Khrenov was member of the Board throughout the year 2014, but also were appointed as CEO on 8 of May 2014. Mr Oleksandr Balakhnov was member of the Board throughout the year 2014, but was also appointed as CLO on 8 of May 2014. Mrs Natalia Malysheva was appointed as Director on 27 August 2014 and resigned on 11 December 2014.

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

Directors’ interests in the Company’s share capital

17 Directors have no 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 end of the financial year and 30 days before the notice for the AGM or 5 days before the date the financial statements are approved by the board of directors.

Events after the balance sheet date

18 Other than as disclosed in Note 17 and 21 to financial statements, there were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Branches

19 The Company did not operate through any branches during the year.

Independent Auditors

20 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.

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law").

Paragraphs 5(a) – (c) of the Directive – Corporate Governance

21 The Company is voluntarily 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 12 August 2012, which is available to the public on the Company's website: www.suninterbrew.com. The Company's corporate governance charter has been adopted but has not yet been implemented.

22 The Company is not required to comply with the provisions of the corporate governance code of the Luxembourg Stock Exchange, although, the Corporate Governance Charter it applies, is generally based on the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange. The Company has voluntarily applied corporate governance practices, mentioned in the Corporate Governance Charter. The Articles of Association of the Company further provide for the powers, duties and procedures of the Directors, and are also available on the Company's website, as cited above.

Paragraph 5(d) of the Directive – description of the main features of the issuers' internal control and risk management systems in relation to the composition, preparation and drafting of the periodic information of Part II of the Law

23 The periodic information referred to in Part II of the Law, comprises of the annual financial report, the half-yearly financial report, the first and second semester interim management statements, and the indicative results. Issuers whose titles are admitted to trading on a regulated market are obliged to prepare and disclose such information in accordance with the provisions and the time schedules stipulated in Part II of the Law. Moreover, and as stipulated in Part II of the Law, the financial reports of the Company and of the Group are prepared based on the applicable International Accounting Standards, the Law, as well as the provisions of the Companies Law, Cap. 113 in order to provide a true and fair picture of the financial affairs of the Company and the Group, respectively.

24 The Secretary, the professional advisers of the Company along with the Board of Directors through the use of adequate control procedures and risk management, ensure the lawful drafting, preparation, compilation and publication of required periodic information.

25 The Compliance Officers of the Company in relation to the obligations of the Law, ensure the timely publication of the necessary periodic information, and that this information includes the information required by the Law. This information is disclosed in accordance with the manner and time schedules set out in the Law and the relevant Transparency Directives. Finally, it should be noted that, pursuant to the Law, the Annual Financial Reports of the Group and the Company are audited by the External Auditors of the Company, PricewaterhouseCoopers Limited, in accordance with the provisions of the Companies Law and the applicable International Accounting Standards.

Par. 5(e) of the Directive: Significant shareholders holding the Company's share capital

26 See paragraphs 7 to 14 above, under "Share Capital".

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par. 5(f) – (g) of the Directive: types of shares and attached rights

27 See paragraphs 7 to 14 above under "Share Capital" regarding special rights attributed to classes of shares.

Par. 5(h) of the Directive: Rules governing the appointment and replacement of Board Members and the amendment of the Articles of Association

28 According to the Article 76 of the Articles of Association of the Company, the minimum number of directors shall be two and the maximum number shall be fifteen. Directors are appointed either by the general meeting of shareholders or by the board of directors. Pursuant to Articles 98 – 101 of the Articles of Association of the Company, the Company at a general meeting may appoint any person to be a director and to determine the period for which such person is to hold office. Further, the Company may, by ordinary resolution of which special notice has been given in accordance with Section 136 of the Cypriot Companies Law, remove any director before the expiration of his period of office.

29 In accordance with the provisions of the Cypriot Companies Law, the Company may, by special resolution, amend its Articles of Association. A special resolution may be approved by a majority not less than three quarters of the shareholders present which are entitled to vote at a general meeting, for which a suitable notification of at least twenty one days has been given, determining the intention to propose the resolution as a special resolution.

Par. 5(i) of the Directive: the powers of the members of the Board of Directors

Competences of the Board

30 The powers and duties of the Directors are stated in Articles 83 – 96 of the Articles of Association of the Company and the Corporate Governance Charter.

31 According to the above, 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.

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

33 The Board of Directors, subject to approval by the Company's shareholders, can cause the issue or buy-back of 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

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

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par. 5(i) of the Directive: the powers of the members of the Board of Directors (continued)

35 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 its 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

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

Chairmanship

37 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.

38 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

39 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

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

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

<u>Par. 5(i) of the Directive: the powers of the members of the Board of Directors</u> (continued)

Senior Management

41 The Board of Directors has delegated the daily management of the Company to the Chief Executive Officer ("CEO"), who is assisted by a Chief Financial Officer ("CFO") and a Chief Legal Officer ("CLO"). During the financial year 2014 till 8 of May Mr. Andrii Gubka served as CEO and was replaced on the same date by Mr. Denis Khrenov. During the financial year 2014 till 27 of August, Mr. Anton Chvanov served as CFO and was replaced on the same date by Mrs.Olesya Sheppard. During the financial year 2014 till 8 of May Mr.Denis Khrenov served as CLO and was replaced on the same date by Mr. Oleksandr Balakhnov.

Remuneration policy for Board Members and Senior Managers

42 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 Note 18 to the financial statements.

43 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.

44 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. The remuneration of the Board of Directors and the key management is disclosed in Note 18 to the financial statements.

Contracts with Directors and related parties

45 Other than the transactions and the balances with related parties referred to in Note 18 of the financial statements, there were no other significant contracts with the Company at 31 December 2014 in which the Directors or their related persons had 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.

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par. 5(i) of the Directive: the powers of the members of the Board of Directors (continued)

Delegation of Director's powers to committees

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

47 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").

48 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.

Par 5(j) of the Directive

49 Non-Applicable.

Par 5(k) of the Directive: the composition and operation of the administrative, management and supervisory bodies of the Company and their committees

50 The composition of and operation of the Board of Directors, was stated in pg. 1 of this Report, and above, under the heading "Par 5(i) of the Directive: the powers of the members of the Board of Directors".

51 The composition, operation and internal regulation of the Audit Committee and the Nomination and Remuneration Committee of the Board of Directors are stated below.

General rules regarding both committees

52 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.

53 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.

54 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.

55 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.

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par 5(k) of the Directive: the composition and operation of the administrative, management and supervisory bodies of the Company and their committees (continued)

(a) Regulations for the Nomination and Remuneration Committee

(i) Role

56 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

57 The Nomination and Remuneration Committee is composed exclusively of two directors of which one is independent. The Chairman of the Board or another non-executive director chairs the Nomination and Remuneration Committee.

(iii) Working rules

58 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.

Report of the Board of Directors (Continued)

Statement on Corporate governance pursuant to paragraph 5 of the Directive DI190-2007-04 of 2012 of the Cyprus Securities and Exchange Commission regarding the contents of the Annual Financial Report (the "Directive") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Law") (continued)

Par 5(k) of the Directive: the composition and operation of the administrative, management and supervisory bodies of the Company and their committees (continued)

(b) **Regulations for the Audit Committee**

(i) Role

59 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

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

(iii) Working rules

61 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.

By Order of the Board

Denis Khrenov
Chief Executive Officer

27 April 2015

Independent auditor's report
To the Members of SUN Interbrew Plc

Report on the financial statements

We have audited the accompanying financial statements of parent company SUN Interbrew Plc (the "Company"), which comprise the balance sheet as at 31 December 2014, and the statements of 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 financial statements

The Board of Directors is responsible for the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company SUN Interbrew Plc as at 31 December 2014, and of its financial performance and its 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.

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Emphasis of matter

We draw your attention to Note 17 to the financial statements. The operations of the Company, and those of other entities operating in Ukraine, have been affected and may continue to be affected for the foreseeable future, by the continuing uncertainties in Ukraine. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, 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, so far as appears from examination of these books.
- The Company's 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 financial statements.

According to the requirements of the Directive OD190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a statement of corporate governance code has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of Article 5 of the said Directive and it forms 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 Laws of 2009 and 2013 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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 27 April 2015

Statement of financial position at 31 December 2014

Expressed in EUR	Note	2014	2013
ASSETS			
Non-current assets			
Investments in subsidiaries	10	561,332,903	1,201,967,871
Total non-current assets		561,332,903	1,201,967,871
Current assets			
Loans receivable	11	128,855,567	128,833,986
Other receivables	12	19,815	100
Current tax assets		142,816	113,866
Cash and cash equivalents	13	89,073,356	88,053,633
Total current assets		218,091,554	217,001,585
Total assets		779,424,457	1,418,969,456
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	1,808,651	1,808,651
Share premium	14	357,932,250	357,932,250
Retained earnings		419,579,324	1,059,113,433
Total equity		779,320,225	1,418,854,334
Current liabilities			
Trade and other payables	15	104,232	115,122
Total current liabilities		104,232	115,122
Total liabilities		104,232	115,122
Total equity and liabilities		779,424,457	1,418,969,456

On 27 April 2015 the Board of Directors of SUN Interbrew Plc authorized these financial statements for issue.

Olesya Sheppard
Director and Chief Financial Officer

Denis Khrenov,
Director and Chief Executive Officer

The notes on pages 21 to 42 are an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 December 2014

Expressed in EUR	Note	**2014**	**2013**
Dividend income	18 (b)	1,217,656	247,500,000
Impairment losses	5	(640,634,968)	(497,742,339)
Administrative expenses	6	(146,464)	(253,245)
Other income		9,815	-
Loss from operating activities		(639,553,961)	(250,495,584)
Finance income - net	8	23,362	435,425
Loss before tax		(639,530,599)	(250,060,159)
Income tax expense	9	(3,510)	(69,976)
Loss and total comprehensive loss for the year		(639,534,109)	(250,130,135)
Losses per share			
Basic and diluted losses per share (EUR)	20	(5,483)	(2,145)
Weighted average number of shares		116,628,930	116,628,930

The notes on pages 21 to 42 are an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2014

Expressed in EUR	Note	**Share capital**	**Share premium** [1]	**Retained earnings** [2]	**Total**
Balance at 1 January 2013		**1,808,651**	**357,932,250**	**1,423,480,052**	**1,783,220,953**
Comprehensive income					
Loss for the year and total comprehensive loss for 2013		-	-	(250,130,135)	(250,130,135)
Transaction with owners					
Dividends to equity holders	7	-	-	(114,236,484)	(114,236,484)
Balance at 31 December 2013		**1,808,651**	**357,932,250**	**1,059,113,433**	**1,418,854,334**
Loss for the year and total comprehensive loss for 2014		-	-	(639,534,109)	(639,534,109)
Balance at 31 December 2014		**1,808,651**	**357,932,250**	**419,579,324**	**779,320,225**

(1) Share premium is not available for distribution in the form of dividend.

(2) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. Special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 21 to 42 are an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2014

Expressed in EUR

	Note	**2014**	**2013**
Cash flows from operating activities			
Loss for the year		(639,534,109)	(250,130,135)
Adjustments for:			
Impairment of investment in subsidiaries	10	640,634,968	497,742,339
Interest income	8	(33,437)	(437,326)
Interest expense	8	10,075	1,870
Forex loss/(income) – net	8	-	31
Income tax expense	9	3,510	69,976
Cash from operating activities before changes in working capital and provisions		**1,081,008**	**247,246,755**
Change in other receivables		(19,815)	269,576
Change in trade and other payables		(10,891)	53,631
Net cash from operating activities before income taxes and interest paid		**(30,706)**	**247,569,962**
Income tax paid		(32,360)	(63,445)
Interest received			
Net cash from/(used in) operating activities		**1,017,942**	**247,506,517**
Cash flows from investing activities			
Additions/contributions to investments in subsidiaries	10	-	(45,469,156)
Loans granted to related parties	18 (e)		(18,961,635)
Loan repayments received from related parties	18 (e)	-	75,300
Interest received		11,856	436,663
Net cash (used in)/from investing activities		**11,856**	**(63,918,828)**
Cash flows from financing activities			
Dividends paid	7	-	(114,236,484)
Interest paid		(10,075)	-
Net cash used in financing activities		**(10,075)**	**(114,236,484)**
Net increase in cash and cash equivalents		1,019,723	69,351,205
Cash and cash equivalents at beginning of year		88,053,633	18,702,428
Cash and cash equivalents at end of year	13	89,073,356	88,053,633

The notes on pages 21 to 42 are an integral part of these financial statements.

Notes to the financial statements

1. General information

Country of incorporation

SUN Interbrew Plc (the “Company”) is domiciled in Cyprus since 1 December 2010 and was registered 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 1 December 2010 the Company, was registered under the name “SUN Interbrew Limited” and, was incorporated in Jersey, the Channel Islands. The Company and its subsidiaries are collectively referred as the “Group”. The Group is headed by Anheuser-Busch Inbev (the “Shareholder Group”).

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as a holding and investments company for specific businesses belonging to the controlling shareholder of the Company and the provision of loans within the Group.

The Business Environment which affects the Company is disclosed in Note 17.

2. Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2014 and relevant to the Company 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.

The Board of Directors of the Company believes that the financial statements present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the ‘Framework for preparation and presentation of financial statements’ (Framework). The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

These financial statements are prepared for the year ending 31 December 2014 as separate financial statements. The Company has prepared these separate financial statements to comply with the Cyprus Transparency Requirements (securities for Trading on Regulated Markets) of 2007 as amended (the “Law”) and the Cyprus Income Tax Laws and Regulations.

Consolidated financial statements as required by International Accounting Standard IAS 27 “Consolidated and Separate Financial Statements” have been prepared and are available from the register office of the Company at 1 Lampousa Street, 1095, Nicosia, Cyprus. In the consolidated financial statements, subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations, have been fully consolidated.

2. Basis of preparation (continued)

Statement of compliance (continued)

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at end of the year ended 31 December 2014, in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Functional and presentation currency

The Company's functional currency and the currency in which these financial statements are presented is Euro ("EUR"). Management considers that EUR reflects the economic substance of the underlying events and circumstances of the Company.

Use of estimates and judgments

The preparation of 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 assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in note 17 (Business environment) of the financial statements.

Critical judgements in applying accounting policies

Initial recognition of related party transactions
In the normal course of business the Company enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses.

Impairment of investments in subsidiaries
The Company follows the guidance of IAS 36 in determining when an investment is impaired. This determination requires significant judgement. In making this judgment, the Company determines whether the recoverable amount of an investment is less than its carrying amount. The recoverable amount of the investment is its value in use.

The Company carried out a test of the estimated recoverable amount of the investments in subsidiaries, where indications for impairment were present, and compared to its carrying value and an impairment charge was deemed necessary for the year ended 31 December 2014 of EUR 640,634,968 (2013: EUR 497,742,339).

2. Basis of preparation (continued)

Critical judgements in applying accounting policies (continued)

Impairment of investments in subsidiaries (continued)

Key assumptions used in discounted cash flow projections

In relation to the investment in SUN InBev Russia the following assumptions were made:

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

(ii) In the second to fourth year, free cash flows are based on the strategic plan as approved by the Shareholder Group. The 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 the subsequent six years of the model, data from the strategic plan is extrapolated generally using simplified assumptions such as constant volumes and variable cost per hectoliter 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 (“CPI”), based on external sources, in order to calculate the terminal value, considering sensitivities on this metric.

(v) Projections are made in the functional currency of each business unit and discounted at the unit’s weighted average cost of capital and comprised of approximately 15,74% (2013: 11,6%) for Russia and 28,11% (2013: 14,1%) for Ukraine.

Sensitivity to changes in assumptions:

The impairment test is sensitive to changes in EBITDA growth rates and discount rates. The discount rates used are pre-tax, and reflect specific risks relating to the relevant investment. If the revised estimated pre-tax discount rate applied to the discounted cash flows of the Russian business and Ukrainian businesses had been 1% higher than management’s estimates, the recoverable amount of the investment would be reduced by EUR 50,486 thousand. If the revised estimated perpetual growth rate applied to the discounted cash flows of the Russian business and Ukrainian businesses had been 1% lower than management’s estimates, the recoverable amount of the investment would be reduced by EUR 24,675 thousand.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Revenue recognition

(a) Dividend income
Dividend income is recognised in profit or loss on the date that the Company’s right to receive payment is established.

(b) Finance income
Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3. Accounting policies (continued)

Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency 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. 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 income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within “Finance income/cost – net”.

Financial instruments

Non -derivative financial assets

Non-derivative financial instruments comprise loans receivable, trade and other receivables and cash and cash equivalents.

The Company 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 Company becomes a party to the contractual provisions of the instrument.

The Company 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 Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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 Company has the following non-derivative financial assets: cash and cash equivalents, loans receivable and trade and other receivables.

Cash and cash equivalents

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

3. Accounting policies (continued)

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

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

Share capital

Ordinary shares
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
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 of share capital
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 as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Impairment

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.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse exchanges in the payment status of borrowers or issuers in the Company, the disappearance of an active market for a security.

3. Accounting policies (continued)

Impairment (continued)

Financial assets (continued)
The Company 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 Company 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 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.

Non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Finance costs

Finance costs comprise interest expense on borrowings, foreign currency losses and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis in profit or loss.

3. Accounting policies (continued)

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, the tax is also recognised in equity or in 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, and any adjustment to tax payable in respect of previous years.

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.

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.

Earnings per share

The Company 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 all dilutive potential ordinary and preference shares, which comprise convertible notes and share options granted to employees.

3. Accounting policies (continued)

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.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. In its parent company financial statements, the Company carries the investments in subsidiaries at cost less any impairment.

For subsidiaries which are acquired as a result of reorganisation of the group structure in a manner that satisfies the following criteria:

(a) the new parent obtains control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent;

(b) the assets and liabilities of the new group and the original group are the same immediately before and after the reorganisation; and

(c) the owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the reorganisation,

the Company measures cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganization. The difference between this investment cost and the legally issued share capital and share premium of the Company is recorded in other reserves.

The Company recognises income from investments in subsidiaries to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of investment.

Transactions with equity holders

The Company enters into transactions with its shareholders. When consistent with the nature of the transaction (i.e. when these transactions are not at arm’s length prices), the Company’s accounting policy is to recognise any gains or losses with equity holders, directly through equity and consider these transactions as the receipt of additional capital contribution or the distribution of dividends. Similar transactions with non-equity holders, or parties which are not under the control of the parent company, are recognised through the income statement in accordance with IAS 39, Financial Instruments - Recognition and Measurement. The Company believes that this policy provides a fair representation of the Company’s activities.

3. Accounting policies (continued)

Adoption of new and revised IFRSs

During the current year the Company 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 2014. This adoption did not have a material effect on the accounting policies of the Company with the exception of the following:

- IFRS 10, Consolidated financial statements'. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

- IFRS 12, "Disclosures of Interests in Other Entities". IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, Consolidated financial statements, and IFRS 11, Joint arrangements, and replaces the disclosure requirements currently found in IAS 28, Investments in associates. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities.

- IAS 27, "Separate Financial Statements" was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements.

- Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12. The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2013 for a calendar year-end entity that adopts IFRS 10 in 2014) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied. The amendment did not have a significant effect on the Company's financial statements.

3. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these separate financial statements of the parent company:

- IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018).
- IFRIC 21 - Levies (issued on 20 May 2013 and effective for annual periods beginning 17 June 2014).
- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (issued in November 2013 and effective for annual periods beginning 1 July 2014).
- Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014).
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 January 2015).
- IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016).
- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017).
- Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016).
- Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

4. Determination of fair values

A number of the Company’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.

The different levels have been defined as follows:

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

Other receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. The fair value of other receivables approximates their carrying amount at the balance sheet date. The fair value is within level 3 of the fair value hierarchy.

Loans to related parties

The fair value of loans to related parties, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value of loans to related parties approximates their carrying amount. The fair value is within level 3 of the fair value hierarchy.

5. Impairment losses

Expressed in Euros	**2014**	**2013**
Impairment of investment in subsidiaries (Note 2)	(640,634,968)	(497,742,339)
	(640,634,968)	**(497,742,339)**

6. Administrative expenses

Expressed in Euros	**2014**	**2013**
Audit fees	93,728	62,866
Counsel fees	-	7,548
Other expenses	52,736	182,831
	146,464	**253,245**

Audit fees include an amount of €41,500 (2013: €38,500) charged by the Company’s statutory audit firm. Audit fees include an amount of €1,830 (2013: €650) for tax services charged by the Company’s statutory audit firm.

7. Dividends per share

On 28 August 2013 the Board of Directors approved the payment of interim dividends of EUR0.98 for each issued and fully paid Class A share and for each issued and fully paid Class B share, amounting to EUR114,236,484. The dividends were fully paid on 31 October 2013. No dividends were announced and paid in 2014.

8. Finance income/(costs) – net

Expressed in EUR	**2014**	**2013**
Interest income	33,437	437,326
Interest expense	(10,075)	(1,870)
Foreign exchange income – net	-	(31)
Net finance income recognised in profit or loss	**23,362**	435,425

9. Income tax expense

Expressed in EUR	**2014**	**2013**
Current tax:		
Corporation tax	3,510	69,976

Expressed in EUR	**2014**	**2013**
Profit/Loss before tax	(639,534,109)	(250,060,159)
Tax calculated at the applicable corporation tax rate of 12,5%	(79,941,764))	(31,257,520)
Tax effect of expenses not deductible for tax purposes	79,945,274	62,264,996
Tax effect of allowances and income not subject to tax	-	(30,937,500)
Income tax charge	**3,510**	**69,976**

The Company is subject to income tax on taxable profits at the rate of 12,5% as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised. Up to 31 December 2008, under certain conditions interest may be subject to special contribution for defence at the rate of 10%. In such cases 50% of the same interest will be exempt from income tax thus having an effective tax rate burden of approximately 15%.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

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

10. Investments in subsidiaries

Expressed in Euros	**2014**	**2013**
Opening balance	1,201,967,871	1,654,241,054
Additions	-	45,469,156
Impairment (Note 2)	(640,634,968)	(497,742,339)
Closing balance	**561,332,903**	**1,201,967,871**

The Company's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	**Country of incorporation**	**Principal activities**	**% interest held 2014**	**% interest held 2013**
Cantorne Trading Ltd	Cyprus	Dormant	-	100%
SB Management Services Ltd	Cyprus	Dormant	100%	100%
SUN Breweries CIS	Cyprus	Investment and consulting services	100%	100%
SUN Interbrew Finance	Russia	Dormant	100%	100%
SUN InBev Russia *	Russia	Manufacturing, marketing and distribution of beer and soft drinks	91,46%	84,27%
Interbrew RSR Holding B.V.	Netherlands	Dormant	100%	100%
Bevmar GmbH	Germany	Investment holding	100%	100%

*The Company holds directly 91,46% of SUN InBev Russia and indirectly 2,09% through Bermar GmbH which was acquired in 2013 (see below). The increase in shareholding in SUN InBev Russia in 2014 represents the registration of the increase in the share capital of the subsidiary SUN InBev Russia. The contribution for the share capital increase was made in 2012, however the change became effective in 2014.

During 2014, the Company recognised an impairment loss of EUR622 million in relation to the direct investment in SUN InBev Russia. The recoverable amount of the subsidiary was based on value in use estimates. Value in use was determined by discounting the future cash flows expected to be generated from the investment. For more details of the assumptions used in the discounted cash flow projections refer to Note 2.

During 2014, the Company also recognised an impairment loss of EUR18 million in relation to the investment in Bevmar GmbH (underlying investment is 2,09% in SUN InBev Russia).

During 2013 the Company contributed additional EUR14,450,000 to its 100% subsidiary SB Management Services Limited through an increased of its share capital. In addition, the Company recognized an impairment charge of EUR13,477,188 for the investment in SB Management Services Limited.

In July 2013 the Company contributed an amount of EUR19,156 to its 100% subsidiary Interbrew RSR Holding B.V. through an increase of its share capital.

On 10 October 2013 the Company acquired the 100% of Bevmar GmbH for a total consideration of EUR31,000,000.

10. Investments in subsidiaries (continued)

In addition during 2013, the Company recognised an impairment loss of EUR 483 million in relation to the investment in SUN InBev Russia. The recoverable amount of the subsidiary was based on value in use estimates. Value in use was determined by discounting the future cash flows expected to be generated from the investment. For more details of the assumptions used in the discounted cash flow projections refer to Note 2.

The investment in Cantorne Trading Limited has been fully impaired in 2013. An impairment of EUR1,265,151 was recognised as this company was in the process of liquidation. On 17 December 2014, Cantorne Trading Limited was dissolved.

11. Loan receivable

Expressed in Euros	**2014**	**2013**
Current:		
Loan receivable (Note 18 (d))	128,855,567	128,833,986
	128,855,567	**128,833,986**

This note provides information about the contractual terms of the Company’s interest-bearing loans, which are measured at amortized cost. For more information about the Company’s exposure to interest rate, credit risk and liquidity risk, see Note 16.

All loan counterparts are related parties and are companies within the Group, as follows:

				2014		**2013**	
Expressed in Euros	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Related parties:							
Cobrew	EUR	1m EURIBOR-0,2%	on demand	128,855,567	128,855,567	128,833,986	128,833,986
				128,855,567	**128,855,567**	**128,833,986**	**128,833,986**

All of the above loans are unsecured.

All amounts receivable are current and expected to be recoverable in full.

None of the loans receivable are past due or considered as impaired and no provision for impairment had been made.

The Company believes that nominal amount included in the financial statements is not materially different from fair value.

All the carrying amounts of the Company's loans receivables are denominated in EUR.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of each class of receivables mentioned above.

12. Other receivables

Expressed in Euros	**2014**	**2013**
Current		
Other receivables from related parties (Note 18 (c))	19,815	100
	19,815	**100**

All amounts receivable are current and expected to be recoverable in full. No amounts receivable are past due or considered as impaired and no provision for impairment had been made. The Company believes that nominal amount included in the financial statements is not materially different from fair value.

All the carrying amounts of the Company's trade and other receivables are denominated in EUR.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above.

13. Cash and cash equivalents

Expressed in Euros	**2014**	**2013**
Cash at bank	89,073,356	88,053,633
Cash and cash equivalents in the statement of financial position and statement of cash flows	**89,073,356**	**88,053,633**

The Company has not used any overdraft facilities during the year.

Cash and cash equivalents are denominated in the following currencies:

	2014	**2013**
Euro - functional and presentation currency	**89,073,356**	**88,053,633**

14. Share capital and share premium

Number of shares unless otherwise stated	**Non-redeemable preference shares (Class A)**		**Ordinary shares (Class B)**	
	2014	**2013**	**2014**	**2013**
Authorised shares	125,278,614	125,278,614	30,000,000	30,000,000
Par value	GBP 0.01	GBP 0.01	GBP 0.01	GBP 0.01
On issue at 1 January	88,832,710	88,832,710	27,796,220	27,796,220
Issued for cash	88,832,710	88,832,710	27,796,220	27,796,220
On issue at 31 December, fully paid	**88,832,710**	**88,832,710**	**27,796,220**	**27,796,220**

There were no changes in the share capital during the year.

14. Share capital and share premium (continued)

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.

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 share 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.

Share premium

Share premium is a 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 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.

Distributable reserves

The amounts available for distribution to the Company's shareholders in the form of dividends are the distributable reserves of the Company.

15. Trade and other payables

Expressed in Euros

	2014	**2013**
Trade payables to third parties	-	29,965
Other payables to third parties	104,230	85,157
	104,230	**115,122**

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

16. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Cash flow and fair value interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's income and cash flows are substantially independent of changes in market interest rates. The Company is not exposed to cash flow or fair value interest rate risk as the Company's loan is from related party.

Fair value sensitivity analysis for fixed rate instruments

As at 31 December 2014, the Company doesn't have any fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

As at 31 December 2014, the Company is not exposed to any material interest rate risk due to variable rate instruments.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures from loans advanced to related parties, including outstanding receivables and committed transactions.

Substantially all such outstanding receivables are from the companies within the Group. Thus the Company’s management does not consider credit risk is significant.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Loans to related party

The Company granted a loan to an entity controlled by the Parent company (Note 18 (d)). The Company 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.

16. Financial risk management (continued)

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.

The bank balances are with one bank and the loans receivable are from a related party (Note 18 (d)). No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

EUR	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 to 5 years**	**Over 5 years**
At 31 December 2014				
Trade and other payables	104,232	-	-	-
	104,232	**-**	**-**	**-**
At 31 December 2013				
Trade and other payables	115,122	-	-	-
	115,122	**-**	**-**	**-**

Capital risk management

The Company is continuously optimizing its capital structure targeting to maximize shareholder value which keeping the desired financial flexibility to execute the strategic projects. The Company manages its capital based on its debt to equity ratio.

17. Business environment

Operating environment of Russia

The subsidiaries' operations are primarily located in the Russian Federation. Consequently, the Company is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market.

Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2014 the Russian economy was negatively impacted by a decline in oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 2014:

- the Central Bank of Russian Federation ("CBRF") exchange rate fluctuated between RR 32.73 and RR 67.78 per USD;
- the CBRF key refinancing interest rate increased from 5.5% p.a. to 17.0% p.a. including an increase from 12.0% p.a. to 17.0% p.a. on 16 December 2014;

17. Business environment (continued)

Operating environment of Russia (continued)

- the Russia Trading System ("RTS") stock exchange index ranged between 1 445 and 791;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior years.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Subsequent to 31 December 2014:

- the CBRF exchange rate fluctuated between RR 51.07 per USD and RR 69.66 per USD;
- Russia's credit rating was downgraded by Fitch Ratings in January 2015 to BBB-, whilst Standard & Poor's cut it to BB+ and Moody's Investors Service at Ba1, putting it below investment grade for the first time in a decade. Moody's Investors Service and Fitch Ratings still have Russia as investment grade;
- the RTS stock exchange index ranged between 791 and 1,061.6;
- bank lending activity decreased as banks are reassessing the business models of their borrowers and their ability to withstand the increased lending and exchange rates; and
- the CBRF key refinancing interest rate decreased from 17.0% p.a. to 14% p.a.

These events may have a further significant impact on the Company's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Company's operations may differ from management's current expectations.

Ukrainian business environment

The subsidiaries have also operations in Ukraine. Starting in late 2013 the political situation in Ukraine has experienced instability with numerous protests and continued political uncertainty that has led to a deterioration of the State's finances, volatility of financial markets and sharp depreciation of the national currency against major foreign currencies. The ratings of Ukrainian sovereign debt were downgraded by international rating agencies with negative outlooks for the future. The National Bank of Ukraine, among other measures, imposed certain restrictions on processing of client payments by banks and on the purchase of foreign currency on the inter-bank market. The political situation in 2014 has also been volatile, with changes in the Ukrainian Parliament and the Presidency. In March 2014, various events in Crimea led to the annexation of the Republic of Crimea by the Russian Federation. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation.

The political situation in Eastern Ukraine continued to deteriorate in 2014 resulting in armed conflict and military activity in some parts of the Donetsk and Lugansk regions. The armed conflict has put further pressure on relations between Ukraine and the Russian Federation. Escalating political tensions have had an adverse effect on the Ukrainian financial markets, hampering the ability of Ukrainian companies and banks to obtain funding from the international equity and debt markets. This has contributed to a significant devaluation of the Hryvnia ("UAH") against major currencies. As of the date of this report the official NBU exchange rate of UAH against the US dollar was UAH 23.30 per USD 1, compared to 7.99 per USD 1 as at 31 December 2013. Inflation for 2014 amounted to 24.9% and GDP decreased by at least 7%.

A final resolution of the political and economic crisis in Ukraine and the effects it may have are difficult to predict, however it may have severe effects on the Ukrainian economy and the Company's business.

18. Related party transactions

The Company is controlled by Worldoor Limited, incorporated in Cyprus, which effectively owns 68.31% of the Company's shares. 31.63% are also effectively controlled by other related companies within the Shareholder Group. The Company's ultimate controlling party is AB InBev.

Related parties represent entities under common control and/or ownership.

Related parties may enter into transactions, which unrelated parties may not and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The remuneration of the Directors for the year amounted EUR 636 thousand (2013: EUR 2,400). In addition, during 2014 there were no an exit compensation provided to the members of the board that resigned(2013: EUR 7,547).

The amounts outstanding at the year end are disclosed in notes 11 and 12.

The following transactions were carried out with related parties:

(a) Contribution to investments in subsidiaries

Expressed in EUR	**2014**	**2013**
Investments in subsidiaries:		
Additions/contributions (Note 10)	-	45,469,156
	-	**45,469,156**

(b) Dividend Income

Expressed in EUR	**2014**	**2013**
Dividend income from:		
Subsidiary	1,217,656	247,500,000
	1,217,656	**247,500,000**

(c) Year-end balances

Expressed in EUR	**2014**	**2013**
Receivable from related parties:		
Subsidiaries	-	-
Related party	19,815	100
	19,815	**100**

18. Related party transactions (continued)

(d) Loans to related parties

Expressed in EUR	**2014**	**2013**
Loans to companies under common control:		
At the beginning of the year	128,833,986	109,947,651
Loans advanced during year	-	18,961,635
Interest charged	21,581	436,661
Loans repaid during year	-	(75,300)
Interest paid		(436,661)
At the end of the year	**128,855,567**	**128,833,986**

The loan to company under common control bears interest at the rate of 1 months EURIBOR - 0.20% p.a. and is repayable by written notice.

(e) Interest income and interest expense

	2014	**2013**
Expressed in EUR		
Interest income:		
Companies under common control	21,581	436,661
Interest expense:		
Companies under common control	-	-

19. Financial instruments by category

Expressed in Euros	**2014**	**2013**
Loans and receivables		
Loans receivable	128,855,567	128,833,986
Trade and other receivables	19,815	100
Cash and cash equivalents	89,073,356	88,053,633
	217,948,738	**216,887,719**

Expressed in Euros	**2014**	**2013**
Financial liabilities		
Trade and other payables	104,232	115,122
	104,232	**115,122**

20. Earnings per share

Basic earnings per share is calculated by dividing the loss 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.

2014	**Loss (Numerator) EUR**	**Shares (Denominator)**	**Per share-amount EUR**
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	(487,113,686)	88,832,710	(5,483)
Attributable to holders of class "B" participating shares	(152,420,423)	27,796,220	(5,483)
Total attributable to participating shares	**(639,534,109)**	**116,628,930**	**(5,483)**

2013	**Loss (Numerator) EUR**	**Shares (Denominator)**	**Per share-amount EUR**
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	(190,516,519)	88,832,710	(2,145)
Attributable to holders of class "B" participating shares	(59,613,616)	27,796,220	(2,145)
Total attributable to participating shares	**(250,130,135)**	**116,628,930**	**(2,145)**

21. Events after the balance sheet date

The following exchange rates were noted as of 15 April 2015 and during the period between 1 January 2015 and 1 April 2015:

	Average rate		**Spot rate**	
	Period 1 January 2015 until 15 April 2015	**Year ended 31 December 2014**	**15 April 2015**	**31 December 2014**
RUB for EUR	69,0424	50,9928	54,8387	68,3427
UAH for EUR	23,7861	15,6833	24,2196	19,2329

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

Independent auditor's report on pages 15 to 16.