EFES VITANTA MOLDOVA BREWERY SA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL
REPORTING STANDARDS

EFES VITANTA MOLDOVA BREWERY S.A.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Contents

EFES VITANTA MOLDOVA BREWERY S.A.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2012
(All amounts in USD thousand unless otherwise stated)

	Notes	31 December 2012	31 December 2011
Assets			
Property, plant and equipment	5	42,184	42,658
Intangible assets	6	236	279
Total non - current assets		42,420	42,937
Inventories	7	6,804	7,229
Trade receivables net	8	6,963	3,660
Cash and cash equivalents	9	8,486	9,590
Available - for - sale financial assets	10	-	1,706
Other assets	11	454	377
Total current assets		22,707	22,562
Total assets		65,127	65,499
Equity			
Issued capital	12	2,950	2,950
Share premium		40	40
Currency translation differences		2,594	3,806
Retained earnings		43,148	39,252
Total equity attributable to equity holders of the Company		48,732	46,048
Liabilities			
Non-current liabilities			
Borrowings	15	5,012	10,022
Deferred income tax liabilities	16	488	734
Other non-current liabilities		-	8
Total non – current liabilities		5,500	10,764

The accompanying notes on pages 7 to 50 are an integral part of these financial statements.

(All amounts in USD thousand unless otherwise stated)

	Notes	31 December 2012	31 December 2011
Current liabilities			
Borrowings	15	5,080	4,379
Trade and other payables	13	4,102	3,072
Income tax payable		234	-
Other current liabilities	14	1,479	1,236
Total current liabilities		10,895	8,687
Total liabilities		16,395	19,451
Total equity and liabilities		65,127	65,499

The financial statements were approved for issue and signed on behalf of the Board of Directors on 25 March 2013:

Kamil Yazici
Managing Director

«EFES VITANTA MOLDOVA BREWERY» S.A.
REPUBLICA MOLDOVA, mun. CHIŞINĂU
IDNO 1003600015208
ÎNTREPRINDEREA MIXTĂ

Artur Virtosu
Finance Director

EFES VITANTA MOLDOVA BREWERY S.A.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012
(All amounts in USD thousand unless otherwise stated)

	Notes	2012	2011
Revenue	17	61,032	59,022
Cost of sales	18	(35,365)	(35,614)
Gross profit		25,667	23,408
Selling and marketing expenses	19	(11,872)	(11,127)
General and administrative expenses	20	(5,319)	(5,005)
Other operating income/ (expense)	21	(41)	272
Results from operating activities		8,435	7,548
Finance income	22	925	1,764
Finance costs	22	(910)	(562)
Finance income, net	22	15	1,202
Profit before tax		8,450	8,750
Income tax	24	(877)	(734)
Net profit for the year		7,573	8,016
Basic earnings per share		4.73	5.01
Other comprehensive income:			
Currency translation differences		(1,212)	1,547
Total comprehensive income for the year		6,361	9,563

The financial statements were approved for issue and signed on behalf of the Board of Directors on 25 March 2013:

Kamil Yazici
Managing Director

«EFES VITANTA MOLDOVA BREWERY» S.A.

Artur Virtosu
Finance Director

The accompanying notes on pages 7 to 50 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012
(All amounts in USD thousand unless otherwise stated)

	2012	2011
Cash flows from operating activities		
Net profit before tax	8,450	8,750
Adjustments for:		
Depreciation and amortization (Note 5, 6)	9,352	10,344
Interest expense (Note 22)	352	444
Interest income (Note 22)	(925)	(728)
Foreign exchange loss	28	35
Income recognized from reversal of provision for bad debt	-	(28)
Provision for vacation pay liability	(1)	(13)
Gain on sale of property, plant and equipment and intangible assets	(128)	(422)
Operating profit before changes in working capital	17,128	18,382
Decrease/ (increase) in inventories	425	(364)
Increase in trade receivables and other assets	(1,873)	(625)
Increase in trade and other payables and other liabilities	1,175	459
Cash generated from operating activities	16,855	17,852
Interest paid	(407)	(465)
Interest received	1,122	633
Tax paid	(868)	-
Net cash from operating activities	16,702	18,020
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(10,688)	(8,044)
Proceeds from sale of property, plant and equipment	785	1,121
Purchase of government bonds	-	(1,706)
Net cash used in investing activities	(9,903)	(8,629)

The accompanying notes on pages 7 to 50 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012
(All amounts in USD thousand unless otherwise stated)

	2012	2011
Cash flows from financing activities		
Repayment of borrowings	(4,320)	(2,700)
Increase in share capital	-	331
Dividends paid	(3,586)	(4,647)
Net cash used in financing activities	(7,906)	(7,016)
Currency translation differences	3	(100)
Net increase/ (decrease) in cash and cash equivalents	(1,104)	2,275
Cash and cash equivalents at 1 January	9,590	7,315
Cash and cash equivalents at 31 December	8,486	9,590

The accompanying notes on pages 7 to 50 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

(All amounts in USD thousand unless otherwise stated)

	Issued capital	Share premium	Translation difference	Retained earnings	Total
Balance as at 1 January 2011	2,619	40	2,259	35,950	40,868
Profit for the year	-	-	-	8,016	8,016
Other comprehensive income					
Foreign currency translation difference	-	-	1,547	-	1,547
Total comprehensive income for the year	-	-	1,547	8,016	9,563
Issues of share of capital	331	-	-	-	331
Dividends declared	-	-	-	(4,714)	(4,714)
Total contributions by and distributions to owners of the parent, recognised directly in equity	331	-	-	(4,714)	(4,383)
Balance as at 31 December 2011	2,950	40	3,806	39,252	46,048
Balance as at 1 January 2012	2,950	40	3,806	39,252	46,048
Profit for the year	-	-	-	7,573	7,573
Other comprehensive income					
Foreign currency translation difference	-	-	(1,212)	-	(1,212)
Total comprehensive income for the year	-	-	(1,212)	7,573	6,361
Dividends declared	-	-	-	(3,677)	(3,677)
Total distributions to owners of the parent, recognised directly in equity	-	-	-	(3,677)	(3,677)
Balance 31 December 2012	2,950	40	2,594	43,148	48,732

The accompanying notes on pages 7 to 50 are an integral part of these financial statements.

1 GENERAL INFORMATION

Efes Vitanta Moldova Brewery S.A. ("the Company"), a subsidiary of Efes Breweries International N.V. ("the Group"), is located in Moldova, Chisinau, Uzinelor Street, 167 and listed on the Moldovan Stock Exchange. Its major activity is brewing and distribution of beer in bottles: glass bottles, cans, plastic bottles and Kegs (the brands Chisinau, Efes Pilsener, Stary Melnik, Bely Medved and Sokol) and distribution of imported beer brands Efes Pilsener, Stary Melnik, Warsteiner. Starting 2012 it also imports SAB Miller brands as MGD, Pilsener Urquell, Grolsch and V.Kozel. The Company also produces a low alcoholic drink under the brand "Festival".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations effective as at 31 December 2012.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Functional and presentation currency

The functional currency is the Moldovan Leu (MDL), which is the currency of the primary economic environment. The financial statements are presented in thousands of US Dollars by translating the MDL financial statements to US Dollar in accordance with International Accounting Standard 21 *"The Effects of Changes in Foreign Exchange Rates"*.

In order to translate, the following procedures were followed:

- assets and liabilities, both monetary and non-monetary have been translated using the period end exchange rates (of 12.0634 MDL / USD as at 31 December 2012 and 11.7154 MDL / USD as at 31 December 2011;
- revenue and expense items have been translated using the average exchange rate for the period (of 12.1122 MDL / USD for the period ended 31 December 2012 and 11.7370 MDL / USD for the period ended 31 December 2011);

(All amounts in USD thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

- equity items other than the net profit for the year that is included in the balance of accumulated profit have been translated using the exchange rates at the dates of relevant transactions;
- all resulting exchange differences have been classified as a component of equity and are recognised in other comprehensive income;
- the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency are reported in the statement of cash flows in order to reconcile cash and cash equivalents at the beginning and the end of the year. This amount also includes the differences, if any, had those cash flows been reported at period-end exchange rates.

2.2 Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign exchange gains or losses on monetary items are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'.

The official exchange rates at year - end were as follows:

	(in MDL per unit of foreign currency)	
	31 December 2012	31 December 2011
US Dollar	12.0634	11.7154
Russian Rouble	0.3957	0.3635
Euro	15.9967	15.0737

2.3 Property, plant and equipment

Items of property, plant and equipment are stated at purchase price or production 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 its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (continued)

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other operating income/(expense)” in the statement of comprehensive income.

The cost of replacing part 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 part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of comprehensive income as incurred.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful life of the property, plant and equipment, as follows:

Buildings:	10 – 40 years
Infrastructure:	5 – 40 years
Machinery and equipment:	2 – 20 years
Motor vehicles	3 – 10 years
Furniture and fixtures	2 – 15 years
Sales and marketing equipment	1 – 5 years
Computers	3 – 5 years
Returnable bottles, cases and KEGs	6.67 years

Assets are depreciated from the date assets are available for use. Internally constructed assets are depreciated from the time an asset is completed and ready for use. Depreciation methods, useful lives and residual values are reviewed at each reporting date. 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 (note 2.8.2).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Intangibles

Intangibles (software and licenses), which are acquired by the Company, are stated at cost less accumulated amortization. Amortization is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangibles, which vary from two to five years. Subsequent expenditure on is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

2.5 Investments

Investments held by the Company are classified as available-for-sale and are stated at fair value, with any resultant gain or loss being recognized in the statement of comprehensive income. The fair value of investments is their quoted bid price at the balance sheet date.

2.6 Inventories

Inventories are carried at the lower of cost or net realizable value. If the purchase or production cost is higher than the net realizable value inventories are written down to net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Borrowing costs are not capitalized.

2.7 Financial assets

2.7.1 Classification

The Company classifies its financial assets in two categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (notes 2.9 and 2.10).

Available – for - sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.7.2 Recognition and measurement

Regular purchase and sales of financial assets are recognised on the trade date the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transactions costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially the risks and rewards of ownership. Available for sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income. Interest on available securities calculated using the effective interest method is recognised in finance income.

2.8 Impairment

2.8.1 Financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment (continued)

2.8.2 Non - financial assets

The carrying amounts of the Company's assets, other than inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangibles that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

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

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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 only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Because the collection is expected in one year, they are classified as current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.11 Share capital

Ordinary shares are classified as equity

2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Borrowing costs

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.16 Employee benefits

The Company's short term employment benefits include wages, bonuses, holiday pay and social security contributions which are recognised as an expense as incurred. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income.

The Company, in the normal course of business makes payments to the National House of Social Insurance and to the National House of Medical Insurance on behalf of its Moldovan employees for pension, health care and unemployment benefit. All employees of the Company are members and are also legally obliged to make defined contributions (included in the social security contributions) to the Moldovan State pension plan (a State defined contribution plan). All relevant contributions to the Moldovan State pension plan are recognised as an expense in the statement of comprehensive income as incurred. The Company does not have any further obligations

The Company's obligation in respect of long – term employee benefits is the amount of future benefit that certain employees have earned in return for their service in the prior periods; that benefit is discounted to determine its present value. The discount rate is the interest rate on current account earned by the Company. Any gains or losses are recognised in statement of comprehensive income in the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions

A provision is recognised if, as a result of a past event, the Company 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 pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.18 Revenue

Revenue from the sale of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognized in the income statement as incurred. No revenue is recognized if there are significant uncertainties regarding recovery of consideration due, associated costs or the possible return of goods.

Sales of goods - wholesale

The Company produces and sells own and trade goods in the wholesale market. Sales of goods are recognised when the Company has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the goods and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the goods are received by the wholesaler, the risk of obsolescence and loss has been transferred to the wholesaler, and the wholesaler has accepted the goods in accordance with the sales contract. Goods are often sold with volume discounts. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns. The volume discounts are assessed based on volume of goods sold. No element of financing is deemed present as the sales are made with a credit term of 11-13 days, which is consistent with the market practice.

2.19 Interest income

Interest income includes interest from highly liquid investments (bank deposits and government bonds). Interest income is recognised on an accrual basis using the original interest rate.

2.20 Operating lease payments

Payments made under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Republic of Moldova, being the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of EBI International N.V. that makes strategic decisions.

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Segment reporting (continued)

The business segments are determined based on the internal reporting structure. For internal reporting, the Company is one business segment.

2.23 Comparative information

Comparative information has been adjusted to conform with changes in presentation in the current year.

3 NEW OR REVISED STANDARDS AND INTERPRETATIONS

(a) New and amended standards adopted by the Company:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

(b) New and amended standards not yet adopted by the Company:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- Amendment to *IAS 1, 'Financial statement presentation'* regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The Company is currently assessing the impact of the standard on its financial statements.

- Amended *IAS 19, Employee Benefits* (issued in June 2011, effective for periods beginning on or after 1 January 2013), makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) re-measurements in other comprehensive income. The Company is currently assessing the impact of the amended standard on its financial statements.

3 NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

(b) *New and amended standards not yet adopted by the Company (continued):*

- *IFRS 13, 'Fair value measurement'*, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is currently assessing the impact of the standard on its financial statements.

- *IFRS 9, 'Financial instruments'*, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

- *Disclosures—Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013).* The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The Company is currently assessing the impact of the standard on its financial statements.

- *Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014).* The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The Company is currently assessing the impact of the standard on its financial statements.

3 NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

(c) New and amended standards that are not yet effective and are not relevant for the Company's operations:

- *IFRS 10, Consolidated financial statements' (and effective for annual periods beginning on or after 1 January 2013),* 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. The standard is not relevant for the Company.

- *IFRS 11, Joint Arrangements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013),* replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities—Non-Monetary Contributions by Ventures". Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures.

- *IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013),* applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It 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, summarized financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities.

- *IAS 27, Separate Financial Statements, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013),* 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.

3 NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

(c) New and amended standards that are not yet effective and are not relevant for the Company's operations (continued):

- *IAS 28, Investments in Associates and Joint Ventures, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).* The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged.

- *Other revised standards and interpretations:* The amendments to IFRS 1 "First-time adoption of IFRS", relating to severe hyperinflation and eliminating references to fixed dates for certain exceptions and exemptions, the amendment to IAS 12 "Income taxes", which introduces a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale, and IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine", which considers when and how to account for the benefits arising from the stripping activity in mining industry, will not have any impact on these financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (continued)

(a) Useful life of property plant and equipment

Estimates concerning useful lives of property, plant and equipment are disclosed in Note 2.3 and depreciation charge for the year is disclosed in Note 5. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation charge. The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Were the actual useful lives of the technology division plant and equipment to differ by +/- 5% from management's estimates, the carrying amount of the plant and equipment would be an estimated USD 2,811 lower or higher (2011: USD 2,526).

(b) Fair value of receivables

Trade receivables impairment charge reflects management's estimate of losses arising from the failure or inability of the Company's customers to make required payments. The estimate is based on customer creditworthiness, the ageing of customer accounts and historical write-off experiences.

4.2 Critical judgments in applying the entity's accounting policies

(a) Country risk

The Company's operations are subject to country risk being the economic, political, and social risks inherent in doing business in the Republic of Moldova. These risks include matters arising out of the policies of the government, economic conditions, imposition of or changes to taxes and regulations, and foreign exchange fluctuations. The accompanying financial statements reflect management's assessment of the impact of the Moldovan business environment on the operations and the financial position of the Company.

(b) Taxation risk

The taxation system in Moldova is subject to varying interpretations and to constant changes, which may be applied retroactively. In certain circumstances, the tax authorities can be aggressive and arbitrary in assessing tax penalties and interest. Moreover, the tax authorities may make arbitrary judgments as to business activities and transactions, including the arbitrary classification of the activities of the enterprise when the regulatory basis for this decision is deemed insufficient.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical judgments in applying the entity's accounting policies (continued)

Thus, management's judgment of the Company's business activities and transactions may not coincide with the interpretation of the tax authorities. Although the actual tax due on a transaction may be minimal, penalties can be significant because they are calculated based on the value of the transaction. The periods not verified by tax authorities remain open to review by the tax and customs authorities with respect to tax liabilities for four years.

(c) Going concern

These financial statements have been prepared assuming the Company will continue as a going concern and, therefore, no adjustments relating to this uncertainty have been included in these financial statements.

(All amounts in USD thousand unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT

	1 January 2011	Additions	Disposals	Translation difference	Transfers	At 31 December2011
Cost						
Land	120	-	-	5	-	125
Buildings	13,365	-	-	501	399	14,265
Infrastructure	2,480	-	(24)	92	80	2,628
Machinery and equipment	51,216	-	(266)	1,920	2,084	54,954
Vehicles	1,981	762	(672)	74	-	2,145
Furniture and fixtures	425	37	(45)	6	-	423
Sales and marketing equipment	9,196	2,932	(1,526)	357	-	10,959
Computers	257	44	(64)	9	-	246
Other assets	96	-	(16)	4	-	84
Returnable package	5,180	620	(1,216)	193	-	4,777
Assets under construction and equipment to be installed	1,463	3,610	-	56	(2,563)	2,566
Total	85,779	8,005	(3,829)	3,217	-	93,172

(All amounts in USD thousand unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	1 January 2011	Additions	Disposals	Translation difference	At 31 December2011
Accumulated Depreciation					
Buildings	3,802	569	-	143	4,514
Infrastructure	1,611	169	(23)	61	1,818
Machinery and equipment	26,091	5,736	(250)	986	32,563
Vehicles	1,229	495	(649)	46	1,121
Furniture and fixtures	290	54	(45)	11	310
Sales and marketing equipment	5,615	2,316	(1,517)	213	6,627
Computers	191	40	(64)	8	175
Other assets	88	4	(16)	3	79
Returnable package	3,010	750	(566)	113	3,307
Total	41,927	10,133	(3,130)	1,584	50,514
Carrying amount	43,852				42,658

As of 31 December 2011 the Company does not have any property, plant and equipment pledged as collateral.

(All amounts in USD thousand unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	1 January 2012	Additions	Disposals	Translation difference	Transfers	At 31 December2012
Cost						
Land	125	-	-	(4)	-	121
Buildings	14,265	-	-	(409)	345	14,201
Infrastructure	2,628	-	(49)	(76)	40	2,543
Machinery and equipment	54,954	-	(678)	(1,577)	3,014	55,713
Vehicles	2,145	453	(126)	(60)	-	2,412
Furniture and fixtures	423	59	(46)	(12)	-	424
Sales and marketing equipment	10,959	3,196	(590)	(306)	-	13,259
Computers	246	52	(11)	(7)	-	280
Other assets	84	169	(20)	(2)	-	231
Returnable package	4,777	2,367	(1,212)	(133)	-	5,799
Assets under construction and equipment to be installed	2,566	4,331	-	(72)	(3,399)	3,426
Total	93,172	10,627	(2,732)	(2,658)	-	98,409

(All amounts in USD thousand unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	1 January 2012	Additions	Disposals	Translation difference	At 31 December2012
Accumulated Depreciation					
Buildings	4,514	565	-	(128)	4,951
Infrastructure	1,818	152	(44)	(53)	1,873
Machinery and equipment	32,563	4,798	(662)	(923)	35,776
Vehicles	1,121	477	(126)	(31)	1,441
Furniture and fixtures	310	39	(45)	(9)	295
Sales and marketing equipment	6,627	2,589	(585)	(184)	8,447
Computers	175	42	(11)	(5)	201
Other assets	79	5	(20)	(2)	62
Returnable package	3,307	550	(582)	(96)	3,179
Total	50,514	9,217	(2,075)	(1,431)	56,225
Carrying amount	42,658				42,184

As of 31 December 2012 the Company does not have any property, plant and equipment pledged as collateral.

(All amounts in USD thousand unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fully depreciated assets

As at 31 December 2012 property, plant and equipment include fully depreciated fixed assets which are still used by the Company in the amount of USD 21,975 (31 December 2011: USD 12,046). Fully depreciated items mainly represent, returnable packages of USD 2,180 (31 December 2011: USD 1,091), the glass bottling line of USD 8,162 (31 December 2011: USD 4,319), the can line of USD 1,107 (31 December 2011: nil) and sales and marketing equipment of USD 3,503 (31 December 2011: USD 2,392).

Borrowing costs

Property, plant and equipment include borrowing costs incurred in connection with the construction of certain assets. Borrowing costs capitalised as property, plant and equipment amounted to USD 38 in 2012 (2011: USD 6).

The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.6% and 2.5 % in 2012 and 2011, respectively.

6 INTANGIBLE ASSETS

	2012	2011
Cost		
At 1 January	1,217	1,127
Acquisitions	101	51
Translation difference	(35)	39
At 31 December	1,283	1,217
Accumulated amortization		
At 1 January	938	701
Amortization charge for the year	135	211
Translation difference	(26)	26
At 31 December	1,047	938
Carrying amount		
At 1 January	279	426
At 31 December	236	279

(All amounts in USD thousand unless otherwise stated)

7 INVENTORIES

	31 December 2012	31 December2011
Raw materials, at cost	1,849	2,339
Spare parts	1,665	1,400
Packaging materials (other than bottles and cases)	1,322	1,360
Finished goods	745	926
Work-in-progress, at cost	728	808
Goods	415	314
Other	80	82
	6,804	7,229

The cost of inventories recognised as material costs in the statement of comprehensive income amount to USD 21,281 (2011: USD 20,453) (Note 18).

8 TRADE RECEIVABLES

	31 December 2012	31 December 2011
Trade receivables	6,979	3,675
Less provision for doubtful debts	(16)	(17)
Trade receivables – net	6,963	3,658
Due from related parties	-	2
	6,963	3,660

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

	2012	2011
Balance at 1 January	17	43
Release	-	(28)
Currency translation difference	(1)	2
Balance at 31 December	16	17

(All amounts in USD thousand unless otherwise stated)

8 TRADE RECEIVABLES (CONTINUED)

Analysis by credit quality of trade receivables is as follows:

	2012	**2011**
Neither past due nor impaired	3,654	980
Past due but not impaired		
Less than 30 days	764	2,622
30 to 60 days	2,545	58
Total past due but not impaired	3,309	2,680
Total individually impaired		
181 to 360 days	16	17
Less impairment provision	(16)	(17)
	-	-
Total	6,963	3,660

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparties. These counterparties do not have an external credit rating and are existing customers (more than 6 months) with no defaults in the past. Accounts receivables from distributors are secured by bank guarantees in its favour obtained from customers.

9 CASH AND CASH EQUIVALENTS

	31 December 2012	**31 December 2011**
Cash on hand	1	1
Cash at banks, including		
- Banks-demand deposits	544	3,468
- Banks-time deposits	7,941	4,414
Other (3 month government bonds)	-	1,707
	8,486	9,590

(All amounts in USD thousand unless otherwise stated)

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2012	31 December 2011
Government bonds with 6 month maturity	-	1,706

Available-for-sale financial assets comprised government bonds with original maturity of 182 days. As at 31 December 2012 Company had no government bonds. In 2012 interest rates for Government bonds decreased and available funds were invested in short-term bank deposits.

11 OTHER ASSETS

	31 December 2012	31 December 2011
Advances given to suppliers	193	77
Prepaid expenses	102	99
Other receivables	159	201
	454	377

Other receivables include other tax receivable of USD 88 (31 December 2011: USD 55).

12 SHARE CAPITAL

	2012		2011	
	Number of shares	Amount	Number of shares	Amount
As at 1 January	1,600	2,950	1,448	2,619
Issue of shares	-	-	152	331
As at 31 December	1,600	2,950	1,600	2,950

(All amounts in USD thousand unless otherwise stated)

12 SHARE CAPITAL (CONTINUED)

The total authorized number of ordinary shares is 1,600 thousand shares (2011: 1,600 thousand shares) with par value of USD 1.84 per 1 share (2011: USD 1,84 per 1 share).

In 2012 the Company declared dividends of USD 2,298 per share, amounting in total to USD 3,677.

Breakdown of shareholders is as follows:

	2012		2011	
	Amount	Percentage, %	Amount	Percentage, %
Efes Breweries International B.V.	2,857	96,83	2,857	96.83
Other	93	3,17	93	3.17
	2,950	100	2,950	100

13 TRADE AND OTHER PAYABLES

	31 December 2012	31 December 2011
Trade payables	2,829	2,296
Due from related parties	1,023	679
Payables for fixed assets	250	97
	4,102	3,072

14 OTHER CURRENT LIABILITIES

	31 December 2012	31 December 2011
Taxes payable other than income tax	702	580
Salaries and bonus payables	365	241
Vacation pay liability	216	222
Due to shareholders	91	67
Other	105	126
	1,479	1,236

(All amounts in USD thousand unless otherwise stated)

15 BORROWINGS

	31 December 2012	31 December 2011
Non - current		
Bank borrowing	5,012	10,022
Current		
Bank borrowing	5,080	4,379
Total	10,092	14,401

(All amounts in USD thousand unless otherwise stated)

15 BORROWINGS (CONTINUED)

As at 31 December 2012 the break down per borrowing is as follows:

	Amount (including interest accrual)	Interest rate	Beginning	Maturity	Current portion	Interest Expense Accrual	Original Currency	Original Amount*	Security Type
EBRD	10,092	LIBOR +2.1%	16 December 2008	8 November 2014	5,080	40	USD	10,080	EBI guarantee

*As of 31 December 2012 original amount of USD 10,080 represents outstanding contractual amount of principal.

Borrowings from EBRD are subject to financial covenants: (1) the value of the Company equity shall not be less at any time than USD 30 million, (2) any financial debt of the Company in aggregate in excess of USD 1.5 million is not paid when due and (3) any financial debt of EBI International N.V. in aggregate in excess of USD 10 million is not paid when due.

As of 31 December 2012 the Company was in compliance with all the covenants imposed by EBRD.

As of 31 December 2012, the Company did not have any pledged assets as collateral in respect of the borrowings from EBRD.

(All amounts in USD thousand unless otherwise stated)

15 BORROWINGS (CONTINUED)

As at 31 December 2011 the break down per borrowing and lease liabilities is as follows:

	Amount (including interest accrual)	**Interest rate**	**Beginning**	**Maturity**	**Current portion**	**Interest Expense Accrual**	**Original Currency**	**Original Amount**	**Security Type**
EBRD	14,401	Libor +2.1%	16 December 2008	8 November 2014	4,379	59	USD	14,400	EBI guarantee

*As of 31 December 2011 original amount of USD 14,400 represents outstanding contractual amount of principal.

Borrowings from EBRD are subject to financial covenants: (1) the value of the Company equity shall not be less at any time than USD 30 million, (2) any financial debt of the Company in aggregate in excess of USD 1.5 million is not paid when due and (3) any financial debt of EBI International N.V. in aggregate in excess of USD 10 million is not paid when due.

As of 31 December 2011 the Company was in compliance with all the covenants imposed by EBRD.

As of 31 December 2011, the Company did not have any pledged assets as collateral in respect of the borrowings from EBRD.

(All amounts in USD thousand unless otherwise stated)

16 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2012	2011
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	(177)	(286)
- Deferred tax assets to be recovered within 12 months	(63)	(683)
	(240)	(969)
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	728	1,703
Deferred tax liabilities ,net	488	734

The gross movement on the deferred tax account is as follows:

	2012	2011
At 1 January	734	-
Income statement charge/ (credit) (note 24)	(225)	734
Exchange differences	(21)	-
As at 31 December	488	734

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets	**Provisions**	**Tax losses**	**Total**
At 1 January 2011	-	-	-
Credit to the income statement	(683)	(286)	(969)
At 31 December 2011	(683)	(286)	(969)
Charge to the income statement	599	101	700
Exchange differences	21	8	29
At 31 December 2012	(63)	(177)	(240)

(All amounts in USD thousand unless otherwise stated)

16 DEFERRED INCOME TAX (CONTINUED)

Deferred tax liabilities	Accelerated tax depreciation	Other	Total
At 1 January 2011	-	-	-
Charge to the income statement	1,696	7	1,703
At 31 December 2011	1,696	7	1,703
Credit to the income statement	(921)	(4)	(925)
Exchange differences	(50)	-	(50)
At 31 December 2012	725	3	728

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

17 REVENUE

	2012	2011
Beer sales	62,652	60,406
Sale of imported beer	4,444	3,468
Non-beer sales	3,981	4,683
Total gross sales	71,077	68,557
Less: discounts and returns	(10,045)	(9,535)
Total net sales	61,032	59,022

(All amounts in USD thousand unless otherwise stated)

18 COST OF SALES

	2012	2011
Material cost (Note 7)	21,281	20,453
Depreciation and amortization	5,036	6,306
Fuel, heat and energy	3,360	3,181
Cost of trade goods – beer	2,793	2,453
Personnel expense	1,460	1,386
Repair and maintenance	1,306	1,645
Other	129	190
	35,365	35,614

Cost of sales increased mainly due to increase in raw material prices and increase of volume of products sold.

19 SELLING AND MARKETING EXPENSES

	2012	2011
Marketing and advertising	3,983	3,933
Depreciation and amortization	3,864	3,599
Personnel expense	2,554	2,373
Distribution expenses (including transportation)	1,158	1,035
Other	313	187
	11,872	11,127

Other expenses mainly include car maintenance expenses, security and rent expenses.

(All amounts in USD thousand unless otherwise stated)

20 GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
Personnel costs	2,904	2,572
Audit and consultancy fees	536	617
Technical management and license fees	502	450
Depreciation and amortization	451	439
Insurance costs	200	186
Taxes and duties	151	198
Representation expenses	87	56
Travel costs	81	90
Repair and maintenance	67	92
Telecommunication costs	57	50
Donations	45	34
Other expenses	238	221
	5,319	5,005

21 OTHER OPERATING INCOME / (EXPENSE)

	2012	2011
Net gain on disposal of property, plant and equipment	128	422
Write off other inventories	(380)	(399)
Net gain from sale of materials and waste	111	108
Other income	100	141
	(41)	272

Other income includes penalties received from suppliers who did not fulfil their obligations as well damage compensation received from insurance companies.

(All amounts in USD thousand unless otherwise stated)

22 FINANCE INCOME AND COSTS

	2012	2011
Finance income		
Interest income	925	728
Net foreign currency gain	-	1,036
	925	1,764
Finance cost		
Interest expense on borrowings	(352)	(444)
Bank fees and commissions	(60)	(118)
Net foreign currency loss	(498)	-
	(910)	(562)
Finance income, net	15	1,202

23 PERSONNEL EXPENSES

	2012	2011
Wages and salaries	5,793	5,302
Social security costs	1,125	1,029
	6,918	6,331
Average number of employees for the year	403	393
Number of employees as of year end	388	382

24 INCOME TAX EXPENSE

From 1 January 2012 corporate income tax has been charged at the rate of 12% (2011: nil). Accordingly, deferred tax was recorded for the first time at 31 December 2011.

	2012	2011
Current income tax	1,102	-
Deferred tax charge/ (credit) (note 16)	(225)	734
Income tax expense	877	734

The tax on the Company's profit differs from the theoretical amount that would arise using the tax rate applicable to profits as follows:

	2012	2011
Profit before tax	8,450	8,750
Tax at the applicable tax rate of 12% (2011: nil)	1,014	-
The effect of:		
- Income not subject to tax	(35)	-
- Expenses not deductible for tax purposes	(102)	-
- Effect of introduction of new tax rate	-	734
Income tax expense	877	734

25 BASIC EARNINGS PER SHARE

	2012	2011
Net profit attributable to ordinary shareholders for basic earnings per share	7,573	8,016
Number of ordinary shares for basic earnings per share (in thousands shares)	1,600	1,600
Earnings per share (USD per share)		
- Basic	4.73	5.01
- Diluted	4.73	5.01

(All amounts in USD thousand unless otherwise stated)

26 RELATED PARTY TRANSACTIONS

During 2012, the Company entered into transactions with the following related parties.

Related party	Type of relations	Type of transaction	2012	2011
Efes Holland Tech. Management Consultancy B.V.	Subsidiary of Parent's Parent	Management support	502	450
SABMILLER RUS LLC	Subsidiary of Parent	Purchases of beer	1,323	-
Moscow Efes Brewery ZAO	Subsidiary of Parent	Purchases of beer and materials	914	1,617
SAB MILLER BRANDS EUROPE	Subsidiary of Parent	Purchases of marketing materials	5	-
Oyex GMBH	Company related to Parent	Purchase of materials	1,448	1,029
VOSTOK SOLOD	Subsidiary of Parent	Purchase of materials	-	660
Anadolu Efes Biracilik VE Malt Sanayi A.S.	Company related to Parent	Purchase of materials	9	40
Anadolu Efes Biracilik VE Malt Sanayi A.S.	Company related to Parent	Purchases of IT maintenance services	52	-
ABH Anadolu Bilisim Hizmetleri	Company related to parent	Purchase of SAP maintenance service	159	256
Efestur	Company related to parent	Purchase of services	12	21
Lomisi	Subsidiary of Parent	Purchase of materials	105	35
Anadolu Etap Tarim Ve Gida Ürünleri Sanayi Ve Ticaret A.Ş. (Anadolu Etap)	Company related to Parent	Sale of materials	-	2
Directors	Company's Management	Remuneration	1,944	1,457

(All amounts in USD thousand unless otherwise stated)

26 RELATED PARTY TRANSACTIONS (CONTINUED)

Management remuneration represents short term employee benefits.

	2012	2011
Due to related parties balances		
Efes Holland Tech. Management Consultancy B.V.	502	450
Oyex GMBH	159	48
SABMILLER RUS LLC	196	-
Lomisi	109	-
Moscow Efes Brewery ZAO	37	149
ABH Anadolu Bilisim Hizmetleri	10	1
Anadolu Efes Biracilik VE Malt Sanayi A.S.	7	12
Efestur	2	-
Alternatifbank Anonim Şirketi (A - Bank)	-	19
Due from parties balances		
Anadolu Etap Tarim Ve Gida Ürünleri Sanayi Ve Ticaret A.Ş.	-	2

Balances due to related parties are not secured and not interest bearing.

The name of the ultimate controlling party of the Company is Anadolu Efes Biracilik ve Malt Sanayii A.S.

27 CAPITAL RISK MANAGEMENT

Overview

The Company's activity is exposed to a variety of financial risks, as follows:

- credit risk
- liquidity risk
- market risk, including currency risk and interest rate risk

(All amounts in USD thousand unless otherwise stated)

27 CAPITAL RISK MANAGEMENT (CONTINUED)

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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.

Further quantitative disclosures are included throughout these financial statements. Exposure to interest rate, credit and currency risk arises in the normal course of the Company's business.

27.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from cash and cash equivalents (and deposits with banks) and from the Company's receivables from customers.

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	
	31 December 2012	31 December 2011
Receivables	6,963	3,660
Government bonds	-	3,413
Cash and other cash equivalents	8,486	7,883

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer (or distributors). The Company has approximately 21 customers.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Additionally the Company requires bank guarantees in its favour from its distributors.

27 CAPITAL RISK MANAGEMENT (CONTINUED)

27.1 Credit risk (continued)

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

The Company holds as security for accounts receivable guarantees from its distributors amounting to USD 8,709 (2011: USD 6,876).

Cash and cash equivalents

At 31 December 2011, cash at bank of USD 8,485 (31 December 2011: USD 7,882) is held with local banks. None of these banks have external credit ratings.

27.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company'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 Company's reputation.

(All amounts in USD thousand unless otherwise stated)

27 CAPITAL RISK MANAGEMENT (CONTINUED)

27.2 Liquidity risk (continued)

The amounts disclosed in the table are the contractual undiscounted cash flows the Company is obliged to incur as at 31 December 2012 and 31 December 2011:

31 December 2012	On demand	Less than 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Monetary liabilities						
Borrowings	-	(66)	(5,229)	(5,093)	-	(10,388)
Trade payables	-	(4,102)	-	-	-	(4,102)
Other current liabilities[1]	-	(672)	-	-	-	(672)
Total monetary liabilities	-	(4,840)	(5,229)	(5,093)	-	(15,162)
31 December 2011						
Monetary liabilities						
Borrowings	-	(58)	(4,677)	(10,329)	-	(15,064)
Trade payables	-	(2,622)	(450)	-	-	(3,072)
Other current liabilities[1]	-	(530)	-	-	-	(530)
Total monetary liabilities	-	(3,210)	(5,127)	(10,329)	-	(18,666)

[1] The maturity analysis applies to financial instruments only and therefore non-financial liabilities are not included.

27 CAPITAL RISK MANAGEMENT (CONTINUED)

27.3 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 Company'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.

Foreign exchange risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than its respective functional currency. The currencies in which these transactions primarily are denominated are EUR and USD.

The Company' transactional exposures give rise to foreign currency gains and losses that are recognized in the statement of comprehensive income. These exposures comprise the monetary assets and monetary liabilities of the Company that are not denominated in the functional currency of the Company.

(All amounts in USD thousand unless otherwise stated)

27 CAPITAL RISK MANAGEMENT (CONTINUED)

27.3 Market risk (continued)

The Company's exposure to foreign currency risk was as follows:

31 December 2012	Euro	US Dollar	Russian rouble	Moldovan lei	Total
Monetary assets					
Cash and cash equivalents	1,197	25	-	7,264	8,486
Trade receivables	-	-	-	6,963	6,963
Total monetary assets	1,197	25	-	14,227	15,449
Monetary liabilities					
Trade payables	1,451	633	273	1,745	4,102
Borrowings	-	10,092	-	-	10,092
Total monetary liabilities	1,451	10,725	273	1,745	14,194
Net foreign exchange position	(254)	(10,700)	(273)	12,482	1,255

Amounts in Moldovan lei are disclosed for reconciliation purposes and do not expose the Company to the currency risk, as this is the functional currency of the Company.

(All amounts in USD thousand unless otherwise stated)

27 CAPITAL RISK MANAGEMENT (CONTINUED)

27.3 Market risk (continued)

The Company's exposure to foreign currency risk was as follows based on notional amounts as at 31 December 2011:

31 December 2011	Euro	US Dollar	Russian rouble	Moldovan lei	Total
Monetary assets					
Cash and cash equivalents	1,320	1,125	-	7,145	9,590
Available-for-sale financial assets	-	-	-	1,706	1,706
Trade receivables	-	2	-	3,658	3,660
Total monetary assets	1,320	1,127	-	12,509	14,956
Monetary liabilities					
Trade payables	1,406	543	161	962	3,072
Borrowings	-	14,401	-	-	14,401
Total monetary liabilities	1,406	14,944	161	962	17,473
Net foreign exchange position	(86)	(13,817)	(161)	11,547	(2,517)

Amounts in Moldovan lei are disclosed for reconciliation purposes and do not expose the Company to the currency risk, as this is the functional currency of the Company.

(All amounts in USD thousand unless otherwise stated)

27 CAPITAL RISK MANAGEMENT (CONTINUED)

27.3 Market risk (continued)

A change of 10% in foreign exchange rates for USD, EUR and Russian rouble at the reporting date would have decreased / (increased) comprehensive income / (loss) for the year by USD 688 (2011: USD 1,279). This analysis assumes that all other variables remain constant.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long –term borrowings. All the Company's borrowings are issued at variable interest rate and expose the Company to cash flow interest rate risk.

Based on simulation performed, an increase of 1% in interest rates at the reporting date would have decreased / (increased) comprehensive income / (loss) by USD 101 (2011: US 144). This simulation assumes that all other variables, in particular foreign currency rates, remain constant.

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 / or 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.

27.4 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity.

	2012	2011
Net operating income	8,435	7,548
Total equity	48,732	46,048
Return on capital	17%	16%

Increase of return on capital in 2012 is due to the improvement of the Company's operating profitability in 2012 compared to 2011.

The Company is subject to imposed EBRD equity requirements (Note 15).

27 CAPITAL RISK MANAGEMENT (CONTINUED)

27.5 Country Risk

The Company, through its operations, has a significant exposure to the economy and financial markets of Moldova. The Republic of Moldova displays certain characteristics of an emerging market, also being affected by the global financial crisis. The tax, currency and customs legislation in Moldova is subject to varying interpretations and frequent changes.

The future economic direction of Moldova is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

Management is unable to predict all developments which could have an impact on this industry and the wider economy and consequently what effect, if any, they could have on the future financial position of the Company. However, Management believes it is taking all the necessary measures to support the sustainability and development of the Company's business in the current circumstances.

28 COMMITMENTS AND CONTINGENCIES

The Company is committed to purchase property, plant and equipment in the amount of USD 1,645 (31 December 2011: USD 597) and inventory in the amount of USD 18,464, including malt and packaging materials (31 December 2011: USD 5,746).

There are no letters of guarantees given and no mortgage on any asset of the Company.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Efes Vitanta Moldova Brewery SA

1 We have audited the accompanying financial statements of Efes Vitanta Moldova Brewery SA (the "Company") which comprise the statement of financial position as at 31 December 2012 and the statement of comprehensive income, cash flows and changes in equity for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management 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

3 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 whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

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expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6 In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

David Trow
Partner, empowered by
Power of attorney dated 1 March 2011,
on behalf of
ICS PricewaterhouseCoopers Audit SRL
License: A MMII Nr. 037346
issued on 9 February 2007

Viorelia Gutu
Licensed auditor
License: AG Nr. 000223
issued on 8 February 2008

Chisinau, 26 March 2013