



Coca-Cola Hellenic Bottling Company S.A.

Annual Report 2012
(IFRS Financial Statements)

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[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of "Coca-Cola Hellenic Bottling Company S.A."

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of "Coca-Cola Hellenic Bottling Company S.A." which comprise the consolidated balance sheet as of 31 December 2012 and the consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

*PricewaterhouseCoopers SA, 268 Kifissias Avenue, 15232 Halandri, Greece
T: +30 210 6874400, F: +30 210 6874444, www.pwc.gr*

17 Ethnikis Antistassis Str, 55134 Thessaloniki, T: +30 2310 488880 F: +30 2310 459487

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the “Coca-Cola Hellenic Bottling Company S.A.” and its subsidiaries as at December 31, 2012, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Athens, 4 March 2013

The Certified Auditor – Accountant

PricewaterhouseCoopers
Certified Auditors - Accountants
268 Kifissias Avenue, Halandri 152 32
SOEL Reg. No. 113

Marios Psaltis
SOEL Reg. No. 38081

*PricewaterhouseCoopers SA, 268 Kifissias Avenue, 15232 Halandri, Greece
T: +30 210 6874400, F: +30 210 6874444, www.pwc.gr*

17 Ethnikis Antistassis Str, 55134 Thessaloniki, T: +30 2310 488880 F: +30 2310 459487

Consolidated Balance Sheet

	Note	As at 31 December		
		2012 € million	2011 ¹ € million	2010 ¹ € million
Assets				
Intangible assets	4	1,944.6	1,935.4	1,954.6
Property, plant and equipment	5	3,041.4	2,998.1	3,072.3
Equity method investments	6	168.5	141.7	91.8
Available-for-sale financial assets	7	1.7	1.2	1.6
Derivative assets	8	35.8	69.5	73.1
Deferred tax assets	9	40.1	35.1	34.8
Other non-current assets	10	47.2	47.4	49.3
Total non-current assets		5,279.3	5,228.4	5,277.5
Inventories	11	458.0	447.7	477.4
Trade receivables	12	801.3	854.7	870.5
Other receivables and assets	13	235.5	229.9	234.9
Derivative assets	8	13.6	15.7	4.2
Current tax assets		23.3	19.7	13.8
Cash and cash equivalents	14	439.1	447.4	306.7
Total current assets		1,970.8	2,015.1	1,907.5
Total assets		7,250.1	7,243.5	7,185.0
Liabilities				
Short-term borrowings	15	555.0	321.5	531.2
Cross-currency swap contracts	8	67.8	—	—
Trade payables	16	435.8	417.8	378.8
Other payables	16	1,130.5	1,114.3	1,083.9
Current tax liabilities		33.2	57.5	36.6
Total current liabilities		2,222.3	1,911.1	2,030.5
Long-term borrowings	15	1,604.7	1,939.8	1,662.8
Cross-currency swap contracts	8	75.6	130.8	136.1
Deferred tax liabilities	9	177.4	172.1	165.2
Non-current provisions	17	149.0	155.4	145.8
Other non-current liabilities		14.6	14.1	13.5
Total non-current liabilities		2,021.3	2,412.2	2,123.4
Total liabilities		4,243.6	4,323.3	4,153.9
Equity				
Share capital	18	370.2	549.8	183.1
Share premium	18	569.3	569.2	1,119.2
Treasury shares	19	(54.3)	(55.5)	(57.2)
Exchange equalisation reserve	19	(168.1)	(199.7)	(131.0)
Other reserves	19	376.6	380.0	366.4
Retained earnings		1,895.0	1,660.6	1,465.0
Equity attributable to owners of the parent		2,988.7	2,904.4	2,945.5
Non-controlling interests	28	17.8	15.8	85.6
Total equity		3,006.5	2,920.2	3,031.1
Total equity and liabilities		7,250.1	7,243.5	7,185.0

(1) Comparative figures have been restated where necessary to reflect changes in accounting policies as detailed in Note 1.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Income Statement

	Note	Year ended 31 December		
		2012 € million	2011 ¹ € million	2010 ¹ € million
Net sales revenue	3	7,044.7	6,824.3	6,761.6
Cost of goods sold		(4,522.2)	(4,254.7)	(4,042.7)
Gross profit		2,522.5	2,569.6	2,718.9
Operating expenses	20	(2,078.1)	(2,048.2)	(2,048.4)
Restructuring costs	20	(106.7)	(71.1)	(36.5)
Operating profit	3	337.7	450.3	634.0
Finance income		10.4	8.7	6.9
Finance costs		(98.0)	(96.1)	(82.8)
Loss on net monetary position	21	(3.1)	(7.8)	—
Total finance costs, net	21	(90.7)	(95.2)	(75.9)
Share of results of equity method investments	6	11.6	9.4	10.4
Profit before tax		258.6	364.5	568.5
Tax	3,22	(65.2)	(98.8)	(137.8)
Profit after tax		193.4	265.7	430.7
Attributable to:				
Owners of the parent		190.4	264.4	421.0
Non-controlling interests		3.0	1.3	9.7
		193.4	265.7	430.7
Basic and diluted earnings per share (€)	23	0.52	0.73	1.16

(1) Comparative figures have been restated where necessary to reflect changes in accounting policies as detailed in Note 1.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December		
	2012 € million	2011 ¹ € million	2010 ¹ € million
Profit after tax	193.4	265.7	430.7
Other comprehensive income:			
Items that may be subsequently reclassified to income statement:			
Available-for-sale financial assets:			
Valuation gains / (losses) during the year	0.2	(0.4)	0.5
Valuation (gains)/losses reclassified to profit and loss for the year	— 0.2	— (0.4)	(2.8) (2.3)
Cash flow hedges:			
Amounts of (losses) / gains during the year	(22.9)	5.3	(11.3)
Amounts of losses reclassified to profit and loss for the year	9.5 (13.4)	3.1 8.4	2.0 (9.3)
Foreign currency translation	32.4	(54.4)	182.0
Share of other comprehensive income of equity method investments	(0.8)	(0.6)	0.9
Income tax relating to items that may be subsequently reclassified to income statement (refer to Note 24)	2.9	(2.6)	0.3
	21.3	(49.6)	171.6
Items that will not be subsequently reclassified to income statement:			
Actuarial (losses) / gains	(15.2)	(27.7)	6.1
Income tax relating to items that will not be subsequently reclassified to income statement (refer to Note 24)	2.6	5.7	(1.3)
	(12.6)	(22.0)	4.8
Other comprehensive income for the year, net of tax (refer to Note 24)	8.7	(71.6)	176.4
Total comprehensive income for the year	202.1	194.1	607.1
Total comprehensive income attributable to:			
Owners of the parent	199.1	187.8	593.3
Non-controlling interests	3.0	6.3	13.8
	202.1	194.1	607.1

(1) Comparative figures have been restated where necessary to reflect changes in accounting policy as detailed in Note 1.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Exchange equalisation reserve	Other reserves	Retained earnings	Total		
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance as at 1 January 2010	182.8	1,113.8	(14.9)	(309.1)	368.8	1,112.3	2,453.7	101.2	2,554.9
Changes in accounting policy (Note 1)	—	—	—	(1.8)	(9.0)	7.1	(3.7)	(20.8)	(24.5)
Balance as at 1 January 2010 (adjusted)	182.8	1,113.8	(14.9)	(310.9)	359.8	1,119.4	2,450.0	80.4	2,530.4
Shares issued to employees exercising stock options	0.3	5.4	—	—	—	—	5.7	—	5.7
Share-based compensation:									
Options	—	—	—	—	6.7	—	6.7	—	6.7
Movement in treasury shares	—	—	—	—	0.2	—	0.2	—	0.2
Shares repurchased	—	—	(42.3)	—	—	—	(42.3)	—	(42.3)
Exchange equalisation reserve recycled to retained earnings	—	—	—	1.1	—	(1.1)	—	—	—
Appropriation of reserves	—	—	—	—	11.0	(11.0)	—	—	—
Purchase of shares held by non-controlling interests in subsidiary in Serbia	—	—	—	—	—	—	—	(3.7)	(3.7)
Dividends	—	—	—	—	—	(68.1)	(68.1)	(4.9)	(73.0)
	183.1	1,119.2	(57.2)	(309.8)	377.7	1,039.2	2,352.2	71.8	2,424.0
Profit for the year net of tax	—	—	—	—	—	421.0	421.0	9.7	430.7
Other comprehensive income for the year, net of tax	—	—	—	178.8	(11.3)	4.8	172.3	4.1	176.4
Total comprehensive income for the year, net of tax ⁽¹⁾	—	—	—	178.8	(11.3)	425.8	593.3	13.8	607.1
Balance as at 31 December 2010	183.1	1,119.2	(57.2)	(131.0)	366.4	1,465.0	2,945.5	85.6	3,031.1

- (1) The amount included in the exchange equalisation reserve of €178.8m gain for 2010 represents the exchange gains attributable to the owners of the parent of €177.9m plus the share of equity method investments of €0.9m gain.
- The amount included in other reserves of €11.3m loss for 2010 consists of losses on cash flow hedges of €9.3m (of which €11.3m represents losses for the year and €2.0m represents revaluation losses reclassified to profit and loss for the year), losses on valuation of available-for-sale financial assets of €2.3m (of which €0.5m represents revaluation gains for the year and €2.8m represents revaluation gains reclassified to profit and loss for the year) and the deferred income tax credit thereof amounting to €0.3m.
- The amount of €425.8m profit comprises of profit for the year of €421.0m plus actuarial gains of €6.1m less deferred income tax debit of €1.3m.
- The amount of €13.8m income included in non-controlling interests for 2010 represents the share of non-controlling interests in the exchange equalisation reserve of €4.1m gain and in the retained earnings of €9.7m income.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Exchange equalisation reserve	Other reserves	Retained earnings		
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance as at 31 December 2010								
(adjusted)	183.1	1,119.2	(57.2)	(131.0)	366.4	1,465.0	85.6	3,031.1
Shares issued to employees exercising stock options	0.2	4.5	—	—	—	—	—	4.7
Share-based compensation:								
Options	—	—	—	—	8.1	—	—	8.1
Movement in treasury shares	—	—	—	—	(0.4)	—	—	(0.4)
Capitalisation of share premium reserve	549.7	(549.7)	—	—	—	—	—	—
Expenses relating to share capital increase (net of tax €1.2m)	—	(4.8)	—	—	—	—	—	(4.8)
Return of capital to shareholders	(183.2)	—	1.7	—	—	—	—	(181.5)
Share capital increase in subsidiary in Serbia	—	—	—	—	—	(0.8)	1.2	0.4
Purchase of shares held by non-controlling interests	—	—	—	(8.7)	—	(37.7)	(71.5)	(117.9)
Appropriation of reserves	—	—	—	—	0.5	(0.5)	—	—
Hyperinflation impact	—	—	—	—	—	(7.8)	—	(7.8)
Dividends	—	—	—	—	—	—	(5.8)	(5.8)
	549.8	569.2	(55.5)	(139.7)	374.6	1,418.2	9.5	2,726.1
Profit for the year net of tax	—	—	—	—	—	264.4	1.3	265.7
Other comprehensive income for ... the year, net of tax	—	—	—	(60.0)	5.4	(22.0)	5.0	(71.6)
Total comprehensive income for the year, net of tax ⁽²⁾	—	—	—	(60.0)	5.4	242.4	6.3	194.1
Balance as at 31 December 2011	549.8	569.2	(55.5)	(199.7)	380.0	1,660.6	15.8	2,920.2

(2) The amount included in the exchange equalisation reserve of €60.0m loss for 2011 represents the exchange losses attributable to the owners of the parent of €59.4m plus the share of equity method investments of €0.6m loss.

The amount included in other reserves of €5.4m gain for 2011 consists of losses on valuation of available-for-sale financial assets of €0.4m representing revaluation losses for the year, cash flow hedges gain of €8.4m (of which €5.3m represents revaluation gains for the year and €3.1m represents revaluation losses reclassified to profit and loss for the year) and the deferred income tax loss of €2.6m.

The amount of €242.4m profit comprises of profit for the year of €264.4m less actuarial losses of €27.7m plus deferred income tax credit of €5.7m.

The amount of €6.3m gain included in non-controlling interests for 2011 represents the share of non-controlling interests in the exchange equalisation reserve of €5.0m gain and in the retained earnings of €1.3m income.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Exchange equalisation reserve	Other reserves	Retained earnings	Total		
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance as at 31 December 2011									
(adjusted)	549.8	569.2	(55.5)	(199.7)	380.0	1,660.6	2,904.4	15.8	2,920.2
Shares issued to employees exercising stock options	—	0.1	—	—	—	—	0.1	—	0.1
Share-based compensation:									
Options	—	—	—	—	6.3	—	6.3	—	6.3
Movement in treasury shares	—	—	—	—	0.1	—	0.1	—	0.1
Return of capital to shareholders	(124.6)	—	1.2	—	—	—	(123.4)	—	(123.4)
Reduction of share capital to extinguish accumulated losses of the parent company	(55.0)	—	—	—	—	55.0	—	—	—
Share of other changes in equity of equity method investments	—	—	—	—	—	(2.1)	(2.1)	—	(2.1)
Appropriation of reserves	—	—	—	—	0.5	(0.5)	—	—	—
Hyperinflation impact	—	—	—	—	—	4.2	4.2	—	4.2
Dividends	—	—	—	—	—	—	—	(1.0)	(1.0)
	370.2	569.3	(54.3)	(199.7)	386.9	1,717.2	2,789.6	14.8	2,804.4
Profit for the year net of tax	—	—	—	—	—	190.4	190.4	3.0	193.4
Other comprehensive income									
for the year, net of tax	—	—	—	31.6	(10.3)	(12.6)	8.7	—	8.7
Total comprehensive income for the year, net of tax ⁽³⁾	—	—	—	31.6	(10.3)	177.8	199.1	3.0	202.1
Balance as at 31 December 2012	370.2	569.3	(54.3)	(168.1)	376.6	1,895.0	2,988.7	17.8	3,006.5

(3) The amount included in the exchange equalisation reserve of €31.6m gain for 2012 represents the exchange gains attributable to the owners of the parent of €32.4m plus the share of equity method investments of €0.8m loss.

The amount included in other reserves of €10.3m loss for 2012 consists of gains on valuation of available-for-sale financial assets of €0.2m, representing revaluation gains for the year, cash flow hedges loss of €13.4m (of which €22.9m represents revaluation losses for the year and €9.5m represents revaluation losses reclassified to profit and loss for the year), and the deferred income tax gain thereof amounting to €2.9m.

The amount of €177.8m profit comprises of profit for the year of €190.4m less actuarial losses of €15.2m plus deferred income tax credit of €2.6m.

The amount of €3.0m gain included in non-controlling interests for 2012 represents the share of non-controlling interests in the retained earnings.

For further details, please refer to: Note 18 Share capital and share premium; Note 19 Reserves; Note 25; Shares held for equity compensation plan; Note 26; Stock option compensation plans; and Note 29; Dividends.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 December		
		2012	2011 ¹	2010 ¹
		€ million	€ million	€ million
Operating activities				
Profit after tax		193.4	265.7	430.7
Total finance costs, net	21	90.7	95.2	75.9
Share of results of equity method investments	6	(11.6)	(9.4)	(10.4)
Tax charged to the income statement	3,22	65.2	98.8	137.8
Depreciation of property, plant and equipment	3,5	375.3	368.3	381.2
Impairment of property, plant and equipment	3,5	33.0	21.0	—
Employee share options	26	6.3	8.1	6.7
Amortisation of intangible assets	3,4	3.0	3.2	7.1
Other items		2.3	1.3	—
		757.6	852.2	1,029.0
Losses on disposals of non-current assets		6.9	3.2	13.0
(Increase) / decrease in inventories		(10.4)	15.3	(43.4)
Decrease / (increase) in trade and other receivables		67.2	(0.8)	(29.3)
Increase in trade and other payables		27.3	46.8	140.5
Tax paid		(95.0)	(88.4)	(139.4)
Net cash from operating activities		753.6	828.3	970.4
Investing activities				
Payments for purchases of property, plant and equipment		(395.5)	(363.9)	(366.5)
Payments for purchases of intangible assets		—	—	(15.8)
Proceeds from sales of property, plant and equipment		5.0	10.9	8.1
Net (payments for)/receipts from investments		(21.1)	(38.1)	10.9
Interest received		7.9	8.7	6.6
Net receipts from disposal of subsidiary	28	—	13.1	—
Net payments for acquisition of joint arrangement	28	—	(2.5)	—
Net cash used in investing activities		(403.7)	(371.8)	(356.7)
Financing activities				
Return of capital to shareholders	18,19	(123.4)	(181.5)	—
Payments of expenses related to the share capital increase	18	—	(6.0)	—
Share buy-back payments	19	—	—	(42.3)
Purchase of shares held by non-controlling interests	28	(13.9)	(74.2)	(3.7)
Proceeds from shares issued to employees exercising stock options	18	0.1	4.7	5.7
Dividends paid to owners of the parent	29	—	—	(102.0)
Dividends paid to non-controlling interests		(1.0)	(5.8)	(4.9)
Proceeds from external borrowings		1,088.2	1,493.7	926.4
Repayments of external borrowings		(1,186.2)	(1,383.7)	(1,178.1)
Principal repayments of finance lease obligations		(21.8)	(48.1)	(75.1)
Proceeds from sale of interest rate swap contracts		—	—	33.0
Interest paid		(100.5)	(108.9)	(71.8)
Net cash used in financing activities		(358.5)	(309.8)	(512.8)
Net (decrease)/increase in cash and cash equivalents		(8.6)	146.7	100.9
Movement in cash and cash equivalents				
Cash and cash equivalents at 1 January		447.4	306.7	206.3
Net (decrease)/increase in cash and cash equivalents		(8.6)	146.7	100.9
Effect of changes in exchange rates		0.9	1.6	(0.5)
Hyperinflation impact on cash		(0.6)	(7.6)	—
Cash and cash equivalents at 31 December	14	439.1	447.4	306.7

(1) Comparative figures have been restated where necessary to reflect changes in accounting policy as detailed in Note 1.

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Basis of preparation and accounting policies

Description of business

Coca-Cola Hellenic Bottling Company S.A. ('Coca-Cola Hellenic' or 'the Group') is a Société Anonyme (corporation) incorporated in Greece and founded in 1969. It took its current form in August 2000 through the acquisition of the Coca-Cola Beverages plc ('CCB') by Hellenic Bottling Company S.A. ('HBC'). Coca-Cola Hellenic and its subsidiaries (collectively 'the Company' or 'the Group') are principally engaged in the production, sales and distribution of non-alcoholic ready to drink beverages, under franchise from The Coca-Cola Company ('TCCC'). The Company distributes its products in 27 countries in Europe and Nigeria. Information on the Company's operations by segment is included in Note 3.

Coca-Cola Hellenic's shares are listed on the Athens Exchange (symbol: EEEK), with a secondary listing on the London Stock Exchange (symbol: CCB). Coca-Cola Hellenic's American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (symbol: CCH).

On 11 October 2012, Coca-Cola HBC AG, a Swiss company incorporated by Kar-Tess Holding, announced a voluntary share exchange offer to acquire all outstanding ordinary registered shares and all American depositary shares of Coca-Cola Hellenic. The transaction is progressing in line with Coca-Cola HBC AG's most recent announcements and we expect commencement of the acceptance period after publication of Coca-Cola Hellenic's audited full year 2012 financial statements and completion of the voluntary share exchange offer early in the second quarter of 2013.

These consolidated financial statements were approved for issue by the Board of Directors on 1 March 2013 and are expected to be verified at the Annual General Meeting to be held on 12 June 2013.

Basis of preparation

The consolidated financial statements included in this document are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and IFRS as adopted by the European Union ("EU").

IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB. However, the differences have no significant impact on the Group's consolidated financial statements for the periods presented.

The consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments and the financial statements of certain subsidiaries operating in a hyperinflationary economy which are restated and expressed in terms of the measuring unit currency at the balance sheet date and translated to Euro at the exchange rate of the balance sheet date.

Basis of consolidation

Subsidiary undertakings are those companies over which the Group, directly or indirectly, has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiary undertakings are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which effective control is transferred out of the Group.

The acquisition method of accounting is used to account for business combinations. The consideration transferred is the fair value of any asset transferred, shares issued and liabilities assumed. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the fair value of non controlling interest over the net assets acquired and liabilities assumed is recorded as goodwill. All acquisition related costs are expensed as incurred.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Intercompany transactions and balances between Group companies are eliminated. Accounting policies of subsidiaries are modified where necessary to ensure consistency with policies adopted by the Group.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when such control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Critical accounting judgments and estimates

In conformity with generally accepted accounting principles, the preparation of the consolidated financial statements for Coca-Cola Hellenic requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination cannot be assessed with certainty in the ordinary course of business. The Group recognises provision for potential liabilities that may arise as a result of tax audit issues based on assessment of the probabilities as to whether additional taxes will be due. Where the final tax outcome on these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made. The Group anticipates that were the final tax outcome, on the judgment areas, to differ from management's estimates by up to 10% the Group's tax expense would increase (or decrease) by less than €2.9m.

Impairment of goodwill and indefinite-lived intangible assets

Determining whether goodwill or indefinite-lived intangible assets are impaired requires an estimation of the value-in-use of the cash-generating units to which they have been allocated in order to determine the recoverable amount of the cash generating units. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These assumptions and a discussion on how they are established are described in Note 4.

Employee Benefits—Defined Benefit Pension Plans

The Group provides defined benefit pension plans as an employee benefit in certain territories. Determining the value of these plans requires several actuarial assumptions and estimates about discount rates, future salary increases and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Details of assumptions used, including a sensitivity analysis are given in Note 17.

Joint Arrangements

The Group participates in several joint arrangements. Judgment is required in order to determine their classification as a joint venture where the Group has rights to the net assets of the arrangement or a joint operation where the Group has rights to the assets and obligations for the liabilities of the arrangement. In making this judgment, consideration is given to the legal form of the arrangement, the contractual terms and conditions as well as other facts and circumstances (including the

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

economic rationale of the arrangement and the impact of the legal framework in which the arrangement operates). The Group's joint arrangements are further discussed in Note 6.

Revenue recognition

Revenues are recognised when all of the following conditions are met: when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when the significant risks and rewards of ownership of the products have passed to the buyer, usually on delivery of the goods.

Revenue is measured at the fair value of the consideration received or receivable and is stated net of sales discounts, value added taxes and sales taxes as applicable, listing fees and marketing and promotional incentives provided to customers. Listing fees are incentives provided to customers for carrying the Company's products in their stores. Listing fees that are subject to contract-based term arrangements are capitalised and amortised over the term of the contract as a reduction to revenue. All other listing fees as well as marketing and promotional incentives are a reduction of revenue as incurred. The amount of listing fees capitalised at 31 December 2012 was €25.3m (31 December 2011 and 2010: €23.2m and €31.6m respectively). Of this balance, €16.7m (31 December 2011 and 2010: €13.5m and €19.5m) was classified as current prepayments and the remainder as non-current prepayments. Listing fees recognized as a reduction to revenue for the year ended 31 December 2012 amounted to €419.2m (years ended 31 December 2011 and 2010: €311.3m and €240.0m respectively). Marketing and promotional incentives provided to customers during the year ended 31 December 2012 amounted to €185.5m (years ended 31 December 2011 and 2010: €131.4m and €160.3m respectively).

Coca-Cola Hellenic receives contributions from TCCC in order to promote sales of brands of The Coca-Cola Company. Contributions for price support, marketing and promotional campaigns in respect of specific customers are recognised as an offset to promotional incentives provided to those customers to which the contributions contractually relate. These contributions are accrued and matched to the expenditure to which they relate. In the year ended 31 December 2012, such contributions totaled €51.2m (years ended 31 December 2011 and 2010 €49.0m and €48.8m respectively).

Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. Diluted earnings per share incorporates stock options for which the average share price for the year is in excess of the exercise price of the stock option and there is a dilutive effect.

Intangible assets

Intangible assets consist mainly of goodwill, trademarks and franchise agreements. Goodwill is the excess of the consideration transferred over the fair value of the share of net assets acquired. Goodwill and other indefinite-lived intangible assets are not amortised but rather tested for impairment annually and whenever there is an indication of impairment. Goodwill and other indefinite-lived intangible assets are carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the business combination in which the goodwill arose. Other indefinite-lived intangible assets are also allocated to the Group's cash-generating units expected to benefit from those intangibles. The cash-generating units to which goodwill and other indefinite-lived intangible assets have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount (i.e. the higher of the value in use and fair value less costs to sell) of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rata to the other assets of the unit on the basis of the carrying amount of each asset in the unit. Impairment losses recognised against goodwill are not reversed in subsequent periods.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Intangible assets with finite lives consist mainly of trademarks and water rights and are amortised over their useful economic lives.

The useful life of trademarks is determined after considering potential limitations that could impact the life of the trademark, such as technological and market limitations and the intent of management. The majority of the Group's trademarks have been assigned an indefinite useful life as they have an established sales history in the applicable region, it is the intention of the Group to receive a benefit from them indefinitely and there is no indication that this will not be the case.

The useful life of franchise agreements is usually based on the term of the respective franchise agreements. TCCC does not grant perpetual franchise rights outside the United States, however, the Group believes its franchise agreements, consistent with past experience, will continue to be renewed at each expiration date and have therefore been assigned indefinite useful lives.

The useful lives, both finite and indefinite, assigned to intangible assets are evaluated on an annual basis.

Goodwill and fair value adjustments arising on the acquisition of subsidiaries are treated as the assets and liabilities of those subsidiaries. These balances are denominated in the functional currency of the subsidiary and are translated to euro on a basis consistent with the other assets and liabilities of the subsidiary.

Property, plant and equipment

All property, plant and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the operation. All other subsequent expenditure is expensed in the period in which it is incurred. Assets under construction are recorded as part of property, plant and equipment and depreciation on these assets commences when the assets are available for use.

Depreciation is calculated on a straight-line basis to allocate the depreciable amount over the estimated useful life of the assets as follows:

Freehold buildings	40 years
Leasehold buildings and improvements.....	Over the lease term, up to 40 years
Production equipment.....	4 to 12 years
Vehicles	5 to 8 years
Computer hardware and software	3 to 7 years
Marketing equipment.....	3 to 10 years
Fixtures and fittings	8 years
Returnable containers	3 to 12 years

Freehold land is not depreciated as it is considered to have an indefinite life.

Deposits received for returnable containers by customers are accounted for as deposit liabilities.

Residual values and useful lives of assets are reviewed and adjusted if appropriate at each balance sheet date.

Impairment of non-financial assets

Goodwill and other indefinite-lived assets are not amortised but rather tested for impairment annually and whenever there is an indication of impairment. Property, plant and equipment and other non-financial assets that are subject to

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

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 carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's fair value less cost to sell and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest level of separately identifiable cash flows.

Borrowing costs

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 be prepared 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 use for qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed as part of finance costs in the period in which they are incurred.

Investments in associates

Investments in associated undertakings are accounted for by the equity method of accounting. Associated undertakings are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights.

The equity method of accounting involves recognising the Group's share of the associates' post acquisition profit or loss for the period in the income statement and its share of the post-acquisition movement in other comprehensive income is recognised in other comprehensive income. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's interest in each associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate.

Investment in joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement and are accounted for as follows:

The Group classifies a joint arrangement as a joint operation when the Group has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operation.

The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement. The Group accounts for its interests in joint ventures using the equity method of accounting as described in "Investment for associates" above.

If facts and circumstances change, the Group reassesses whether it still has joint control and whether the type of joint arrangement in which it is involved has changed.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Financial assets

The Group classifies its investments in debt and equity securities into the following categories: financial assets at fair value through profit or loss ('FVTPL'), held-to-maturity and available-for-sale. The classification depends on the purpose for which the investment was acquired. FVTPL and available-for-sale financial assets are carried at fair value. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as FVTPL investments and included in current assets. Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for those with maturities within twelve months from the balance sheet date, which are classified as current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date.

Regular purchases and sales of investments are recognised on the trade date which is the day the Group commits to purchase or sell. The investments are recognised initially at fair value plus transactions costs, except in the case of FVTPL. For investments traded in active markets, fair value is determined by reference to stock exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

Gains and losses on investments classified as FVTPL are recognised in the income statement in the period in which they arise. Unrealised gains and losses on available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets that are recognised in the income statement, until the financial assets are derecognised at which time the cumulative gains or losses previously recognised in equity are reclassified to the income statement.

Held-to-maturity investments are carried at amortised cost using the effective interest rate method. Gains and losses on held-to-maturity investments are recognised in the income statement, when the investments are derecognised or impaired.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. In order for a sale to be considered highly probable, management must be committed to the sale, an active programme to locate a buyer and complete the plan has been initiated, and the sale is expected to be completed within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the individual assets' previous carrying amount and their fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost for raw materials and consumables is determined either on a first-in, first-out or weighted average basis, depending on the type of inventory. Cost for work in progress and finished goods is comprised of the cost of direct materials and labour plus attributable overhead costs. Cost includes all costs incurred to bring the product in its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the inventory.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms of the trade receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable could be uncollectible. The amount of the provision is the difference between the receivable's carrying amount and the present value of its estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the receivable is reduced by the amount of the provision, which is recognised as part of operating expenses. If a trade receivable ultimately becomes uncollectible, it is written off initially against any provision made in respect of that receivable with any excess recognised as part of operating expenses. Subsequent recoveries of amounts previously written off or provisions no longer required are credited against operating expenses.

Trade payables

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

Foreign currency and translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in euro, which is the presentation currency for the consolidated financial statements.

The assets and liabilities of foreign subsidiaries are translated into euro at the exchange rate ruling at the balance sheet date. The results of foreign subsidiaries are translated into euro using the average monthly exchange rate, except for foreign subsidiaries operating in a hyperinflationary environment whose results are translated at the closing rate. The exchange differences arising on translation are recognised in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are recognised as a component of the gain or loss on disposal.

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the rate of exchange ruling at the balance sheet date. All gains and losses arising on remeasurement are included in income statement, except for exchange differences arising on assets and liabilities classified as cash flow hedges which are deferred in equity until the occurrence of the hedged transaction, at which time they are recognised in the income statement.

Entities operating in hyperinflationary economies prepare financial statements that are recorded in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*. The gain or loss on net monetary position is recorded in finance costs. The application of hyperinflation accounting includes:

- Adjustment of the historical cost of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the balance sheet to the end of the year for the changes in purchasing power of the currency caused by inflation.
- The various components in the income statement and statement of cash flows have been adjusted for the inflation index since their generation.
- The subsidiary's financial statements are translated at the closing exchange rate.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments with an original maturity of three months or less. Bank overdrafts are classified as short-term borrowings in the balance sheet and for the purpose of the cash flow statement.

Borrowings

All loans and borrowings are initially recognised at the fair value net of transaction costs incurred.

After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan or borrowing is amortised to the income statement over the borrowing period.

Derivative financial instruments

The Group uses derivative financial instruments, including interest rate, currency and commodity derivatives, to manage interest, currency and commodity price risk associated with the Group's underlying business activities. The Group does not use its derivative financial instruments for any trading activities.

All derivative financial instruments are initially recognised on the balance sheet at fair value and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognised at each reporting date either in the income statement or in equity, depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or a cash flow hedge. All derivative financial instruments that are not part of an effective hedging relationship (undesignated hedges) are classified as assets or liabilities at FVTPL.

At the inception of a hedge transaction the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking the derivative financial instrument designated as a hedging instrument to the specific asset, liability, firm commitment or forecast transaction. Both at the hedge inception and on an ongoing basis, the Group assesses and documents whether the derivative financial instrument used in the hedging transaction is highly effective in offsetting changes in fair value or cash flow of the hedged item.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges and are effective, are recorded in the income statement, together with the changes in the fair values of the hedged items that relate to the hedged risks. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement as the related asset acquired or liability assumed affects the income statement. Changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Other leases are classified as operating leases.

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease term. The useful life for leased assets corresponds with the Group policy for the depreciable life of property, plant and equipment.

Provisions

Provisions are recognised when: the Group has a present obligation (legal or constructive) as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when such reimbursement is virtually certain. If the effect of the time value of money is material, 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Offsetting financial instruments

The Group offsets financial assets and financial liabilities to the net amount reported in the balance sheet when it currently has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Employee benefits

The Group operates a number of defined benefit and defined contribution pension plans in its territories.

The defined benefit plans are made up of both funded and unfunded pension plans and employee leaving indemnities. The assets of funded plans are generally held in separate trustee-administered funds and are financed by payments from employees and/or the relevant Group companies.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets.

For defined benefit pension plans, pension costs are assessed using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to the income statement in subsequent periods. The defined benefit obligations are measured at the present value of the estimated future cash outflows using interest rates of corporate or government bonds, depending on whether or not there is a deep market for corporate bonds in the relevant country, which have terms to maturity approximating the terms of the related liability. Past service cost is recognised immediately in the income statement. A number of the Group's operations have other long service benefits in the form of jubilee plans. These plans are measured at the present value of the estimated future cash outflows with immediate recognition of actuarial gains and losses.

The Group's contributions to the defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Share-based payments

Coca-Cola Hellenic issues equity-settled (stock options) and cash-settled (stock appreciation rights) share-based payments to its senior managers.

Equity-settled share-based payments are measured at fair value at the date of grant using a binomial stock option valuation model. Fair value reflects the parameters of the compensation plan, the risk-free interest rate, the expected volatility, the dividend yield and the early exercise experience of the Group's plans. Expected volatility is determined by calculating the historical volatility of Coca-Cola Hellenic's share price over previous years. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

For cash-settled share-based payments, a liability equal to the portion of the vested stock appreciation rights is recognised at the current fair value determined at each balance sheet date using the same model and inputs as used for determining the fair value of stock options, with the exception of the risk-free interest rate, as described in Note 27.

In addition, the Group operates a stock purchase plan, an equity compensation in which eligible employees can participate. The Group makes contributions to a trust for participating employees and recognises expenses over the vesting period of the contributed shares. Any unvested shares held by the trust are owned by the Group and are recorded at cost on the balance sheet, within equity, until they vest.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits and b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measures based on the number of employees expected to accept the offer.

Taxes

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

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Tax rates enacted or substantially enacted at the balance sheet date are those that are expected to apply when the deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or in equity. In this case the tax is recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to 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.

Franchise incentive arrangements

TCCC, at its sole discretion, provides the Group with various incentives, including contributions toward the purchase of cold drink equipment. Payments are made on placement of coolers and are based on franchise incentive arrangements. The terms and conditions of these arrangements require reimbursement if certain conditions stipulated in the agreements are not met, including minimum volume through-put requirements. Support payments received from TCCC for the placement of cold drink equipment are deducted from the cost of the related asset.

Share capital

Coca-Cola Hellenic has only one class of shares, ordinary shares. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded to the share premium reserve.

Incremental external costs directly attributable to the issue of new shares or to the process of returning capital to shareholders are recorded in equity as a deduction, net of tax, in the share premium reserve.

Dividends

Dividends are recorded in the Group's consolidated financial statements in the period in which they are approved by the Group's shareholders, with the exception of the statutory minimum dividend.

Under Greek corporate legislation, companies are required to declare dividends annually of at least 35% of unconsolidated adjusted after-tax IFRS profits. This statutory minimum dividend is recognised as a liability at the balance sheet date.

Comparative Figures

Comparative figures have been reclassified and adjusted where necessary to conform with changes in presentation in the current year and account for the change in the accounting policies discussed below.

Changes in accounting policies and disclosures:

The Group has early adopted IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and consequential amendments to IAS 28 *Investments in Associates and Joint Ventures* and IAS 27 *Separate Financial Statements*. At the same time, the Group has early adopted IFRS 11 *Joint Arrangements*. The Group assessed that the adoption of IFRS 10 did not result in any change in the consolidation status of its subsidiaries.

The adoption of IFRS 11 resulted in the Group changing its accounting policy for its interest in joint arrangements. Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method and interests' in joint operations are accounted for by recognizing the

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Group's share of assets, liabilities, revenues and expenses. The Group has assessed the nature of its joint arrangements and classified them as either joint operations or joint ventures. The adjustments on application of IFRS 11 relate primarily to a change in accounting for Brewinvest S.A. and BrewTech B.V., from proportionate consolidation to equity accounting, and recognizing our share of assets, liabilities, revenues and expenses in the Romerquelle joint arrangement. None of the Group's other joint arrangements were materially affected by the application of IFRS 11.

In addition, the Group has early adopted the revised IAS 19 *Employee Benefits*. This resulted in the Group changing its accounting policy for defined benefit plans. Under the revised IAS 19, past service costs are recognized immediately in the income statement and the expected return on assets and interest costs have been replaced with a net interest amount.

The Group has also early adopted the IAS 1 *Presentation of Items of Other Comprehensive income - Amendments to IAS 1 Presentation of Financial Statements*. The amendments change the grouping of items presented in other comprehensive income between items that may be reclassified to the income statement at a future point in time and those that will not be reclassified.

The Group has applied the above mentioned changes in accounting policies at the beginning of the earliest period presented in accordance with transitional provisions of the amended standards. The impact from the adoption of IFRS 11 and IAS 19 revised is presented in the tables below:

Impact of change in accounting policies on consolidated Balance Sheet									
	2012 € million			2011 € million			2010 € million		
	Before adjustments	Change in accounting policies	As presented	Before adjustments	Change in accounting policies	As presented	Before adjustments	Change in accounting policies	As presented
Assets									
Intangible assets	1,956.9	(12.3)	1,944.6	1,947.7	(12.3)	1,935.4	1,966.9	(12.3)	1,954.6
Property, plant and equipment	3,093.8	(52.4)	3,041.4	3,051.5	(53.4)	2,998.1	3,122.9	(50.6)	3,072.3
Equity method investments	43.7	124.8	168.5	42.9	98.8	141.7	41.1	50.7	91.8
Available-for-sale financial assets	1.9	(0.2)	1.7	1.4	(0.2)	1.2	1.8	(0.2)	1.6
Derivative assets	35.8	—	35.8	69.5	—	69.5	73.1	—	73.1
Deferred tax assets	40.6	(0.5)	40.1	35.2	(0.1)	35.1	35.0	(0.2)	34.8
Other non-current assets	39.8	7.4	47.2	36.9	10.5	47.4	40.4	8.9	49.3
Total non-current assets	5,212.5	66.8	5,279.3	5,185.1	43.3	5,228.4	5,281.2	(3.7)	5,277.5
Inventories	460.6	(2.6)	458.0	451.5	(3.8)	447.7	481.7	(4.3)	477.4
Trade receivables	802.1	(0.8)	801.3	855.2	(0.5)	854.7	870.2	0.3	870.5
Other receivables and assets	234.7	0.8	235.5	231.5	(1.6)	229.9	233.5	1.4	234.9
Derivative assets	13.6	—	13.6	15.7	—	15.7	4.2	—	4.2
Current tax assets	23.3	—	23.3	20.0	(0.3)	19.7	13.8	—	13.8
Cash and cash equivalents	446.4	(7.3)	439.1	476.1	(28.7)	447.4	326.1	(19.4)	306.7
Total current assets	1,980.7	(9.9)	1,970.8	2,050.0	(34.9)	2,015.1	1,929.5	(22.0)	1,907.5
Total assets	7,193.2	56.9	7,250.1	7,235.1	8.4	7,243.5	7,210.7	(25.7)	7,185.0
Liabilities									
Short-term borrowings	560.3	(5.3)	555.0	321.5	—	321.5	535.1	(3.9)	531.2
Cross currency swaps	67.8	—	67.8	—	—	—	—	—	—
Trade payables	441.9	(6.1)	435.8	423.5	(5.7)	417.8	384.7	(5.9)	378.8
Other payables	1,135.0	(4.5)	1,130.5	1,118.0	(3.7)	1,114.3	1,079.4	4.5	1,083.9
Current tax liabilities	33.3	(0.1)	33.2	58.4	(0.9)	57.5	37.2	(0.6)	36.6
Total current liabilities	2,238.3	(16.0)	2,222.3	1,921.4	(10.3)	1,911.1	2,036.4	(5.9)	2,030.5
Long-term borrowings	1,542.2	62.5	1,604.7	1,934.5	5.3	1,939.8	1,656.4	6.4	1,662.8
Cross-currency swap contracts	75.6	—	75.6	130.8	—	130.8	136.1	—	136.1
Deferred tax liabilities	176.7	0.7	177.4	171.5	0.6	172.1	162.9	2.3	165.2
Non-current provisions	146.9	2.1	149.0	149.5	5.9	155.4	144.2	1.6	145.8

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

Other non-current liabilities	14.6		14.6	14.2	(0.1)	14.1	13.9	(0.4)	13.5
Total non-current liabilities	1,956.0	65.3	2,021.3	2,400.5	11.7	2,412.2	2,113.5	9.9	2,123.4
Total liabilities	4,194.3	49.3	4,243.6	4,321.9	1.4	4,323.3	4,149.9	4.0	4,153.9
Equity									
Share capital	370.2	—	370.2	549.8	—	549.8	183.1	—	183.1
Share premium	569.3	—	569.3	569.2	—	569.2	1,119.2	—	1,119.2
Treasury shares	(54.3)	—	(54.3)	(55.5)	—	(55.5)	(57.2)	—	(57.2)
Exchange equalisation reserve	(166.2)	(1.9)	(168.1)	(197.9)	(1.8)	(199.7)	(129.2)	(1.8)	(131.0)
Other reserves	381.1	(4.5)	376.6	389.0	(9.0)	380.0	375.4	(9.0)	366.4
Retained earnings	1,880.3	14.7	1,895.0	1,640.7	19.9	1,660.6	1,460.8	4.2	1,465.0
Equity attributable to owners of the parent	2,980.4	8.3	2,988.7	2,895.3	9.1	2,904.4	2,952.1	(6.6)	2,945.5
Non-controlling interests	18.5	(0.7)	17.8	17.9	(2.1)	15.8	108.7	(23.1)	85.6
Total equity	2,998.9	7.6	3,006.5	2,913.2	7.0	2,920.2	3,060.8	(29.7)	3,031.1
Total equity and liabilities	7,193.2	56.9	7,250.1	7,235.1	8.4	7,243.5	7,210.7	(25.7)	7,185.0

The impact to equity as at 1 January 2010 from the adoption of IFRS 11 and IAS 19 Revised was a reduction of €24.0 million and € 0.5 million respectively. The adjustments in the table above comprise the impact from the adoption of IFRS 11 and IAS 19 revised. The impact from the adoption of IAS 19 revised in 2010 was an increase in “non-current provisions” of €0.5m; the remaining adjustments in 2010 are due to the adoption of IFRS 11. The impact from the adoption of IAS 19 revised in 2011 was an increase in “non-current provisions” of €0.4m; the remaining adjustments in 2011 are due to the adoption of IFRS 11. The impact from the adoption of IAS 19 revised in 2012 was a reduction of “Deferred tax assets” of €0.4m, and a reduction in “non-current provisions” of €1.7m; the remaining adjustments in 2012 are due to the adoption of IFRS 11.

Impact of changes in accounting policies on consolidated Income Statement								
	2012 € million			2011 € million			2010 € million	
	Before adjustments	Change in accounting policies	As presented	Before adjustments	Change in accounting policies	As presented	Before adjustments	As presented
Net sales revenue	7,078.3	(33.6)	7,044.7	6,854.3	(30.0)	6,824.3	6,793.6	6,761.6
Cost of goods sold	(4,531.6)	9.4	(4,522.2)	(4,258.8)	4.1	(4,254.7)	(4,048.6)	(4,042.7)
Gross profit	2,546.7	(24.2)	2,522.5	2,595.5	(25.9)	2,569.6	2,745.0	2,718.9
Operating expenses	(2,090.2)	12.1	(2,078.1)	(2,055.6)	7.4	(2,048.2)	(2,058.4)	(2,048.4)
Restructuring costs	(106.4)	(0.3)	(106.7)	(71.5)	0.4	(71.1)	(36.7)	(36.5)
Operating profit	350.1	(12.4)	337.7	468.4	(18.1)	450.3	649.9	634.0
Finance income	10.7	(0.3)	10.4	9.8	(1.1)	8.7	7.4	6.9
Finance costs	(98.3)	0.3	(98.0)	(96.1)		(96.1)	(83.1)	(82.8)
Loss on net monetary position	(3.1)	—	(3.1)	(7.8)	—	(7.8)	—	—
Total finance costs, net	(90.7)	—	(90.7)	(94.1)	(1.1)	(95.2)	(75.7)	(75.9)
Share of results of equity method investments	2.4	9.2	11.6	1.2	8.2	9.4	2.5	10.4
Profit before tax	261.8	(3.2)	258.6	375.5	(11.0)	364.5	576.7	568.5
Tax	(66.7)	1.5	(65.2)	(102.7)	3.9	(98.8)	(138.0)	(137.8)
Profit after tax	195.1	(1.7)	193.4	272.8	(7.1)	265.7	438.7	430.7
Attributable to:								
Owners of the parent	192.0	(1.6)	190.4	268.9	(4.5)	264.4	426.6	421.0
Non-controlling interests	3.1	(0.1)	3.0	3.9	(2.6)	1.3	12.1	9.7
	195.1	(1.7)	193.4	272.8	(7.1)	265.7	438.7	430.7
Basic and diluted earnings per share (€)	0.53	(0.01)	0.52	0.74	(0.01)	0.73	1.17	1.16

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

The adjustments in the table above comprise the impact from the adoption of IFRS 11 and IAS 19 revised. The impact from the adoption of IAS 19 revised in 2010 was an increase in “Cost of Goods sold” of €0.7m, an increase in “operating expenses” of €2.7m and a reduction in “Tax” of €0.7m; the remaining adjustments in 2010 are due to the adoption of IFRS 11. The impact from the adoption of IAS 19 revised in 2011 was an increase in “Cost of Goods sold” of €0.8m, an increase in “operating expenses” of €3.1m and a reduction in “Tax” of €0.7m; the remaining adjustments in 2011 are due to the adoption of IFRS 11. The impact from the adoption of IAS 19 revised in 2012 was an increase in “Cost of Goods sold” of €0.1m, an increase in “operating expenses” of €0.5m and a reduction in “Tax” of €0.2m; the remaining adjustments in 2012 are due to the adoption of IFRS 11.

Impact of changes in accounting policies on consolidated Statement of Comprehensive income									
	Before adjustments	2012 € million Change in accounting policies	As presented	Before adjustments	2011 € million Change in accounting policies	As presented	Before adjustments	2010 € million Change in accounting policies	As presented
Profit after tax	195.1	(1.7)	193.4	272.8	(7.1)	265.7	438.7	(8.0)	430.7
Other comprehensive income:									
Items that may be subsequently reclassified to income statement									
Available-for-sale financial assets	0.2	—	0.2	(0.4)	—	(0.4)	(2.3)	—	(2.3)
Cash flow hedges	(13.4)	—	(13.4)	8.4	—	8.4	(9.3)	—	(9.3)
Foreign currency translation	31.5	0.9	32.4	(54.2)	(0.2)	(54.4)	181.5	0.5	182.0
Share of other comprehensive income of equity method investments	0.1	(0.9)	(0.8)	(0.8)	0.2	(0.6)	1.4	(0.5)	0.9
Income tax relating to items that may be subsequently reclassified to income statement	2.9	—	2.9	(2.6)	—	(2.6)	0.3	—	0.3
	21.3	—	21.3	(49.6)	—	(49.6)	171.6	—	171.6
Items that will not be subsequently reclassified to income statement									
Actuarial (losses) / gains.	(17.9)	2.7	(15.2)	(31.8)	4.1	(27.7)	2.7	3.4	6.1
Income tax relating to items that will not be subsequently reclassified to income statement	3.2	(0.6)	2.6	6.5	(0.8)	5.7	(0.6)	(0.7)	(1.3)
Other comprehensive income for the year, net of tax	6.6	2.1	8.7	(74.9)	3.3	(71.6)	173.7	2.7	176.4
Total comprehensive income for the year	201.7	0.4	202.1	197.9	(3.8)	194.1	612.4	(5.3)	607.1
Total comprehensive income attributable to:									
Owners of the parent	198.6	0.5	199.1	189.0	(1.2)	187.8	596.2	(2.9)	593.3
Non-controlling interests	3.1	(0.1)	3.0	8.9	(2.6)	6.3	16.2	(2.4)	13.8
	201.7	0.4	202.1	197.9	(3.8)	194.1	612.4	(5.3)	607.1

The adjustments in the table above comprise the impact from the adoption of IFRS 11 and IAS 19 revised. The impact from the adoption of IAS 19 revised in 2010 was an increase in “Actuarial gains” of €3.4m, an increase in “income tax relating to components of other comprehensive income” of €0.7m, the remaining adjustments in 2010 are due to the adoption of IFRS 11. The impact from the adoption of IAS 19 revised in 2011 was a reduction in “Actuarial losses” of €4.1m, a reduction in “income tax relating to components of other comprehensive income” of €0.8m, the remaining adjustments in 2011 are due to the adoption of IFRS 11. The impact from the adoption of IAS 19 revised in 2012 was a reduction in

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

“Actuarial losses” of €2.7m, a reduction in “income tax relating to components of other comprehensive income” of €0.6m, the remaining adjustments in 2012 are due to the adoption of IFRS 11.

	Impact of changes in accounting policies on consolidated cash flow statement								
	2012 € million			2011 € million			2010 € million		
	Before adjustments	Change in accounting policies	As presented	Before adjustments	Change in accounting policies	As presented	Before adjustments	Change in accounting policies	As presented
Net cash from operating activities	774.2	(20.6)	753.6	845.7	(17.4)	828.3	987.9	(17.5)	970.4
Net cash used in investing activities	(390.6)	(13.1)	(403.7)	(336.4)	(35.4)	(371.8)	(365.5)	8.8	(356.7)
Net cash (used in)/from financing activities	(413.3)	54.8	(358.5)	(353.3)	43.5	(309.8)	(527.7)	14.9	(512.8)
Net (decrease)/increase in cash and cash equivalents	(29.7)	21.1	(8.6)	156.0	(9.3)	146.7	94.7	6.2	100.9

The adjustments in the table above comprise the impact from the adoption of IFRS 11. There was no impact on the cash flow statement from the adoption of IAS 19 revised.

Accounting pronouncements adopted in 2012

In the current period, in addition to the new and revised standards the Group early adopted as described above under “changes in accounting policies and disclosures”, the Group has adopted all of the new and revised standards and interpretations which were issued by the IASB and the International Financial Reporting Interpretations Committee (‘IFRIC’) of the IASB, that are relevant to its operations and effective for accounting periods beginning on 1 January 2012. None of these standards and interpretations had a significant effect on the consolidated financial statements of the Company. The revised standard and interpretation is as follows:

Amendment to IFRS 7, *Financial Instruments: Disclosures* - The amendments require additional disclosures of the full or partial derecognition of financial assets that are transferred to a counterparty under certain conditions.

Accounting pronouncements not yet adopted

At the date of approval of these consolidated financial statements, the following standards and interpretations relevant to Company’s operations were issued but not yet effective and not early adopted:

IFRS 9, *Financial Instruments* addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and it replaces parts of IAS 39, *Financial Instruments: Recognition and Measurement* that relate to the classification and measurement of financial instruments. The standard introduces new requirements for classifying and measuring financial assets and eliminates the available-for-sale and held-to-maturity categories. It separates financial assets into two categories; those measured at amortised cost and those measured at fair value. 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. IFRS 9 will be effective for annual periods beginning on or after 1 January 2015. The standard has not yet been adopted by the EU. The Group is currently evaluating the impact this standard will have on its consolidated financial statements.

In May 2011 the IASB issued IFRS 13 *Fair Value Measurement* which is effective for annual periods beginning on or after 1 January 2013. The new standard defines fair value and establishes a single framework for measuring fair value

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

where that is required by other standards and introduces consistent requirements for disclosures on fair value measurements. The standard applies to both financial and non-financial assets and liabilities which are measured at fair value. The Group is currently evaluating the impact this standard will have on its consolidated financial statements.

In December 2011 the IASB issued an amendment to IFRS 7 *Financial Instruments: Disclosures—Offsetting Financial Assets and Financial Liabilities* which is effective for annual reporting periods beginning on or after 1 January, 2013. The new disclosures will require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards, and the related net credit exposure. The amendment will not have a significant impact on the Group's consolidated financial statements.

In December 2011 the IASB issued an amendment of IAS 32 *Financial Instruments: Presentation* which is effective for annual reporting periods beginning on or after 1 January 2014. This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The Group is currently evaluating the impact the amendments will have on its consolidated financial statements.

In May 2012 the IASB issued its annual improvements to IFRS (2009-2011 cycle). The effective date of the amendments is 1 January 2013. The Group is currently evaluating the impact the amendments will have on its consolidated financial statements. The amendments, which have not yet been adopted by the EU, are outlined below:

Amendment to IAS 1 *Presentation of Financial Statements* - Clarification of the requirements for comparative information: The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. In addition, the opening statement of financial position (known as the third balance sheet) must be presented in the following circumstances: when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. For example, the beginning of the preceding period for a 31 December 2014 year-end would be 1 January 2013. However, unlike the voluntary comparative information, the related notes are not required to accompany the third balance sheet.

IAS 16 *Property, Plant and Equipment* - Classification of servicing equipment: The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 *Financial Instruments: Presentation* - Tax effect of distributions to holders of equity instruments: The amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 *Interim Financial Reporting* - Interim financial reporting and segment information for total assets and liabilities. The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

In June 2012 the IASB issued amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosures of Interests in Other Entities* that are applicable from 1 January 2013. The amendments change the transition guidance to provide relief from full retrospective application such that the requirement to provide adjusted comparative application is limited to the immediate preceding period only. The amendments will not have an impact on the Group's consolidated financial statements as these standards have been early adopted with full retrospective application. The amendments have not been adopted by the EU.

Notes to the Consolidated Financial Statements (continued)

2. Exchange rates

The Group's reporting currency is the euro (€). Coca-Cola Hellenic translates the income statements of subsidiary operations to the euro at average exchange rates and the balance sheets at the closing exchange rates at 31 December, except for subsidiaries operating in hyperinflationary environment as explained in Note 1. The principal exchange rates used for transaction and translation purposes in respect of one euro are:

	Average 2012	Average 2011	Average 2010	Closing 2012	Closing 2011	Closing 2010
US dollar	1.29	1.40	1.32	1.33	1.31	1.31
UK sterling	0.81	0.87	0.85	0.82	0.83	0.85
Polish zloty	4.18	4.12	4.01	4.09	4.40	3.99
Nigerian naira	200.65	212.90	196.41	206.72	204.79	196.01
Hungarian forint	288.38	279.76	276.38	291.50	306.54	279.30
Swiss franc	1.21	1.23	1.38	1.21	1.22	1.25
Russian rouble	39.84	41.04	40.11	40.42	41.27	39.95
Romanian leu	4.46	4.23	4.22	4.43	4.30	4.29
Ukrainian hryvnia	10.28	11.11	10.49	10.57	10.44	10.50
Czech crown	25.15	24.65	25.31	25.08	25.75	25.27
Serbian dinar.....	113.08	101.99	103.40	113.46	102.65	105.88

3. Segmental Analysis

Coca-Cola Hellenic has one business, being the production, sale and distribution of non-alcoholic, ready-to-drink beverages. The Group operates in 28 countries and its financial results are reported in the following three reportable segments:

Established countries:	Austria, Cyprus, Greece, Italy, Northern Ireland, Republic of Ireland and Switzerland.
Developing countries:	Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
Emerging countries:	Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, FYROM, Moldova, Montenegro, Nigeria, Romania, Russia, Serbia and Ukraine.

The Group's operations in each of these segments have similar levels of political and economic stability and development, regulatory environments, growth opportunities, customers and distribution infrastructures. The accounting policies of the Group's reportable segments are the same as those described in Note 1. The Group's Chief Operating Decision Maker is its operating committee, which evaluates performance and allocates resources based on volume, net sales revenue and operating profit.

There are no material amounts of sales or transfers between the Group's segments. In addition there are no customers who represent more than 5% of the total balance of revenue for the Group.

Notes to the Consolidated Financial Statements (continued)

3. Segmental analysis (continued)

<u>Year ended 31 December</u>	<u>Note</u>	<u>2012</u> <u>€ million</u>	<u>2011</u> <u>€ million</u>	<u>2010</u> <u>€ million</u>
<i>Volume in unit cases⁽¹⁾</i>				
Established		679.4	713.5	731.8
Developing		393.5	399.7	391.7
Emerging		1,011.8	974.2	981.5
Total volume in unit cases		2,084.7	2,087.4	2,105.0
<i>Net sales revenue</i>				
Established		2,701.8	2,834.8	2,861.6
Developing		1,148.1	1,161.5	1,140.0
Emerging		3,194.8	2,828.0	2,760.0
Total net sales revenue		7,044.7	6,824.3	6,761.6
<i>Adjusted EBITDA⁽²⁾</i>				
Established		231.9	343.2	405.0
Developing		76.5	141.1	163.9
Emerging		449.2	367.9	460.1
Total adjusted EBITDA		757.6	852.2	1,029.0
<i>Depreciation and impairment of property, plant and equipment</i>				
Established		(136.3)	(137.7)	(134.3)
Developing		(83.4)	(80.4)	(73.0)
Emerging		(188.6)	(171.2)	(173.9)
Total depreciation and impairment of property, plant and equipment	5	(408.3)	(389.3)	(381.2)
<i>Amortisation of intangible assets</i>				
Established		(0.6)	(0.8)	(4.5)
Developing		(0.3)	(0.4)	(0.5)
Emerging		(2.1)	(2.0)	(2.1)
Total amortisation of intangible assets		(3.0)	(3.2)	(7.1)
<i>Other non-cash items⁽³⁾</i>				
Established		(2.5)	(3.3)	(2.4)
Developing		(1.5)	(1.9)	(1.2)
Emerging		(4.6)	(4.2)	(3.1)
Total other non-cash items		(8.6)	(9.4)	(6.7)

(1) One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. Volume data is derived from unaudited operational data.

(2) We define adjusted EBITDA as operating profit before deductions for depreciation (included both in cost of goods sold and in operating expenses), impairment of property, plant and equipment, stock option compensation, impairment of intangible assets, amortisation of and adjustments to intangible assets and other non-cash items.

(3) Other non-cash items comprise adjustments to intangible assets of which were nil in 2012 (2011 and 2010 : nil) (refer to Note 20), losses on available-for-sale financial assets reclassified to the profit and loss from equity of which were nil in 2012 (2011 and 2010: nil) (refer to Note 20), stock option expenses of €6.3m (2011: €8.1m, 2010: €6.7m) (refer to Note 26) and other items of €2.3m (2011: €1.3m, 2010: nil).

Notes to the Consolidated Financial Statements (continued)

3. Segmental analysis (continued)

Year ended 31 December	Note	2012 € million	2011 € million	2010 € million
Operating profit				
Established		92.5	201.4	263.8
Developing		(8.7)	58.4	89.2
Emerging		253.9	190.5	281.0
Total operating profit		337.7	450.3	634.0
Interest expense and finance charges				
Established		(76.3)	(94.3)	(106.2)
Developing		(2.5)	(2.2)	(2.0)
Emerging		(32.1)	(34.8)	(21.4)
Corporate		(131.3)	(146.7)	(153.1)
Inter segment interest expense		141.4	173.5	200.3
Total interest expense and finance charges	21	(100.8)	(104.5)	(82.4)
Finance income				
Established		16.9	38.9	49.5
Developing		1.2	1.4	2.4
Emerging		25.5	22.9	15.6
Corporate		108.2	119.0	139.7
Inter segment finance income		(141.4)	(173.5)	(200.3)
Total finance income	21	10.4	8.7	6.9
Income tax expense				
Established		(29.5)	(49.1)	(73.6)
Developing		(3.3)	(12.6)	(22.4)
Emerging		(26.9)	(29.0)	(39.8)
Corporate		(5.5)	(8.1)	(2.0)
Total income tax expense	22	(65.2)	(98.8)	(137.8)
Reconciling items				
Net foreign exchange translation losses	21	(0.3)	0.6	(0.4)
Share of results of equity method investments	6	11.6	9.4	10.4
Profit after tax		193.4	265.7	430.7
Expenditure on non-current assets⁽⁴⁾				
Established		123.5	117.1	117.9
Developing		46.4	46.5	61.0
Emerging		225.6	200.3	203.4
Total expenditure on non-current assets		395.5	363.9	382.3

(4) Total additions of property, plant and equipment for the year ended 31 December 2012 were €468.4.m (2011: €396.2m, 2010: €436.4m).

Corporate line refers to holding, finance and other non-operating subsidiaries of the Group.

Notes to the Consolidated Financial Statements (continued)

3. Segmental analysis (continued)

The net sales revenue from external customers and the balance of long-lived assets attributed to Greece (the Group's country of domicile), Russia, Italy and Switzerland (whose revenues from external customers or long-lived assets are significant compared to the combined Group revenues from external customers or long-lived assets) and the total of all other countries, as well as the entire Group, were as follows for the years ended 31 December:

<u>Year ended 31 December</u>	<u>2012</u> <u>€ million</u>	<u>2011</u> <u>€ million</u>	<u>2010</u> <u>€ million</u>
<i>Net sales revenue from external customers</i>			
Greece	450.8	526.9	604.9
Russia	1,461.4	1,201.4	1,138.6
Italy	1,099.0	1,133.1	1,135.2
Switzerland	426.1	434.8	379.8
All countries, other than Greece, Russia, Italy and Switzerland	3,607.4	3,528.1	3,503.1
Total net sales revenue from external customers	7,044.7	6,824.3	6,761.6
	<u>2012</u> <u>€ million</u>	<u>2011</u> <u>€ million</u>	<u>2010</u> <u>€ million</u>
<i>Non-current assets⁽⁵⁾</i>			
Greece	159.8	175.2	194.2
Russia	840.0	817.6	850.5
Italy	1,059.8	1,072.3	1,091.6
Switzerland	516.6	520.6	501.2
All countries, other than Greece, Russia, Italy and Switzerland	2,455.4	2,393.6	2,437.0
Total non-current assets	5,031.6	4,979.3	5,074.5

(5) Excluding financial instruments, equity method investments and deferred tax assets.

Notes to the Consolidated Financial Statements (continued)

4. Intangible assets

	Goodwill € million	Franchise agreements € million	Trademarks € million	Other intangible assets € million	Total € million
<i>Cost</i>					
As at 1 January 2012.....	1,880.7	156.8	78.8	24.1	2,140.4
Foreign currency translation	11.1	(0.2)	1.3	—	12.2
As at 31 December 2012	1,891.8	156.6	80.1	24.1	2,152.6
<i>Amortisation</i>					
As at 1 January 2012.....	182.4	—	7.8	14.8	205.0
Charge for the year	—	—	1.1	1.9	3.0
As at 31 December 2012	182.4	—	8.9	16.7	208.0
Net book value as at 1 January 2012	1,698.3	156.8	71.0	9.3	1,935.4
Net book value as at 31 December 2012	1,709.4	156.6	71.2	7.4	1,944.6
<i>Cost</i>					
As at 1 January 2011.....	1,895.4	157.7	80.5	27.2	2,160.8
Disposal of subsidiary.....	(13.5)	—	—	(2.9)	(16.4)
Intangibles assets arising on current year acquisitions.....	2.7	—	0.2	—	2.9
Foreign currency translation	(3.9)	(0.9)	(1.9)	(0.2)	(6.9)
As at 31 December 2011	1,880.7	156.8	78.8	24.1	2,140.4
<i>Amortisation</i>					
As at 1 January 2011.....	185.3	—	7.2	13.7	206.2
Charge for the year	—	—	0.6	2.6	3.2
Disposal of subsidiary.....	(2.9)	—	—	(1.5)	(4.4)
As at 31 December 2011	182.4	—	7.8	14.8	205.0
Net book value as at 1 January 2011	1,710.1	157.7	73.3	13.5	1,954.6
Net book value as at 31 December 2011	1,698.3	156.8	71.0	9.3	1,935.4
<i>Cost</i>					
As at 1 January 2010.....	1,829.7	136.7	75.2	22.6	2,064.2
Additions	—	21.8	—	5.9	27.7
Disposals.....	—	—	—	(1.3)	(1.3)
Foreign currency translation	65.7	(0.8)	5.3	—	70.2
As at 31 December 2010	1,895.4	157.7	80.5	27.2	2,160.8
<i>Amortisation</i>					
As at 1 January 2010.....	185.3	—	6.6	10.5	202.4
Charge for the year	—	—	0.6	3.6	4.2
Disposals.....	—	—	—	(0.4)	(0.4)
As at 31 December 2010	185.3	—	7.2	13.7	206.2
Net book value as at 1 January 2010	1,644.4	136.7	68.6	12.1	1,861.8
Net book value as at 31 December 2010	1,710.1	157.7	73.3	13.5	1,954.6

Notes to the Consolidated Financial Statements (continued)

4. Intangible assets (continued)

Goodwill is allocated to each of the Group's cash-generating units expected to benefit from the business combination in which the goodwill arose. Other indefinite-lived intangible assets are also allocated to the Group's cash-generating units expected to benefit from those intangibles.

The following table sets forth the carrying value of intangible assets subject to and not subject to amortisation:

	2012 € million	2011 € million	2010 € million
<i>Intangible assets not subject to amortisation</i>			
Goodwill	1,709.4	1,698.3	1,710.1
Franchise agreements	156.6	156.8	157.7
Trademarks	71.0	69.9	72.3
	<u>1,937.0</u>	<u>1,925.0</u>	<u>1,940.1</u>
<i>Intangible assets subject to amortisation</i>			
Trademarks	0.2	1.1	1.0
Water rights	6.7	6.9	7.4
Other intangible assets	0.7	2.4	6.1
	<u>7.6</u>	<u>10.4</u>	<u>14.5</u>
Total intangible assets	<u>1,944.6</u>	<u>1,935.4</u>	<u>1,954.6</u>

The following table sets forth the carrying value of goodwill and other indefinite lived intangible assets for those cash-generating units that are considered significant in comparison with the Group's total carrying value of goodwill and other indefinite-lived intangible assets, as at 31 December 2012.

	Goodwill € million	Franchise agreements € million	Total € million
Italy	625.2	126.9	752.1
Switzerland	381.0	—	381.0
Total Ireland	288.9	—	288.9
Total	<u>1,295.1</u>	<u>126.9</u>	<u>1,422.0</u>

The Group conducts a test for impairment of goodwill and indefinite-lived intangible assets in accordance with IAS 36 *Impairment of Assets* annually and whenever there is an indication of impairment. No impairment was indicated from the impairment tests of 2012, 2011 and 2010.

The recoverable amount of each operation was determined through a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the Board of Directors covering a three-year period and cash projections for two additional years. Cash flow projections for years four to five were projected by management based on operation and market specific high-level assumptions including growth rates, discount rates and forecasted selling prices and direct costs.

Notes to the Consolidated Financial Statements (continued)

4. Intangible assets (continued)

Management determined gross margins based on past performance, expectations for the development of the market and expectations about raw material costs. The growth rates used in perpetuity reflect the forecasts in line with management beliefs. These forecasts exceeded, in some cases, those expected for the industry in general, due to the strength of our brand portfolio. Management estimates discount rates using rates that reflect current market assessments of the time value of money and risks specific to the countries of operation.

For those countries that are considered significant in comparison with the Group's total carrying value of goodwill and other indefinite-lived intangible assets, as at 31 December 2012, cash flows beyond the five-year period (the period in perpetuity) have been extrapolated using the following estimated growth and discount rates:

	Growth rate in perpetuity (%)		Discount rate (%)	
	2012	2011	2012	2011
Italy	2.5	3.0	8.5	9.9
Switzerland	1.0	1.5	6.4	6.2
Total Ireland	2.0	2.0	8.2	9.0

In Italy, the recoverable amount calculated based on value in use exceeded carrying value by €226.1 m. Any one of a reduction in the average gross profit margin of 1.7%, a fall in the revenue growth rate in perpetuity of 1.6%, or a rise in the weighted average discount rate of 1.3% would remove the remaining headroom. In Ireland, the headroom was €74.7 m. Any one of a reduction in the average gross profit margin of 1.7%, a fall in the revenue growth rate in perpetuity of 1.4% or a rise in the weighted average discount rate of 1.0% would remove the remaining headroom.

Notes to the Consolidated Financial Statements (continued)

5. Property, plant and equipment

	Land and buildings € million	Plant and equipment € million	Returnable containers € million	Assets under construction € million	Total € million
<i>Cost</i>					
As at 1 January 2012.....	1,459.6	3,691.5	359.0	156.6	5,666.7
Additions	7.5	160.6	45.2	255.1	468.4
Disposals	(6.7)	(151.8)	(18.9)	—	(177.4)
Classified to assets held for sale (refer to Note 13)	(9.4)	—	—	—	(9.4)
Reclassifications	51.7	225.0	0.2	(276.9)	—
Foreign currency translation	12.8	24.8	(1.2)	0.2	36.6
Effect of hyperinflation.....	0.5	3.8	—	(0.2)	4.1
As at 31 December 2012	1,516.0	3,953.9	384.3	134.8	5,989.0
<i>Depreciation and impairment</i>					
As at 1 January 2012.....	305.3	2,211.7	151.6	—	2,668.6
Charge for the year	38.6	308.8	27.9	—	375.3
Impairment.....	17.6	13.4	2.0	—	33.0
Disposals	(4.4)	(127.0)	(17.1)	—	(148.5)
Foreign currency translation	2.7	13.7	(0.3)	—	16.1
Effect of hyperinflation.....	0.1	3.0	—	—	3.1
As at 31 December 2012	359.9	2,423.6	164.1	—	2,947.6
Net book value as at 1 January 2012	1,154.3	1,479.8	207.4	156.6	2,998.1
Net book value as at 31 December 2012.....	1,156.1	1,530.3	220.2	134.8	3,041.4
<i>Cost</i>					
As at 1 January 2011.....	1,437.0	3,584.3	337.8	162.4	5,521.5
Additions	7.5	162.9	45.3	180.4	396.1
Arising on acquisitions	0.7	—	—	—	0.7
Disposals	(8.0)	(112.3)	(18.5)	—	(138.8)
Disposal of subsidiary.....	(0.2)	(9.1)	—	—	(9.3)
Reclassified from assets held for sale (refer to Note 13)	—	5.9	—	—	5.9
Reclassifications	48.5	134.8	0.2	(183.5)	(0.0)
Foreign currency translation	(26.8)	(83.9)	(5.8)	(2.9)	(119.4)
Effect of hyperinflation.....	0.9	8.9	—	0.2	10.0
As at 31 December 2011	1,459.6	3,691.5	359.0	156.6	5,666.7
<i>Depreciation and impairment</i>					
As at 1 January 2011.....	274.4	2,040.7	134.1	—	2,449.2
Charge for the year	38.8	296.4	33.1	—	368.3
Impairment.....	2.5	15.2	3.3	—	21.0
Disposals	(4.8)	(100.4)	(16.7)	—	(121.9)
Disposal of subsidiary.....	(0.1)	(2.7)	—	—	(2.8)
Reclassified from assets held for sale (refer to Note 13)	—	4.1	—	—	4.1
Foreign currency translation	(5.7)	(47.0)	(2.2)	—	(54.9)
Effect of hyperinflation.....	0.2	5.4	—	—	5.6
As at 31 December 2011	305.3	2,211.7	151.6	—	2,668.6

Notes to the Consolidated Financial Statements (continued)

	Land and buildings € million	Plant and equipment € million	Returnable containers € million	Assets under construction € million	Total € million
Net book value as at 1 January 2011	1,162.6	1,543.6	203.7	162.4	3,072.3
Net book value as at 31 December 2011	1,154.3	1,479.8	207.4	156.6	2,998.1
<i>Cost</i>					
As at 1 January 2010.....	1,258.9	3,252.7	289.2	250.9	5,051.7
Additions	15.5	161.6	40.9	218.4	436.4
Disposals	(8.5)	(139.7)	(6.5)	—	(154.7)
Reclassified from assets held for sale (refer to Note 13)	—	1.5	—	—	1.5
Classified to assets held for sale (refer to Note 13)	(1.3)	(0.7)	—	—	(2.0)
Reclassifications	130.7	198.8	0.1	(329.6)	—
Foreign currency translation	41.7	110.1	14.1	22.7	188.6
As at 31 December 2010	1,437.0	3,584.3	337.8	162.4	5,521.5
<i>Depreciation</i>					
As at 1 January 2010.....	232.8	1,818.4	91.1	—	2,142.3
Charge for the year	38.9	298.2	44.1	—	381.2
Disposals	(5.7)	(134.5)	(6.6)	—	(146.8)
Reclassified from assets held for sale (refer to Note 13)	—	0.5	—	—	0.5
Classified to assets held for sale (refer to Note 13)	(0.1)	(0.1)	—	—	(0.2)
Foreign currency translation	8.5	58.2	5.5	—	72.2
As at 31 December 2010	274.4	2,040.7	134.1	—	2,449.2
Net book value as at 1 January 2010	1,026.1	1,434.3	198.1	250.9	2,909.4
Net book value as at 31 December 2010	1,162.6	1,543.6	203.7	162.4	3,072.3

Assets under construction at 31 December 2012 include advances for equipment purchases of €20.8m (2011: €16.5m, 2010: €46.8m). Impairment of Property, Plant and Equipment of €33.0m (2011: €21.0m) relates to restructuring initiatives of €11.5m, €20.1m and €1.4m in the established, developing and emerging segments respectively (2011: €11.5m, €8.9m, €0.6m respectively). Refer also to note 20(c).

Notes to the Consolidated Financial Statements (continued)

5. Property, plant and equipment (continued)

Included in property, plant and equipment are assets held under finance leases, where the Group is the lessee, as follows:

	2012 € million	2011 € million	2010 € million
As at 1 January	161.0	235.0	251.5
Additions	42.0	4.3	62.8
Disposals	(36.8)	(53.5)	(47.8)
Depreciation charge	(15.6)	(22.4)	(31.4)
Foreign currency translation	7.1	(2.4)	(0.1)
As at 31 December	157.7	161.0	235.0

Assets held under finance leases have been pledged as security in relation to the liabilities under the finance leases. The net book value of land and buildings held under finance leases as at 31 December 2012 was €48.9m (2011: €44.7m, 2010: €42.0m). The net book value of plant and equipment held under finance leases as at 31 December 2012 was €108.8m (2011: €116.3m, 2010: €193.0m).

6. Equity method investments and joint operations

(a) Investments in associates

Summarised financial information of our investments in associates is as follows:

	2012 € million	2011 € million	2010 € million
Carrying amount	16.6	16.5	15.4
Share of profit	2.0	1.7	2.4
Share of other comprehensive income	(0.1)	(0.6)	1.0
Share of total comprehensive income	1.9	1.1	3.4

Included in investment in associates is the Group's investment in Frigoglass Industries Limited. Nigerian Bottling Company plc holds an interest in Frigoglass of 23.9% (2011 and 2010: 23.9% respectively). The Group has a 100% (2011: 100% and 2010: 66.4%) interest in Nigerian Bottling Company plc therefore the Group has an effective interest in Frigoglass of 24% (2011 : 24% and 2010: 16%) . There are restrictive controls on the movement of funds out of Nigeria.

Changes in the carrying amounts of investments in associates are as follows:

	2012 € million	2011 € million	2010 € million
As at 1 January	16.5	15.4	13.8
Share of results of equity method investments	2.0	1.7	2.4
Return of capital from associates	(1.8)	—	(1.8)
Foreign currency translation	(0.1)	(0.6)	1.0
As at 31 December	16.6	16.5	15.4

Notes to the Consolidated Financial Statements (continued)

6. Equity method investments (continued)

(b) Investments in joint ventures

The Group has a material joint venture with Heineken that is conducted through a number of legal entities, being the Brewinvest S.A. Group of companies and the BrewTech B.V. Group of companies. As such the joint venture is structured through separate vehicles and provides the Group with rights to their net assets. The Brewinvest S.A. Group of companies is engaged in the bottling and distribution of beer in Bulgaria. Brewinvest S.A. is incorporated in Greece and the Group owns 50% (2011 and 2010: 50% respectively) of its share capital. The BrewTech B.V. Group of companies is engaged in the bottling and distribution of soft drinks and beer in FYROM. In 2010, 2011 and up until April 2012 BrewTech B.V. Group formed part of the Brewinvest S.A. Group. BrewTech B.V. is incorporated in the Netherlands and the Group owns 50% of its share capital.

Summarised financial information of our material joint venture is as follows (the information below reflects the amount presented in the IFRS financial statements of the joint venture, and not our share in those amounts):

	2012 € million	2011 € million	2010 € million
Summarised balance sheet:			
Cash and cash equivalents	11.4	55.2	36.0
Other current assets (excluding cash)	15.4	17.4	20.6
Total current assets	26.8	72.6	56.6
Financial liabilities (excluding trade payables).....	—	—	(7.8)
Other current liabilities (including trade payables).....	(27.2)	(26.6)	(26.2)
Total current liabilities.....	(27.2)	(26.6)	(34.0)
Non - current assets.....	215.2	113.4	117.8
Non - current financial liabilities	—	(0.2)	(0.2)
Non - current other liabilities	(0.2)	(1.0)	(1.0)
Total non - current liabilities.....	(0.2)	(1.2)	(1.2)
Net assets.....	214.6	158.2	139.2
Summarised statement of comprehensive income:			
Revenue	126.4	117.2	118.2
Depreciation and amortization.....	(11.6)	(12.8)	(15.8)
Interest income.....	1.8	2.6	1.2
Interest expense	(1.0)	(0.2)	(0.6)
Profit before tax	24.4	22.8	25.0
Income tax expense.....	(3.0)	(2.7)	(2.6)
Profit after tax	21.4	20.2	22.4
Other comprehensive income	—	—	—
Total comprehensive income.....	21.4	20.2	22.4
Reconciliation of net assets to carrying amount			
Closing net assets.....	214.6	158.2	139.2
Interest in JV @ 50%.....	107.3	79.1	69.6
Goodwill	16.9	16.9	—
Non controlling interest	(2.0)	(2.1)	(23.0)
Carrying value	122.2	93.9	46.6

Notes to the Consolidated Financial Statements (continued)

Summarised financial information of our investment in other joint ventures is as follows:

	2012	2011	2010
	€ million	€ million	€ million
Carrying amount	29.7	31.3	29.8
Share of profit	(1.0)	0.2	(0.7)
Share of other comprehensive income	(0.7)	—	(0.1)
Share of total comprehensive income	(1.7)	0.2	(0.8)

Changes in the carrying amounts of investments in joint ventures are as follows:

	2012	2011	2010
	€ million	€ million	€ million
As at 1 January	125.2	76.4	74.4
Capital injections	—	1.6	2.8
Purchases of additional share	20.8	39.8	—
Disposals	—	(0.3)	—
Share of results of equity method investments	9.6	7.7	8.0
Return of capital from joint ventures	—	—	(8.7)
Dividends	(3.0)	—	—
Foreign currency translation	(0.7)	—	(0.1)
As at 31 December	151.9	125.2	76.4

Purchases of additional share relates to purchase of non-controlling interest in A.D. Pivara Skonie, the beer and beverages subsidiary of BrewTech B.V. in FYROM.

(c) Investments in joint operations

The Group has a 50% interest in the Multon Z.A.O. Group of companies (“Multon”). Multon is engaged in the production and distribution of juices in Russia and is classified as a joint operation as the arrangement gives the Group right to the assets and obligations for the liabilities relating to the joint arrangement.

Other joint operations of the Group comprise mainly of a 50% interest in each of several water businesses including, Romerquelle, Fonti Del Vulture, Dorna, Multivita, Valser and Vlasinka which are engaged in the production and distribution of water in Austria, Italy, Romania, Poland, Switzerland and Serbia respectively.

7. Available-for-sale financial assets

Movements in available-for-sale financial assets are as follows:

	2012	2011	2010
	€ million	€ million	€ million
As at 1 January	1.2	1.6	17.5
Purchases	0.4	0.1	0.3
Disposals	(0.1)	(0.1)	(16.7)
Unrealised gains/(losses) on available-for-sale financial assets	0.2	(0.4)	0.5
As at 31 December	1.7	1.2	1.6

Available-for-sale financial assets relate to listed equities €1.0m (2011: €0.7m and 2010: €1.3m respectively) and other unlisted equities of €0.7m (2011: €0.5m and 2010: €0.3m respectively). The fair values of available-for-sale financial assets are based on quoted market prices, where available, or discounted cash flow projections where quoted market prices are unavailable.

Notes to the Consolidated Financial Statements (continued)

8. Financial Instruments

Categories of financial instruments at 31 December were as follows:

2012

Assets	Loans and receivables € million	Assets at FVTPL € million	Derivatives	Held-to- maturity € million	Available- for-sale € million	Total € million
			used for hedging € million			
Investments	—	—	—	1.6	1.7	3.3
Derivative financial instruments	—	1.0	48.4	—	—	49.4
Trade and other receivables excluding prepayments ..	964.5	—	—	—	—	964.5
Cash and cash equivalents	439.1	—	—	—	—	439.1
Total	1,403.6	1.0	48.4	1.6	1.7	1,456.3

Liabilities	Liabilities held at amortised cost € million	Liabilities at FVTPL € million	Derivatives	Total € million
			used for hedging € million	
Trade and other payables excluding provisions and derivative liabilities.....	1,468.3	—	—	1,468.3
Borrowings	2,159.7	—	—	2,159.7
Derivative financial instruments	—	74.4	79.7	154.1
Total	3,628.0	74.4	79.7	3,782.1

2011

Assets	Loans and receivables € million	Assets at FVTPL € million	Derivatives	Held-to- maturity € million	Available- for-sale € million	Total € million
			used for hedging € million			
Investments	—	—	—	1.6	1.2	2.8
Derivative financial instruments	—	3.9	81.3	—	—	85.2
Trade and other receivables excluding prepayments ..	1,017.7	—	—	—	—	1,017.7
Cash and cash equivalents	447.4	—	—	—	—	447.4
Total	1,465.1	3.9	81.3	1.6	1.2	1,553.1

Liabilities	Liabilities held at amortised cost € million	Liabilities at FVTPL € million	Derivatives	Total € million
			used for hedging € million	
Trade and other payables excluding provisions and derivative liabilities.....	1,482.7	—	—	1,482.7
Borrowings	2,261.3	—	—	2,261.3
Derivative financial instruments	—	63.6	71.4	135.0
Total	3,744.0	63.6	71.4	3,879.0

Notes to the Consolidated Financial Statements (continued)

8. Financial Instruments (continued)

2010

			Derivatives			
	Loans and receivables	Assets at FVTPL	used for hedging	Held-to- maturity	Available- for-sale	Total
<u>Assets</u>	€ million	€ million	€ million	€ million	€ million	€ million
Investments	—	—	—	1.7	1.6	3.3
Derivative financial instruments	—	0.7	76.6	—	—	77.3
Trade and other receivables excluding prepayments ..	1,006.3	—	—	—	—	1,006.3
Cash and cash equivalents	306.7	—	—	—	—	306.7
Total	1,313.0	0.7	76.6	1.7	1.6	1,393.6

	Liabilities		Derivatives		
	held at amortised cost	Liabilities at FVTPL	used for hedging	Total	
<u>Liabilities</u>	€ million	€ million	€ million	€ million	€ million
Trade and other payables excluding provisions and derivative liabilities.....	1,427.0	—	—	—	1,427.0
Borrowings	2,194.0	—	—	—	2,194.0
Derivative financial instruments	—	72.7	67.5	—	140.2
Total	3,621.0	72.7	67.5	—	3,761.2

Notes to the Consolidated Financial Statements (continued)

8. Financial Instruments (continued)

The derivative financial instruments are included in the Group's balance sheet as follows:

	As at 31 December 2012	
	Assets € million	Liabilities € million
Current		
<i>Current</i>		
Foreign currency forward contracts	1.4	(4.9)
Foreign currency option contracts	0.9	—
Cross-currency swap contracts	—	(67.8)
Commodity swap contracts.....	—	(5.8)
Interest rate swap contracts	11.3	—
Total current	13.6	(78.5)
<i>Non-current</i>		
Interest rate swap contracts	35.8	—
Cross-currency swap contracts	—	(75.6)
Total non-current	35.8	(75.6)
At 31 December 2011		
<i>Current</i>		
Foreign currency forward contracts	13.9	(2.4)
Foreign currency option contracts	1.8	(0.4)
Commodity swap contracts.....	—	(1.4)
Total current	15.7	(4.2)
<i>Non-current</i>		
Interest rate swap contracts	69.5	—
Cross-currency swap contracts	—	(130.8)
Total non-current	69.5	(130.8)
At 31 December 2010		
<i>Current</i>		
Foreign currency forward contracts	2.6	(4.1)
Foreign currency option contracts	1.6	—
Total current	4.2	(4.1)
<i>Non-current</i>		
Interest rate swap contracts	73.1	—
Cross-currency swap contracts	—	(136.1)
Total non-current	73.1	(136.1)

As at 31 December 2012, other receivables of €23.5m (2011: €26.3m, 2010: €11.6m) served as collateral for net open position of interest rate and cross currency swap derivative financial instruments. The collateral resets monthly and earns interest based on Euro Overnight Index Average (EONIA) rate.

Notes to the Consolidated Financial Statements (continued)

8. Financial Instruments (continued)

Net fair values of derivative financial instruments

(a) Cash flow hedges

The fair values of derivative financial instruments as at 31 December designated as cash flow hedges were:

	2012 € million	2011 € million	2010 € million
<i>Contracts with positive fair values</i>			
Foreign currency forward contracts	0.6	9.8	0.6
Foreign currency option contracts	0.7	1.4	1.2
Interest rate swap contracts	35.8	43.8	37.7
	<u>37.1</u>	<u>55.0</u>	<u>39.5</u>
<i>Contracts with negative fair values</i>			
Foreign currency forward contracts	(3.6)	(1.5)	(3.4)
Cross currency swap contracts.....	(75.6)	(69.9)	(63.5)
	<u>(79.2)</u>	<u>(71.4)</u>	<u>(66.9)</u>

Cash flows from the Group's cash flow hedges at 31 December 2012 are expected to occur and, accordingly, affect profit or loss in 2013, except for the combined interest rate/cross currency swap hedging contracts used for the US\$400.0m bond for which cash flows are expected to occur and affect profit or loss up to 2015.

(b) Fair value hedges

The fair values of derivative financial instruments at 31 December designated as fair value hedges were:

	2012 € million	2011 € million	2010 € million
<i>Contracts with positive fair values</i>			
Foreign currency forward contracts	—	0.6	1.7
Interest rate swap contracts.....	11.3	25.7	35.4
	<u>11.3</u>	<u>26.3</u>	<u>37.1</u>
<i>Contracts with negative fair values</i>			
Foreign currency forward contracts	<u>(0.5)</u>	<u>—</u>	<u>(0.6)</u>

(c) Undesignated hedges

The fair values of derivative financial instruments at 31 December for which hedge accounting has not been applied, were:

	2012 € million	2011 € million	2010 € million
<i>Contracts with positive fair values</i>			
Foreign currency forward contracts	0.8	3.5	0.3
Foreign currency option contracts	0.2	0.4	0.4
	<u>1.0</u>	<u>3.9</u>	<u>0.7</u>

Notes to the Consolidated Financial Statements (continued)

8. Financial Instruments (continued)

	2012 € million	2011 € million	2010 € million
<i>Contracts with negative fair values</i>			
Foreign currency forward contracts	(0.8)	(0.9)	(0.1)
Foreign currency option contracts	—	(0.4)	—
Cross-currency swap contracts	(67.8)	(60.9)	(72.6)
Commodity swap contracts.....	(5.8)	(1.4)	—
	<u>(74.4)</u>	<u>(63.6)</u>	<u>(72.7)</u>

Foreign currency forward contracts and foreign currency option contracts

The Company uses a combination of foreign currency forward contracts and foreign currency option contracts to hedge foreign exchange transaction exposures. The notional principal amounts of the outstanding foreign currency forward contracts at 31 December 2012 totaled €339.7m (2011: €419.3m, 2010: €246.0m). The notional principal amounts of the outstanding foreign currency option contracts at 31 December 2012 totaled €108.2m (2011: €64.3m, 2010: €158.0m).

Commodity swap contracts

The Group purchases sugar and aluminium on an ongoing basis to meet its operational needs. The increased volatility in commodity prices led to the decision to enter into commodity swap contracts since August 2011.

These contracts which economically hedge sugar and aluminium can purchases, are expected to reduce volatility of cash flows (in respect of sugar and aluminium purchases attributable to the fluctuation of the sugar and aluminium price) for a period up to 36 months in accordance with the Group's risk management policy (see Note 30).

The notional principal amounts of the outstanding commodity swap contracts at 31 December 2012 totaled €56.4m (2011: €40.9m, 2010: nil).

Interest rate swap contracts

The Group uses interest rate swap contracts to hedge its exposure to changes in the fair value of its debt (refer to Notes 15 and 30), as well as to hedge the foreign exchange cash flow exposure on the \$400.0m fixed rate debt. The notional principal amounts of the outstanding interest rate swap contracts totaled \$900.0m (2011: \$900.0m, 2010: \$900.0m). In June and July 2010 the Group adjusted its interest rate profile by unwinding the euro denominated interest rate swap contracts with an aggregate notional principal amount of €792.5m, maturing in 2011 and 2014. As a result an amount of €1.4m was credited to the income statement, in the interest expense line, in 2010.

The interest rate swap contracts outstanding at 31 December 2012 can be summarised as follows:

Currency	Amount million	Start date	Maturity date	Receive fixed rate	Pay floating rate
US dollar.....	500.0	17 September 2003	17 September 2013	5.125%	Libor + margin
US dollar.....	400.0	17 September 2003	17 September 2015	5.500%	Libor + margin
	<u>900.0</u>				

Repricing dates for all US dollar denominated interest rate swap contracts are the 17th of March and the 17th of September annually until maturity.

Notes to the Consolidated Financial Statements (continued)

8. Financial Instruments (continued)

Cross-currency swap contracts

The Group entered into cross-currency swap contracts to cover the currency risk related to its US dollar denominated debt (refer to Notes 15 and 30). At 31 December 2012 the fair value of the cross-currency swap contracts represented a liability of €143.4m (2011: €130.8m, 2010: €136.1m). The cross-currency swap contracts are recorded as both short-term and long-term liabilities to match the maturities of the underlying notes. The €12.6m loss (2011: €5.3m gain, 2010: €39.3m gain) on the cross-currency swap contracts during 2012 was almost fully offset by the €12.5m gain, (2011: €21.1m loss, 2010: €44.9m loss) recorded on the translation of the US dollar- denominated debt to euro.

Part of the restructuring of the Group's interest rate profile which took place in June and July 2010 was the change of the interest rate conditions of the paying leg of the cross currency swap contracts maturing in 2015 from Euribor plus margin to a fixed rate.

The notional principal amounts of the outstanding cross-currency swap contracts at 31 December 2012 totaled €803.9m (2011: €803.9m, 2010: €803.9m). The cross-currency swap contracts outstanding at 31 December 2012 are summarised as follows:

US\$ million	€ million	Start date	Maturity date	Receive floating rate	Pay rate
500.0	446.8	17 September 2003	17 September 2013	Libor + margin	Euribor + margin
250.0	223.2	17 September 2003	17 September 2015	Libor + margin	2.718%
100.0	89.3	17 September 2003	17 September 2015	Libor + margin	2.750%
50.0	44.6	17 September 2003	17 September 2015	Libor + margin	2.675%
900.0	803.9				

Repricing dates for all US dollar denominated cross currency swap contracts are the 17th of March and the 17th of September annually until maturity.

	Ineffectiveness charged/ (credited) to the profit and loss € million	Fair value and undesignated hedges charged/ (credited) to the profit and loss € million	Losses released from equity to the profit and loss € million	Cash flow hedges losses/ (gains) taken to equity € million
31 December 2012				
<i>Derivatives</i>				
Interest rate swap contracts for fair value hedging.	0.7	14.4	—	—
Interest rate and Cross currency swap contracts for cash flow hedging.....	7.2	—	1.2	8.2
Foreign currency forward contracts /				
Foreign currency option contracts	—	3.5	8.3	14.7
Commodity swap contracts	—	4.4	—	—
<i>Hedged items</i>				
Borrowings	—	(14.4)	—	(15.4)
Forecast transactions	—	—	—	(14.7)
Other foreign currency assets / liabilities	—	(1.1)	—	—
Total.....	7.9	6.8	9.5	(7.2)

Notes to the Consolidated Financial Statements (continued)

8. Financial Instruments (continued)

	Ineffectiveness charged/ (credited) to the profit and loss € million	Fair value and undesignated hedges charged/ (credited) to the profit and loss € million	Losses released from equity to the profit and loss € million	Cash flow hedges losses/ (gains) taken to equity € million
31 December 2012				
<i>Debited/(credited) in</i>				
Operating expenses.....	—	2.4	9.5	
Cost of goods sold	—	4.4	—	
Interest expense	7.9	—	—	
Total.....	7.9	6.8	9.5	
31 December 2011				
<i>Derivatives</i>				
Interest rate swap contracts for fair value hedging.	1.1	9.7	—	—
Interest rate and Cross currency swap contracts for cash flow hedging	5.5	—	—	9.7
Foreign currency forward contracts / Foreign currency option contracts	—	(1.5)	3.1	(15.0)
Commodity swap contracts	—	1.4	—	—
<i>Hedged items</i>				
Borrowings	—	(9.7)	—	(15.2)
Forecast transactions	—	—	—	15.0
Other foreign currency assets / liabilities	—	(0.5)	—	—
Total.....	6.6	(0.6)	3.1	(5.5)
<i>Debited/(credited) in</i>				
Operating expenses.....	—	(2.0)	3.1	
Cost of goods sold	—	1.4	—	
Interest expense	6.6	—	—	
Total.....	6.6	(0.6)	3.1	
31 December 2010				
<i>Derivatives</i>				
Interest rate swap contracts for fair value hedging.	(3.8)	27.7	—	—
Interest rate and Cross currency swap contracts for cash flow hedging	2.8	—	—	8.3
Foreign currency forward contracts / Foreign currency option contracts	—	(0.9)	2.0	3.0
<i>Hedged items</i>				
Borrowings	—	(27.7)	—	(11.1)
Forecast transactions	—	—	—	(3.0)
Other foreign currency assets / liabilities	—	0.3	—	—
Total.....	(1.0)	(0.6)	2.0	(2.8)
<i>(Credited)/debited in</i>				
Operating expenses.....	—	(0.6)	2.0	
Interest expense	(1.0)	—	—	
Total.....	(1.0)	(0.6)	2.0	

Notes to the Consolidated Financial Statements (continued)

9. Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred taxes are levied by the same fiscal authority on either the taxable entity or different taxable entities, and there is an intention to settle the balances on a net basis. The following amounts, after off-setting balances within the same tax jurisdiction where applicable, are shown in the consolidated balance sheet:

	2012 € million	2011 € million	2010 € million
Deferred tax assets	40.1	35.1	34.8
Deferred tax liabilities	(177.4)	(172.1)	(165.2)
Total deferred tax	(137.3)	(137.0)	(130.4)

The gross amounts of deferred tax assets and liabilities are as follows:

	2012 € million	2011 € million	2010 € million
<i>Deferred tax assets</i>			
To be recovered after more than 12 months	66.7	72.4	68.8
To be recovered within 12 months	99.4	86.5	94.6
	166.1	158.9	163.4
<i>Deferred tax liabilities</i>			
To be recovered after more than 12 months	(296.0)	(288.8)	(286.5)
To be recovered within 12 months	(7.4)	(7.1)	(7.3)
	(303.4)	(295.9)	(293.8)
Deferred tax liabilities (net)	(137.3)	(137.0)	(130.4)

The movements in deferred tax assets and liabilities during the year, after off-setting balances within the same tax jurisdiction where applicable, are as follows:

	2012 € million	2011 € million	2010 € million
As at 1 January	(137.0)	(130.4)	(102.1)
Taken to the income statement (refer to Note 22)	(4.8)	(13.5)	(31.2)
Taken to equity	5.5	4.3	(1.0)
Pre-acquisition deferred tax assets in connection with acquisition of CCB, recognised subsequent to business combination (refer to Note 20 and Note 22)	—	—	10.2
Arising on prior year acquisitions	—	0.1	—
Arising on disposal of subsidiary	—	0.7	—
Foreign currency translation	(1.0)	1.8	(6.3)
As at 31 December	(137.3)	(137.0)	(130.4)

Notes to the Consolidated Financial Statements (continued)

9. Deferred Tax (continued)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction where applicable, are as follows:

	Tax in excess of book depreciation € million	Assets impairment € million	Capital investment incentives € million	Derivative instruments € million	Other deferred tax liabilities € million	Total € million
Deferred tax liabilities						
As at 1 January 2010	(240.4)	(2.9)	(2.2)	0.6	(11.5)	(256.4)
Taken to the income statement	(26.9)	(0.2)	—	—	(0.6)	(27.7)
Taken to equity	—	—	—	0.2	(0.4)	(0.2)
Transfers between assets/liabilities.....	—	—	—	—	2.6	2.6
Foreign currency translation	(11.3)	0.1	—	—	(0.9)	(12.1)
As at 31 December 2010	(278.6)	(3.0)	(2.2)	0.8	(10.8)	(293.8)
Taken to the income statement	(13.9)	3.0	—	—	2.9	(8.0)
Taken to equity	—	—	—	(2.8)	(0.8)	(3.6)
Arising on disposal of subsidiary.....	0.7	—	—	—	—	0.7
Transfers between assets/liabilities.....	0.5	—	—	—	2.8	3.3
Foreign currency translation	4.9	—	—	—	0.6	5.5
As at 31 December 2011	(286.4)	—	(2.2)	(2.0)	(5.3)	(295.9)
Taken to the income statement	(8.2)	—	—	(1.0)	—	(9.2)
Taken to equity	—	—	—	1.0	(0.2)	0.8
Transfers between assets/liabilities.....	4.3	—	—	—	(1.0)	3.3
Foreign currency translation	(2.4)	—	—	—	—	(2.4)
As at 31 December 2012	(292.7)	—	(2.2)	(2.0)	(6.5)	(303.4)

Notes to the Consolidated Financial Statements (continued)

9. Deferred Tax (continued)

Deferred tax assets	Book in excess of tax depreciation € million	Provisions € million	Tax losses carry-forward € million	Leasing € million	Pensions and benefit plans € million	Other deferred tax assets € million	Total € million
As at 1 January 2010.....	1.5	65.5	18.4	13.7	20.1	35.1	154.3
Taken to the income statement	(0.1)	(6.6)	10.3	4.5	1.6	(3.0)	6.7
Taken to equity	—	(0.1)	—	—	(0.9)	0.2	(0.8)
Transfers between assets/liabilities..	—	(2.5)	—	—	(1.1)	1.0	(2.6)
Foreign currency translation	—	2.8	1.1	—	0.6	1.3	5.8
As at 31 December 2010	1.4	59.1	29.8	18.2	20.3	34.6	163.4
Taken to the income statement	0.4	(8.4)	8.3	(4.0)	(3.4)	1.6	(5.5)
Taken to equity	—	—	—	—	6.5	1.4	7.9
Arising on current year acquisition..	—	—	—	—	—	0.1	0.1
Transfers between assets/liabilities..	(0.5)	(0.1)	—	—	(2.6)	(0.1)	(3.3)
Foreign currency translation	(0.5)	(1.4)	—	(0.2)	(0.2)	(1.4)	(3.7)
As at 31 December 2011	0.8	49.2	38.1	14.0	20.6	36.2	158.9
Taken to the income statement	5.0	4.5	(7.1)	4.2	(2.0)	(0.2)	4.4
Taken to equity	—	—	—	—	3.0	1.7	4.7
Transfers between assets/liabilities..	(2.9)	(1.8)	—	—	(0.1)	1.5	(3.3)
Foreign currency translation	—	0.6	0.7	0.1	0.3	(0.3)	1.4
As at 31 December 2012	2.9	52.5	31.7	18.3	21.8	38.9	166.1

Notes to the Consolidated Financial Statements (continued)

9. Deferred Tax (continued)

Deferred tax assets are recognised for tax losses carry-forward to the extent that realisation of the related tax benefit through the reduction of future taxes is probable. The Group has unrecognised deferred tax assets attributable to tax losses that are available to carry forward against future taxable income of €0.5m (2011: €0.9m, 2010: €1.3m). €0.5m of this unrecognised deferred tax asset is attributable to tax losses that expire between 2013 and 2017.

The aggregate amount of temporary differences associated with investment in subsidiaries and interests in joint arrangements, for which deferred tax liabilities have not been recognised amount to €1,856.3m (2011: €2,433.5m, 2010: €2,143.6m). It is not practicable to compute the total amount of the potential income tax consequences that would result from the payment of dividends to shareholders.

10. Other non-current assets

Other non-current assets consisted of the following at 31 December:

	2012 € million	2011 € million	2010 € million
Non-current prepayments	30.8	32.8	31.3
Loans to related parties (refer to Note 34)	13.7	10.6	11.8
Loans to non-related parties	1.1	2.4	4.5
Held-to-maturity investments	1.6	1.6	1.7
Total other non-current assets	47.2	47.4	49.3

11. Inventories

Inventories consisted of the following at 31 December:

	2012 € million	2011 € million	2010 € million
Finished goods	186.0	163.6	195.5
Raw materials and work in progress	175.6	179.7	180.3
Consumables	96.4	104.4	101.6
Total inventories	458.0	447.7	477.4

The amount of inventories recognized as an expense during 2012 was €3,709.4m (2011: €3,355.8m, 2010: €3,863.3m). During 2012 provision of obsolete inventories recognised as an expense amounted to €9.2m (2011: €2.7m, 2010: €1.1m), whereas provision reversed in the period amounted to €0.1m (2011: €1.3m, 2010: €2.6m).

Notes to the Consolidated Financial Statements (continued)

12. Trade receivables

Trade receivables consisted of the following at 31 December:

	2012 € million	2011 € million	2010 € million
Trade receivables	878.2	929.0	937.3
Less: Provision for doubtful debts	(76.9)	(74.3)	(66.8)
Total trade receivables	801.3	854.7	870.5

The credit period given to customers ranges from 7 days to 105 days depending on the country and customer type. In most territories, interest is not charged for late payment.

The Group provides for all receivables that are considered non-collectible on a specific basis after considering the circumstances of each case. Before accepting any new credit customers, the Group investigates the potential customer's credit quality (usually through external agents) and defines credit limits for each customer. Customers are reviewed on an ongoing basis and credit limits adjusted accordingly. There are no customers who represent more than 5% of the total balance of trade receivables for the Group. The Group's exposure to credit risk is managed by established policies and procedures regarding financial risk management as described in Note 30.

The trade receivables are as follows:

	2012 € million	2011 € million	2010 € million
Due within due date	655.5	715.6	706.2
Less: Provision for doubtful debts within due date	(1.3)	(1.1)	(3.5)
Past due	222.7	213.4	231.1
Less: Provision for doubtful debts past due	(75.6)	(73.2)	(63.3)
Total trade receivables	801.3	854.7	870.5

As at 31 December 2012, the Group held collateral, in the form of mortgages, bank guarantees, bills of exchange and credit insurance, as security against trade receivables with a carrying amount of €20.9m (2011 and 2010: €23.1m and €22.0m respectively).

As at 31 December 2012, trade receivables of €147.1m (2011 and 2010: €140.2m and €167.8m respectively) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2012 € million	2011 € million	2010 € million
Up to 3 months	128.2	116.4	140.9
3 to 6 months	5.4	11.6	16.9
6 to 9 months	2.7	4.9	5.8
More than 9 months	10.8	7.3	4.2
	147.1	140.2	167.8

As at 31 December 2012, trade receivables of €75.6m (2011 and 2010: €73.2m and €63.3m respectively) were past due and impaired or provided for. The ageing analysis of these receivables is as follows:

Notes to the Consolidated Financial Statements (continued)

12. Trade receivables (continued)

	2012 € million	2011 € million	2010 € million
Up to 3 months.....	(2.0)	(11.2)	(4.0)
3 to 6 months	(6.9)	(6.0)	(11.5)
6 to 9 months	(3.7)	(3.3)	(4.5)
More than 9 months	(63.0)	(52.7)	(43.3)
	<u>(75.6)</u>	<u>(73.2)</u>	<u>(63.3)</u>

The movement in the provision for doubtful debts during the year is as follows:

	2012 € million	2011 € million	2010 € million
As at 1 January	(74.3)	(66.8)	(63.2)
Amounts written off during the year	18.0	6.1	6.8
Amounts recovered during the year	1.5	4.5	11.2
Increase in allowance recognised in profit or loss	(22.1)	(18.5)	(20.9)
Foreign currency translation	—	0.4	(0.7)
As at 31 December	<u>(76.9)</u>	<u>(74.3)</u>	<u>(66.8)</u>

The recording and release of provision for impaired receivables are classified within operating expenses.

13. Other receivables and assets

Other receivables and assets consisted of the following at 31 December:

	2012 € million	2011 € million	2010 € million
Prepayments.....	72.3	66.9	99.1
Receivables from related parties (refer to Note 34)	57.0	65.6	58.2
Collateral for interest rate swap contracts (refer to Note 8)	23.5	26.3	11.6
VAT and other taxes receivable.....	21.0	19.6	20.1
Loans and advances to employees	13.6	11.9	8.2
Assets classified as held for sale	10.4	—	1.8
Receivables from sale of property, plant and equipment	8.0	0.8	4.0
Other receivables	29.7	38.8	31.9
Total other receivables and assets	<u>235.5</u>	<u>229.9</u>	<u>234.9</u>

The related party receivables, net of the provision for doubtful debts, are as follows:

	2012 € million	2011 € million	2010 € million
Due within due date	48.7	61.5	54.2
Past due.....	8.3	4.1	4.0
Less: Provision for doubtful debts	—	—	—
Total related party receivables	<u>57.0</u>	<u>65.6</u>	<u>58.2</u>
Collateral held against related party receivables	<u>—</u>	<u>—</u>	<u>0.3</u>

Notes to the Consolidated Financial Statements (continued)

13. Other receivables and assets (continued)

As at 31 December 2012, related party receivables of €8.3m (2011 and 2010: €4.1m and €4.0m respectively) were past due but not impaired. The ageing analysis of these related party receivables is as follows:

	2012	2011	2010
	€ million	€ million	€ million
Up to 3 months.....	4.8	2.4	2.3
3 to 6 months	1.4	0.5	0.5
6 to 9 months	0.5	0.4	0.1
More than 9 months	1.6	0.8	1.1
Total.....	8.3	4.1	4.0

Notes to the Consolidated Financial Statements (continued)

13. Other receivables and assets (continued)

During 2010, non-current assets with a net book value of €1.8m were reclassified from property, plant and equipment to assets held for sale. The amount of €1.2m concerns land and buildings in our established markets of which €0.4m was sold during 2010 and the amount of €0.6m concerns a plant in our emerging markets.

During 2011, no assets were classified as held for sale. Additionally, non-current assets with a net book value of €1.8m were reclassified to property, plant and equipment, and the depreciation charge for the year was adjusted for the depreciation that would have been recognized had the assets not been classified as held for sale, because the criteria for continued classification as held for sale were no longer met.

During 2012 non-current assets with a net book value of €9.4m were reclassified from property, plant and equipment to assets held for sale. The amount of €9.4m concerns building in our established markets of €4.7m and building in our developing markets of €4.7m respectively. In addition, right to use of land of €1.0m, in our developing markets was classified to assets held for sale during 2012.

14. Cash and cash equivalents

Cash and cash equivalents at 31 December comprise the following:

	2012 € million	2011 € million	2010 € million
Cash at bank, in transit and in hand	79.7	89.8	69.0
Short-term deposits	359.4	357.6	237.7
Total cash and cash equivalents.....	439.1	447.4	306.7

Cash and cash equivalents are held in the following currencies:

	2012 € million	2011 € million	2010 € million
Euro	377.3	356.1	268.5
Nigerian naira	39.2	51.7	3.0
Belorussian rouble.....	4.9	6.6	7.6
Russian rouble	4.2	9.6	3.7
Croatian kuna	3.2	5.0	4.0
Romanian leu	2.4	2.0	1.3
Swiss franc.....	1.4	1.5	1.2
Bosnia and Herzegovina convertible mark	1.4	0.5	0.9
US dollar.....	1.3	1.9	0.6
UK Sterling.....	1.1	0.2	0.1
Moldovan leu	0.7	0.7	0.1
Bulgaria lev.....	0.7	3.6	2.0
Ukrainian hryvnia	0.5	2.2	1.6
Polish zloty	0.3	0.6	0.4
Serbian dinar.....	—	3.9	10.7
Other	0.5	1.3	1.0
Total cash and cash equivalents	439.1	447.4	306.7

Under Nigerian naira currency, an equivalent amount of €29.8m relates to the outstanding balance of the bank account held for the repayment of the former minority shareholders' of the Company's subsidiary Nigerian Bottling Company plc (refer to Note 28).

The amount of dividends payable to the Company by its operating subsidiaries is subject to, among other

Notes to the Consolidated Financial Statements (continued)

14. Cash and cash equivalents (continued)

restrictions, general limitations imposed by the corporate laws and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. Also, there are fund transfer restrictions in certain countries in which we operate, in particular Nigeria. These restrictions do not have a material impact on the Group's liquidity, as the amounts of cash and cash equivalents held in such countries are generally retained for capital expenditure and working capital purposes. Intra group dividends paid by certain of our subsidiaries are also subject to withholding taxes.

Notes to the Consolidated Financial Statements (continued)

15. Borrowings

The Group held the following borrowings at 31 December:

	2012 € million	2011 € million	2010 € million
Bank overdrafts.....	16.6	37.5	40.4
Bank loans	—	9.8	8.9
Current portion of long-term bonds, bills and unsecured notes	391.3	—	304.9
Commercial paper.....	129.5	250.0	127.0
Loan payable to related parties (refer to Note 34)	—	2.3	1.2
	537.4	299.6	482.4
Obligations under finance leases falling due within one year.....	17.6	21.9	48.8
Total borrowings falling due within one year.....	555.0	321.5	531.2
Borrowings falling due within one to two years			
Bonds, bills and unsecured notes	505.3	411.1	—
Borrowings falling due within two to five years			
Bonds, bills and unsecured notes	923.8	1,446.5	1,259.7
Loan payable to related parties (refer to Note 34)	62.5	9.7	9.6
Borrowings falling due in more than five years			
Bonds, bills and unsecured notes	—	—	298.4
	1,491.6	1,867.3	1,567.7
Obligations under finance leases falling due in more than one year.....	113.1	72.5	95.1
Total borrowings falling due after one year	1,604.7	1,939.8	1,662.8
Total borrowings.....	2,159.7	2,261.3	2,194.0

Commercial paper programme and committed credit facilities

In March 2002, Coca-Cola Hellenic established a €1.0bn global commercial paper programme to further diversify its short-term funding sources. The programme consists of a euro commercial paper facility and a US dollar-denominated US commercial paper facility, of which the later is currently not active. The commercial paper notes may be issued either as non-interest bearing notes sold at a discount or as interest bearing notes at a fixed or at a floating rate, or by reference to an index or formula. All commercial paper issued under the programme must be repaid within 1 to 365 days. The outstanding amount under the euro commercial paper facility at 31 December 2012 was €129.5m (2011: €250.0m, 2010: €127.0m).

In May 2011, Coca-Cola Hellenic replaced its existing €500.0m syndicated loan facility expiring on 17 December 2012, with a new €500.0m syndicated loan facility, issued through various financial institutions, expiring on 11 May 2016. As a result, an amount of €1.9m was charged to the income statement, in the finance costs line. This facility can be used for general corporate purposes and carries a floating interest rate over Euribor and Libor. The facility allows the Company to draw down, on three to five days notice, amounts in tranches and repay them in periods ranging from one to six months, or any other period agreed between the financial institutions and Coca-Cola Hellenic. No amounts have been drawn under this syndicated loan facility since inception. There are no financial covenants applicable to this facility.

Euro medium-term note programme ('EMTN')

In 2001, the Group established a €2.0bn euro medium-term note programme. Bonds issued under the programme through the 100% owned subsidiary Coca-Cola HBC Finance B.V. are fully, unconditionally and irrevocably guaranteed by Coca-Cola Hellenic, as well as Coca-Cola HBC Finance plc (for issues prior to 2009), and are not subject to any financial covenants.

Notes to the Consolidated Financial Statements (continued)

15. Borrowings (continued)

In July 2004, Coca-Cola Hellenic completed the issue of a €500.0m 7-year euro-denominated fixed rate bond. In December 2010 Coca-Cola Hellenic finalized a cash tender offer through its subsidiary Coca-Cola HBC Finance B.V. for the repurchase of its existing €500m, 4.375% fixed rate notes due on 15 July 2011. On 14 December 2010, Coca-Cola HBC Finance B.V. purchased an aggregate amount of €198.9m which was almost 40% of the total issued €500m euro-denominated bond. As a consequence, an amount of €1.7m was charged to the income statement, in the finance costs line.

In December 2008, Coca-Cola Hellenic completed the issue of a €500.0m 5-year euro-denominated fixed rate bond. Proceeds from the bond offering were partly used to pay for the acquisition of Socib S.p.A. and partly to refinance a floating rate bond that matured in March 2009.

In November 2009, Coca-Cola Hellenic completed the issue of a €300.0m 7-year euro-denominated fixed rate bond. Proceeds from the bond offering were used to fund the capital return payment (refer to Note 18) and it allowed Coca-Cola Hellenic to extend its debt maturity profile.

In March 2011, Coca-Cola Hellenic completed the successful offering of an additional €300.0m 4.25% fixed rate notes to be consolidated and form a single series with the existing €300.0m 4.25% fixed rate notes due 16 November 2016 issued on 16 November 2009. The new notes bring the total outstanding amount of the series to €600.0m. The proceeds of the issue were used to repay the maturity of the existing €301.1m notes due on 15 July 2011.

No bond offerings took place in 2012.

In April 2012, Coca-Cola Hellenic successfully updated the Euro Medium Term Note Programme (EMTN) and increased the programme from €2.0 bn to €3.0 bn to provide for future new issuances.

As at 31 December 2012, a total of €1.1bn in bonds issued under the €3.0bn EMTN programme were outstanding. A further amount of €1.9bn is available for issuance. These bonds are not subject to financial covenants.

Notes issued in the US market

On 17 September 2003, Coca-Cola Hellenic successfully completed, through its 100% owned finance subsidiary Coca-Cola HBC Finance B.V., a \$900.0m (€682.0m at 31 December 2012 exchange rates) global offering of privately placed notes with registration rights. The first tranche consisted of an aggregate principal amount of \$500.0m (€378.9m at 31 December 2012 exchange rates) due in 2013 and the second tranche consisted of an aggregate principal amount of \$400.0m (€303.1m at 31 December 2012 exchange rates) due in 2015. The net proceeds of the offering were used to refinance certain outstanding debt, the leveraged re-capitalisation of the Group and the acquisition of Römerquelle GmbH. In December 2003, an exchange offer was made by Coca-Cola Hellenic in order to effect the exchange of the privately placed notes for similar notes registered with the Securities and Exchange Commission ("SEC"). Acceptances under the offer, which was finalised in February 2004, were \$898.1m. The notes are fully, unconditionally and irrevocably solely guaranteed by Coca-Cola Hellenic. These notes are not subject to financial covenants.

Summary of bonds and notes outstanding

	Start date	Maturity date	Fixed coupon
\$500m notes	17 September 2003	17 September 2013	5.125%
€500m bond	17 December 2008	15 January 2014	7.875%
\$400m notes	17 September 2003	17 September 2015	5.500%
€300m bond	16 November 2009	16 November 2016	4.250%
€300m bond	2 March 2011	16 November 2016	4.250%

The fair value of bonds and notes payable, including the current portion, is €1,898.3m (2011: €1,926.3m, 2010: €1,919.0m) compared to their book value, including the current portion, of €1,820.4m (2011: €1,857.6m, 2010: €1,863.0m).

Notes to the Consolidated Financial Statements (continued)

15. Borrowings (continued)

The present value of finance lease liabilities at 31 December was as follows:

	2012	2011	2010
	€ million	€ million	€ million
Less than one year.....	17.6	21.9	48.8
Later than one year but less than two years	13.4	13.7	20.7
Later than two years but less than three years.....	7.7	11.3	14.6
Later than three years but less than four years.....	6.0	4.9	11.3
Later than four years but less than five years.....	6.4	3.2	4.5
Later than five years	79.6	39.4	44.0
Present value of finance lease liabilities	130.7	94.4	143.9

The minimum lease payments of finance lease liabilities at 31 December were as follows:

	2012	2011	2010
	€ million	€ million	€ million
Less than one year.....	22.7	24.8	53.2
Later than one year but less than two years	18.7	16.8	24.3
Later than two years but less than three years.....	12.4	13.8	17.0
Later than three years but less than four years.....	10.6	7.3	13.8
Later than four years but less than five years.....	11.2	5.5	6.7
Later than five years	93.1	41.4	46.8
	168.7	109.6	161.8
Future finance charges on finance leases	(38.0)	(15.2)	(17.9)
Present value of finance lease liabilities	130.7	94.4	143.9

Finance leases are mainly for land and buildings as well as plant and equipment. The finance leases do not contain contingent rent payments or escalation clauses.

The borrowings at 31 December were held in the following currencies:

	Current 2012	Non-current 2012	Current 2011	Non-current 2011	Current 2010	Non-current 2010
	€ million	€ million	€ million	€ million	€ million	€ million
Euro	143.2	1,225.1	269.8	1,164.7	487.7	887.6
US Dollar	391.5	324.7	—	749.4	—	744.1
Nigerian naira	11.0	19.3	45.6	—	23.6	—
Polish zloty	5.8	19.3	3.1	8.3	3.2	12.4
UK Sterling	1.2	15.8	1.8	16.7	6.0	18.1
Ukrainian hryvnia	0.9	0.5	0.7	0.7	9.4	0.6
Serbian Dinar	0.9	—	—	—	—	—
Other	0.5	—	0.5	—	1.3	—
Borrowings	555.0	1,604.7	321.5	1,939.8	531.2	1,662.8

Notes to the Consolidated Financial Statements (continued)

15. Borrowings (continued)

The carrying amounts of the borrowings held at fixed and floating interest rate as at 31 December 2012, as well as the weighted average interest rates and maturities of fixed rate borrowings were as follows:

	Fixed interest rate € million	Floating interest rate € million	Total € million	Fixed rate liabilities weighted average interest rate	Weighted average maturity for which rate is fixed (years)
Euro	1,262.3	106.0	1,368.3	5.3%	2.4
US Dollar	716.2	—	716.2	5.3%	1.6
Nigerian naira	—	30.3	30.3	—	—
Ukrainian hryvnia	—	1.4	1.4	—	—
UK Sterling	—	17.0	17.0	—	—
Polish zloty	—	25.1	25.1	—	—
Serbian dinar	—	0.9	0.9	—	—
Other	0.5	—	0.5	—	—
Financial liabilities	1,979.0	180.7	2,159.7	5.3%	2.1

Financial liabilities represent fixed and floating rate borrowings held by the Group. The Group's policy is to hedge exposures to changes in the fair value of debt and interest rates by using a combination of cross-currency swap contracts, fixed to floating rate interest rate swap contracts and interest rate option contracts. In order to hedge the foreign exchange cash flow exposure on the \$400.0m US dollar fixed rate debt, a combination of floating to fixed rate cross currency swap contracts and fixed to floating rate interest rate swap contracts is used.

The \$500.0m US dollar fixed rate debt has been fully swapped into a euro floating-rate obligation through a combination of interest rate and cross-currency swaps, with no residual currency risk for the life of the respective bond. In June and July 2010 the \$400.0m US dollar fixed rate debt which was initially swapped into a euro floating-rate obligation was restructured to a €357.0m fixed-rate liability (refer to Note 8).

Floating rate debt bears interest based on the following benchmark rates:

Euro	6 month EURIBOR (European inter-bank offer rate)
Serbian dinar	1 month BELIBOR (Serbian inter-bank offer rate)
Nigerian naira	3 month NIBOR (Nigerian inter-bank offer rate)

Notes to the Consolidated Financial Statements (continued)

16. Trade and other payables

Trade and other payables consisted of the following at 31 December:

	2012	2011	2010
	€ million	€ million	€ million
Trade payables	435.8	417.8	378.8
Accrued liabilities	581.2	601.0	596.0
Payables to related parties (refer to Note 34)	188.5	188.3	187.1
Deposit liabilities	111.1	107.7	106.4
Current portion of provisions (refer to Note 17)	94.0	52.0	38.4
Other tax and social security liabilities	80.0	83.5	77.0
Salaries and employee related payable	51.3	57.4	61.7
Derivative liabilities (refer to Note 8)	10.7	4.2	4.1
Deferred income	0.9	8.7	2.2
Other payables	12.8	11.5	11.0
Total trade and other payables	1,566.3	1,532.1	1,462.7

17. Provisions

Provisions consisted of the following at 31 December:

	2012	2011	2010
	€ million	€ million	€ million
<i>Current</i>			
Employee benefits	50.4	23.9	22.3
Restructuring and other	43.6	28.1	16.1
Total current provisions	94.0	52.0	38.4
<i>Non-current</i>			
Employee benefits	142.1	146.8	130.9
Other	6.9	8.6	14.9
Total non-current provisions	149.0	155.4	145.8
Total provisions	243.0	207.4	184.2

The movements in restructuring and other provisions comprise:

	2012	2011	2010
	€ million	€ million	€ million
As at 1 January	36.7	31.0	38.8
Arising during the year	72.3	50.3	34.8
Utilised during the year	(57.3)	(44.0)	(43.1)
Unused amount reversed	(1.5)	(0.2)	0.1
Foreign currency translation	0.3	(0.4)	0.4
As at 31 December	50.5	36.7	31.0

Restructuring and other provisions comprise outstanding balances relating to restructuring of €41.3m (2011: €23.9m, 2010: €9.6m) that is expected to be completed in 2013 (see note 20c), a provision for onerous contract in Russia of €5.7m (2011: €5.7m, 2010: €5.9m), expected to be utilized in over 5 years and a provision for long-term supply contracts in Italy of nil in 2012 (2011: €3.2m, 2010: €10.7m). In addition, 2012 included other items of €3.5m (2011: €3.9m, 2010: €4.8m).

Notes to the Consolidated Financial Statements (continued)

17. Provisions (continued)

Employee benefits

Employee benefits consisted of the following at 31 December:

	2012 € million	2011 € million	2010 € million
<i>Defined benefit plans</i>			
Employee leaving indemnities	94.0	95.0	99.9
Pension plans	42.4	41.4	19.5
Long service benefits—jubilee plans	8.2	7.9	7.7
Total defined benefits plans	144.6	144.3	127.1
<i>Other employee benefits</i>			
Annual leave	9.1	9.2	9.6
Other employee benefits	38.8	17.2	16.5
Total other employee benefits	47.9	26.4	26.1
Total employee benefits obligations	192.5	170.7	153.2

Employee benefit obligations at 31 December were split between current and non-current as follows:

	2012 € million	2011 € million	2010 € million
Current	50.4	23.9	22.3
Non-current	142.1	146.8	130.9
Total employee benefits obligations	192.5	170.7	153.2

Employees of Coca-Cola Hellenic's subsidiaries in Austria, Bulgaria, Croatia, Greece, Italy, Montenegro, Nigeria, Poland, Romania, Serbia and Slovenia are entitled to employee leaving indemnities, generally based on each employee's length of service, employment category and remuneration.

Coca-Cola Hellenic's subsidiaries in Austria, Greece, Northern Ireland, the Republic of Ireland and Switzerland sponsor defined benefit pension plans. Of the three plans in the Republic of Ireland, two have plan assets, as do the two plans in Northern Ireland, one plan in Greece and one plan in Switzerland. The Austrian plans do not have plan assets. The defined benefit pension plans in Austria, Greece, Republic of Ireland and Northern Ireland are closed to new members.

Coca-Cola Hellenic provides long service benefits in the form of jubilee plans to its employees in Austria, Croatia, Nigeria, Poland, Slovenia and Switzerland.

Defined benefit obligation by segment is as follows:

	2012 € million	2011 € million	2010 € million
Defined Benefit obligation:	144.6	144.3	125.7
Established	110.9	112.0	96.2
Emerging	31.3	30.2	27.6
Developing	2.4	2.1	1.9

Notes to the Consolidated Financial Statements (continued)

17. Provisions (continued)

The average duration of the defined benefit plans is 17 years and the total employer contributions expected to be paid in 2013 are €22.7m. Through its defined benefit plans the Group is exposed to a number of risks as outlined below:

The Northern Ireland, the Republic of Ireland and Swiss plans hold a significant portion of equities, through investment funds, which are expected to outperform corporate and government bonds in the long term, while providing volatility and risk in the short term. The Group believes due to the long term nature of the plan liabilities the level of equity investments held by the plans are appropriate.

A decrease in corporate bond yields will increase net plan liabilities and the sensitivity of the defined benefit obligation to changes in the discount rate and other significant actuarial assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	0.50%	decrease of 7.81%	increase of 8.62%
Rate of compensation increase	0.50%	increase of 2.02%	decrease of 1.87%
Rate of pension increase	0.50%	increase of 2.46%	decrease of 1.63%

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant.

Reconciliation of defined benefit obligation:

	2012 € million	2011 € million	2010 € million
Present value of defined benefit obligation at 1 January	390.5	374.6	352.9
Current service cost	13.4	13.0	13.3
Interest cost	15.8	15.8	16.9
Plan participants' contributions	4.7	5.0	4.6
Past service cost	(2.1)	0.2	(2.3)
Curtailment/settlement	8.0	(5.1)	4.7
Benefits paid	(42.5)	(31.6)	(38.9)
Remeasurements:			
- (Gains)/Loss from change in demographic assumptions	(4.0)	3.5	5.2
- Loss from change in financial assumptions	37.1	12.9	4.3
- Experience adjustments	(5.7)	(1.6)	(12.3)
Actual taxes paid	(0.1)	—	(0.3)
Foreign currency translation	—	3.8	26.5
Present value of defined benefit obligation at 31 December	415.1	390.5	374.6

Notes to the Consolidated Financial Statements (continued)

17. Provisions (continued)

Reconciliation of plan assets:

	2012 € million	2011 € million	2010 € million
Fair value of plan assets at 1 January.....	246.2	248.9	207.1
Interest income on plan assets.....	8.2	9.3	8.7
Return on plan assets excluding interest income	12.4	(12.4)	3.7
Actual employer's contributions.....	9.7	10.0	10.5
Actual participant's contributions.....	4.7	5.0	4.6
Actual benefits paid	(12.8)	(11.1)	(11.7)
Settlement	—	(8.3)	—
Admin expenses.....	—	—	(0.3)
Foreign currency translation	2.1	4.8	26.3
Fair value of plan assets at 31 December	270.5	246.2	248.9

The present value and funded status of defined benefit obligations were as follows at 31 December:

	2012 € million	2011 € million	2010 € million
Deficit of funded plans	310.1	285.2	264.6
Fair value of plan assets.....	(270.5)	(246.2)	(248.9)
	39.6	39.0	15.7
Present value of unfunded obligations.....	105.0	105.3	110.0
Defined benefit obligations.....	144.6	144.3	125.7
Plus: amounts recognised within long term assets.....	—	—	1.4
Total defined benefit obligations	144.6	144.3	127.1

The movement in the defined benefit obligation recognised on the balance sheet was as follows:

	2012 € million	2011 € million	2010 € million
Defined benefit obligation as at 1 January.....	144.3	125.7	145.8
Expense recognised in the income statement.....	26.6	22.4	23.5
Actuarial loss/(gain) recognised in OCI.....	15.2	27.7	(6.1)
Employer contributions.....	(9.7)	(10.0)	(10.5)
Benefits paid	(29.7)	(20.5)	(27.2)
Foreign currency translation	(2.1)	(1.0)	0.2
Defined benefit obligation as at 31 December	144.6	144.3	125.7

The assumptions used in computing the defined benefit obligation comprised the following for the years ended 31 December:

Notes to the Consolidated Financial Statements (continued)

17. Provisions (continued)

	2012	2011	2010
	%	%	%
Discount rate.....	3.5	4.2	4.4
Rate of compensation increase.....	2.8	3.1	3.1
Pension increases.....	0.9	0.9	0.7

The expense recognised in the income statement comprised the following for the years ended 31 December:

	2012	2011	2010
	€ million	€ million	€ million
Service cost.....	19.3	16.4	15.7
Net interest cost on defined benefit liability / (asset).....	7.5	6.5	8.2
Actuarial gain.....	(0.2)	(0.5)	(0.4)
Total.....	26.6	22.4	23.5

Notes to the Consolidated Financial Statements (continued)

17. Provisions (continued)

Defined benefit plan expenditure is included in staff costs and presented in cost of goods sold and operating expenses.

Plan assets are invested as follows:

	2012 %	2011 %	2010 %
<i>Asset category</i>			
Equity securities - EU	15	14	15
Equity securities - NON - EU	25	26	27
Government Debt Securities - NON - EU	18	12	12
Government Bonds - EU	12	11	7
Corporate Bonds - EU	2	8	8
Corporate Bonds - NON - EU	13	14	14
Real estate	10	10	10
Cash	2	2	2
Other	3	3	5
Total	100	100	100

Plan assets relate predominately to quoted financial instruments.

Equity securities were not invested in ordinary shares of the Company as at 31 December 2012, 31 December 2011 and 31 December 2010.

Defined contribution plans

The expense recognised in the income statement in 2012 for the defined contribution plan is €20.9m (2011: €20.5m, 2010: €15.5m). This is included in staff costs and recorded in cost of goods sold and operating expenses.

18. Share capital and share premium

	Number of shares (authorised and issued)	Share Capital € million	Share Premium € million	Total € million
As at 1 January 2010	365,539,075	182.8	1,113.8	1,296.6
Shares issued to employees exercising stock options	597,365	0.3	5.4	5.7
Balance as at 31 December 2010	366,136,440	183.1	1,119.2	1,302.3
Shares issued to employees exercising stock options	405,568	0.2	4.5	4.7
Capitalisation of share premium reserve	—	549.7	(549.7)	—
Expenses related to share capital increase (net of tax of €1.2m) ..	—	—	(4.8)	(4.8)
Return of capital to shareholders	—	(183.2)	—	(183.2)
Balance as at 31 December 2011	366,542,008	549.8	569.2	1,119.0
Shares issued to employees exercising stock options	11,499	—	0.1	0.1
Reduction of share capital to extinguish accumulated losses of the parent company	—	(55.0)	—	(55.0)
Return of capital to shareholders	—	(124.6)	—	(124.6)
Balance as at 31 December 2012	366,553,507	370.2	569.3	939.5

Notes to the Consolidated Financial Statements (continued)

18. Share capital and share premium (continued)

During 2010, Coca-Cola Hellenic's Board of Directors resolved to increase the share capital of the Company by issuing 163,354, 161,663, 102,700 and 169,648 new ordinary shares, on 26 February, 17 May, 24 August and 25 November 2010 respectively following the exercise of stock options by option holders pursuant to the Company's stock option plan. Total proceeds from the issues of the shares were €5.7m.

During 2011, Coca-Cola Hellenic's Board of Directors resolved to increase the share capital of the Company by issuing 354,512, 21,994, 28,749 and 313 new ordinary shares as announced on 16 March, 24 June, 1 September and 13 December 2011 respectively, following the exercise of stock options by option holders pursuant to the Company's stock option plan. Total proceeds from the issues of the shares were €4.7m.

During 2012, Coca-Cola Hellenic's Board of Directors resolved to increase the share capital of the Company by issuing 5,334 and 6,165 new ordinary shares as announced on 21 March and 27 September 2012 respectively, following the exercise of stock options by option holders pursuant to the Company's stock option plan. Total proceeds from the issues of the shares were €0.1m.

On 6 May 2011, the Annual General Meeting of shareholders resolved on the reorganisation of its share capital. The Group's share capital increased by an amount equal to €549.7 million. This increase was effected by capitalising the share premium reserve and increasing the nominal value of each share from €0.50 to €2.00. The share capital was subsequently decreased by an amount equal to €183.2 million by decreasing the nominal value of each share from €2.00 to €1.50, and distributing such €0.50 per share difference to shareholders in cash.

On 25 June 2012, the Annual General Meeting of shareholders resolved to decrease the share capital of the Company by the amount of €124.6 million by decreasing the nominal value of the Company's share by €0.34 per share, from €1.50 to €1.16 per share, and the return of the amount of the decrease to the Company's shareholders in cash, i.e. a return of €0.34 per share. Furthermore, on the same date, it was resolved to decrease the share capital of the Company by the amount of €55.0 million by decreasing the nominal value of the Company's share by €0.15 per share, from €1.16 to €1.01 per share, in order to extinguish accumulated losses of the parent company Coca-Cola Hellenic Bottling Company S.A. in an equal amount.

After the above changes, the share capital on 31 December 2012 amounts to €370.2 million and is comprised of 366,553,507 shares with a nominal value of €1.01 each. Each share provides the right to one vote at general meetings of Coca-Cola Hellenic and entitles the holder to dividends declared by Coca-Cola Hellenic.

Notes to the Consolidated Financial Statements (continued)

19. Reserves

The reserves of the Group at 31 December were as follows:

	2012 € million	2011 € million	2010 € million
Treasury shares	(54.3)	(55.5)	(57.2)
Exchange equalisation reserve	(168.1)	(199.7)	(131.0)
Other reserves			
Shares held for equity compensation plan	(1.1)	(1.2)	(0.8)
Hedging reserve (net of deferred tax of €3.0m gain; 2011: €2.7m expense; 2010: €0.2m gain).....	(15.1)	(4.7)	(10.3)
Tax-free reserve	251.6	251.6	251.6
Statutory reserve	76.7	76.2	75.7
Stock option reserve.....	51.9	45.6	37.5
Available-for-sale financial assets valuation reserve (net of deferred tax of €0.1m expense; 2011: €0.1m gain; 2010: €0.1m gain)	0.6	0.5	0.8
Other	12.0	12.0	11.9
Total other reserves	376.6	380.0	366.4
Total reserves	154.2	124.8	178.2

Treasury shares

On 30 April 2009, the Board of Directors of Coca-Cola Hellenic resolved to buy-back a maximum of 5% of its paid-in share capital during the period that is 24 months from the date of the Extraordinary General Meeting of 27 April 2009 which approved a share buy-back programme pursuant to Article 16 of Codified Law 2190/1920 (i.e. until 26 April 2011). Based on the Company's capitalisation at that time, the maximum amount that may be bought back pursuant to the programme was 18,270,104 shares. Purchases under the programme were subject to a minimum purchase price of €1.00 per share and a maximum purchase price of €20.00 per share. This programme expired on 26 April 2011.

Applicable law does not require any actual use of such approved share buy-back programmes. The Company may therefore, in its sole discretion, decide not to buy back any shares or to buy fewer shares than the maximum permissible number approved under the programme. The purchase of shares pursuant to the share buy-back programme was dependent upon a number of factors including, without limitation, the relative attractiveness of alternative investment opportunities and the availability of funds. As at 31 December 2012, 3,430,135 shares had been held by the Group pursuant to the share buy-back programme of a total value of €54.3m, bringing the shares in circulation to 363,123,372 (2011: 3,430,135 shares held of a total value of €55.5m, 2010: 3,430, 135 shares held of a total value of €57.2m).

Exchange equalisation reserve

The exchange equalisation reserve comprises all foreign exchange differences arising from the translation of the financial statements of entities with functional currencies other than the euro.

Notes to the Consolidated Financial Statements (continued)

19. Reserves (continued)

Other reserves

Shares held for equity compensation plan

Shares held for the Coca-Cola Hellenic Stock Purchase Plan, which is an equity compensation plan in which eligible employees may participate. The movement for share-based payment transactions in 2012 was a credit of €0.1m (2011: €0.4m debit, 2010: €0.2m credit)

Hedging reserve

The hedging reserve reflects changes in the fair values of derivatives accounted for as cash flow hedges, net of the deferred tax related to such balances. The movement for 2012 relates to the movement in cash flow hedges of €10.4m debit, net of tax gain of €3.0m (2011: €5.6m credit, net of tax expense of €2.7m, 2010: € 9.1m debit, net of tax gain of €0.2m).

Tax-free reserve

The tax-free reserve includes investment tax incentive and other tax-free or partially taxed reserves of the Group. The tax-free reserve may be distributed if taxed, where applicable. There was no movement in the tax-free reserve in 2012 (2011: nil, 2010: €10.5m credit for the establishment of additional reserves).

Statutory reserves

Statutory reserves are particular to the various countries in which the Group operates. The amount of statutory reserves of the parent entity, Coca-Cola Hellenic, with restrictions on distribution is €55.7m (2011: €55.7m, 2010: €55.7m). The movement in the statutory reserves for 2012 was a €0.5m credit (2011: €0.5m credit, 2010: € 0.4m credit) and relates to the establishment of additional reserves.

Other reserves

Other reserves are particular to the various countries in which the Group operates. There was no movement in other reserves for 2012 (2011: €0.1m credit, 2010: €0.1m credit).

Stock option reserve

The stock option reserve represents the cumulative charge to the income statement for employee stock option awards. The movement for the stock option reserve for 2012 was a €6.3m credit (2011: €8.1m credit, 2010: €6.7m credit).

Available-for-sale financial assets valuation reserve

The available-for-sale financial assets valuation reserve reflects changes in the fair values of available-for-sale financial assets. Amounts in this reserve are reclassified to profit or loss upon sale or impairment of the related investments. The movement for available-for-sale financial assets valuation reserve for 2012 was a € 0.1m credit net of tax expense of €0.1m (2011: €0.3m debit net of tax gain of €0.1m, 2010: €2.2m debit net of tax gain of €0.1m) and relates to revaluation impact of listed and unlisted equities held.

Notes to the Consolidated Financial Statements (continued)

20. Total operating costs

Total operating costs for the years ended 31 December comprised:

	2012 € million	2011 € million	2010 € million
Operating expenses	2,078.1	2,048.2	2,048.4
Restructuring costs	106.7	71.1	36.5
Total operating costs	2,184.8	2,119.3	2,084.9

a) Operating expenses

	2012 € million	2011 € million	2010 € million
Selling expenses.....	995.6	998.5	1,021.1
Delivery expenses	649.6	632.1	630.2
Administrative expenses	423.6	406.3	383.6
Stock option expense (refer to Note 26)	6.3	8.1	6.7
Amortisation of intangible assets (refer to Note 4).....	3.0	3.2	6.8
Operating expenses	2,078.1	2,048.2	2,048.4

In 2012, operating expenses included net losses on disposal of property, plant and equipment of €6.9m (2011: €3.2m losses, 2010: €13.0m losses).

(b) Adjustments to intangible assets

During 2010, the Group recognized deferred tax assets on losses that had previously not been recognised on acquisition of CCB by HBC. Correspondingly, a deferred tax credit of €10.2m had been included within tax on the income statement. Based on the revised IFRS 3, *Business Combinations*, goodwill is no longer adjusted when deferred tax assets on losses have not been recognised on acquisition and are subsequently recognized. Therefore no charge has been included in the operating expenses of 2010. For the credit that has been included in taxes please refer to Note 22 Tax.

(c) Restructuring costs

As part of the effort to optimise its cost base and sustain competitiveness in the market place, the Company undertook restructuring initiatives in 2012 which amounted to €106.7m (2011: €71.1m, 2010: €36.5m) before tax. The Company recorded during 2012 €65.8m (2011: €47.6m, 2010: €25.7m), €34.8m (2011: €17.6m, 2010: €2.3m) and €6.1m (2011: €5.9m, 2010: €8.5m) of restructuring charges in its established, developing and emerging markets, respectively. The restructuring concerns mainly employees' costs (see note 17) and impairment of property, plant and equipment (see note 5).

Notes to the Consolidated Financial Statements (continued)

20. Total operating costs (continued)

(e) Staff costs

Staff costs included in the income statement in operating expenses and in the cost of goods sold lines are analysed as follows:

	2012 € million	2011 € million	2010 € million
Wages and salaries.....	819.2	821.6	833.1
Social security costs.....	181.3	175.2	160.4
Pension and other employee benefits.....	131.3	129.7	123.7
Termination benefits.....	67.5	48.6	32.6
Total staff costs	1,199.3	1,175.1	1,149.8

Staff costs included in operating expenses amounted to €945.0m in 2012 (2011: €928.0m, 2010: €906.0m).

Staff costs included in cost of goods sold amounted to €254.3m in 2012 (2011: €247.1m, 2010: €243.8m).

The average number of full-time equivalent employees in 2012 was 39,736 (2011: 41,291, 2010: 42,044).

(f) Fees and other services of the statutory auditor

Audit and other fees charged in the income statement concerning the statutory auditor of the consolidated financial statements, PricewaterhouseCoopers S.A and affiliates, were as follows, for the years ended 31 December:

	2012 € million	2011 € million	2010 € million
Audit fees.....	9.1	6.1	6.1
Audit related fees.....	0.5	0.4	0.2
Other fees.....	0.1	0.1	0.2
Total audit and all other fees	9.7	6.6	6.5

21. Finance costs

Net finance costs for the years ended 31 December comprised:

	2012 € million	2011 € million	2010 € million
Interest income.....	10.4	8.7	6.9
Interest expense.....	(89.2)	(87.2)	(68.1)
Other finance cost.....	(1.6)	(3.9)	(8.2)
Net foreign exchange remeasurement gains/(losses)	(0.3)	0.6	(0.4)
Finance charges paid with respect to finance leases	(6.9)	(5.6)	(6.1)
Finance costs	(98.0)	(96.1)	(82.8)
Loss on net monetary position	(3.1)	(7.8)	—
Total finance costs	(101.1)	(103.9)	(82.8)
Total finance costs, net	(90.7)	(95.2)	(75.9)

Notes to the Consolidated Financial Statements (continued)

Other finance cost includes commitment fees on loan facilities, not drawn down, other similar fees and when applicable premium on debt buy back.

Belarus has been considered to be a hyperinflationary economy since the fourth quarter of 2011 as three year cumulative inflation exceeded 100% and therefore Belarus is consolidated in terms of the measuring unit at the balance sheet date and translated at the closing exchange rate. The restatement was based on conversion factors derived from the Belarusian Consumer Price Index (CPI) as compiled by the National Statistical Committee of the Republic of Belarus. The conversion factor used for December 2012 was 1.223 which resulted in a net monetary loss for 2012 of €3.1m. The conversion factor used for December 2011 was 2.08 which resulted in a net monetary loss for 2011 of €7.8m.

Capitalised borrowing costs in 2012 amounted to €1.4m (2011: €1.6m, 2010: €1.4m). The interest rate used to capitalise borrowing costs of the Group for 2012 was 3.86% (2011: 3.83%, 2010: 3.16%).

Notes to the Consolidated Financial Statements (continued)

22. Tax

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate in Greece as follows:

	2012 € million	2011 € million	2010 € million
Profit before tax per the income statement	258.6	364.5	568.5
Tax calculated at a tax rate of 20% (2011: 20% and 2010: 24%)	51.7	72.9	136.4
Effect of different tax rates in foreign jurisdictions	8.3	5.3	(24.1)
Additional local taxes in foreign jurisdictions	11.6	13.6	13.2
Special tax in Greece	—	—	21.2
Tax holidays in foreign jurisdictions	(1.7)	(2.4)	(2.0)
Expenses non-deductible for tax purposes	33.3	51.0	41.1
Income not subject to tax	(33.6)	(30.3)	(20.7)
Changes in tax laws and rates	(1.5)	0.4	(1.7)
Current year tax losses not recognised	2.1	0.2	0.5
Recognition of pre-acquisition deferred tax assets	—	—	(10.2)
Utilisation of previously unrecognised post-acquisition tax losses	(0.1)	(0.1)	(6.2)
Recognition of previously unrecognised post-acquisition tax losses	(0.7)	(7.9)	(6.5)
Other	(4.2)	(3.9)	(3.2)
Income tax charge per the income statement	65.2	98.8	137.8

Non-deductible expenses for tax purposes include marketing and advertising expenses, service fees, bad debt provisions, entertainment expenses, certain employee benefits and stock options expenses and other items that, partially or in full, are not deductible for tax purposes in certain of our jurisdictions.

Special tax in Greece

On 6 May 2010, the Greek Government enacted the 'Extraordinary Contribution of Social Responsibility' (Law Nr. 3845/2010). According to article 5, the 'Extraordinary Social Contribution Tax' was applied retrospectively on the parent Company's 2009 total net income. The amount of such 'Extraordinary Social Contribution Tax' applicable to 2009 was €21.2m. As a result the Group recorded a tax charge of €21.2m in 2010.

The income tax charge for the years ended 31 December is as follows:

	2012 € million	2011 € million	2010 € million
Current tax charge	60.4	85.3	116.8
Deferred tax charge (refer to Note 9)	4.8	13.5	31.2
Pre-acquisition deferred tax assets recognised subsequent to acquisition of CCB (refer to Note 20)	—	—	(10.2)
Total income tax charge	65.2	98.8	137.8

Notes to the Consolidated Financial Statements (continued)

23. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the parent entity is based on the following data:

	2012	2011	2010
Net profit attributable to the owners of the parent (€ million)	190.4	264.4	421.0
Weighted average number of ordinary shares for the purposes			
of basic earnings per share (million)	363.9	363.0	363.3
Effect of dilutive stock options (million)	0.6	0.8	0.2
Weighted average number of ordinary shares for the purposes			
of diluted earnings per share (million)	364.5	363.8	363.5
Basic and diluted earnings per share (€)	<u>0.52</u>	<u>0.73</u>	<u>1.16</u>

Given the effect of rounding, basic and diluted earnings per share are equal. Outstanding stock options that have an anti-dilutive effect and therefore excluded from diluted earnings per share in 2012 were 6.0m (2011: 4.4m, 2010: 3.4m).

24. Components of other comprehensive income

The components of other comprehensive income for the years ended 31 December comprise:

	2012			2011			2010		
	Tax			Tax			Tax		
	Before-tax amount € million	(expense)/ benefit € million	Net-of-tax amount € million	Before-tax amount € million	(expense)/ benefit € million	Net-of-tax amount € million	Before-tax amount € million	(expense)/ benefit € million	Net-of-tax amount € million
Available-for-sale									
financial assets	0.2	(0.1)	0.1	(0.4)	0.1	(0.3)	(2.3)	0.1	(2.2)
Cash flow hedges	(13.4)	3.0	(10.4)	8.4	(2.7)	5.7	(9.3)	0.2	(9.1)
Foreign currency									
translation	32.4	—	32.4	(54.4)	—	(54.4)	182.0	—	182.0
Actuarial (losses) / gains ..	(15.2)	2.6	(12.6)	(27.7)	5.7	(22.0)	6.1	(1.3)	4.8
Share of other									
comprehensive									
income of equity									
method investments	(0.8)	—	(0.8)	(0.6)	—	(0.6)	0.9	—	0.9
Other comprehensive income	<u>3.2</u>	<u>5.5</u>	<u>8.7</u>	<u>(74.7)</u>	<u>3.1</u>	<u>(71.6)</u>	<u>177.4</u>	<u>(1.0)</u>	<u>176.4</u>

Notes to the Consolidated Financial Statements (continued)

25. Shares held for equity compensation plan

The Group operates a stock purchase plan, the Coca-Cola Hellenic Stock Purchase Plan, which is an equity compensation plan in which eligible employees may participate.

Under the terms of this plan, employees have the opportunity to invest 1% to 15% of their salary in ordinary Coca-Cola Hellenic shares by contributing to the plan monthly. Coca-Cola Hellenic will match up to a maximum of 3% of the employee's salary by way of contribution. Employer contributions are used to purchase matching shares on a monthly basis on the open market, currently the Athens Exchange. Shares are either held in the employees name or by a trust, The Coca-Cola Hellenic Employee Stock Purchase Trust. Matching shares vest one year after the purchase. However, forfeited shares are held in a reserve account of the plan, do not revert back to the Company and may be used to reduce future employer contributions. Dividends received in respect of shares held by the trust are used to purchase additional shares and accrue to the employees.

In order to adapt the plan to the Greek legal framework in the case of employees resident in Greece, Coca-Cola Hellenic matches the contribution of the employees resident in Greece with an annual employer contribution of up to 5% of the employee's salary, which is made in December, and matching shares purchased in December vest immediately.

During the year of 2012, 188,545 shares were purchased by Coca-Cola Hellenic (2011: 346,996, 2010: 272,279) as matching shares to employee investments. The charge to the income statement totaled €4.1 m (2011: €5.3m, 2010: €5.2m). Of this amount, €0.6m represented employer contributions accrued for Greek resident employees (2011: €1.1m, 2010: €1.1m). The cost of unvested matching shares held by the trust at the end of December 2012, before they vest to employees, was €3.5m (2011: €4.1m, 2010: €4.1m). The total number of shares held by the trust at December 31, 2012 was 2,536,061 (2011: 2,701,979, 2010: 2,428,353). The total contributions made by employees to the trust during 2012 were €3.9m (2011: €6.1m, 2010: €6.0m).

No provision is made for any increase or decrease in value of these shares, as they will vest to employees, and the risks and rewards of fluctuations of the share price are borne by those employees.

The shares held under the equity compensation plan are included in other Reserves (refer to Note 19) and deducted from equity.

26. Stock option compensation plans

Coca-Cola Hellenic operates an equity compensation plan, under which senior managers are granted awards of stock options, based on performance, potentiality and level of responsibility. Options are granted at an exercise price equal to the closing price of the Company's shares trading on the Athens Exchange on the day of the grant¹. Options vest in one-third increments each year for three years and can be exercised for up to ten years from the date of award. When the options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (at the nominal value) and share premium.

¹ From December 2008 the exercise price of stock options is determined by reference to the share price of the Company's share at the close of trading on the date of the grant instead of the weighted average share price during the ten working days prior to the date of the grant.

Notes to the Consolidated Financial Statements (continued)

26. Stock option compensation plans (continued)

The following table summarizes information regarding outstanding stock options exercisable at December 31, 2012 and stock options exercised during 2012:

	Exercise price after the capital return (€)	Vesting status 2012	Vesting dates for further increments			End of option period	Number of stock options outstanding
2003-2004 Stock Option Plan/2003 Grant.....	8.83	fully vested	-	-	-	14.12.2013	3,250
2003-2004 Stock Option Plan/2004 Grant	10.08	fully vested	-	-	-	02.12.2014	86,827
2005-2009 Plan/2005 Grant	13.19	fully vested	-	-	-	01.12.2015	571,883
2005-2009 Plan/2006A Grant	14.23	fully vested	-	-	-	20.03.2016	50,001
2005-2009 Plan/2006 Grant	16.37	fully vested	-	-	-	12.12.2016	1,050,401
2005-2009 Plan/2007 Grant	26.41	fully vested	-	-	-	12.12.2017	1,274,450
2005-2009 Plan/2008A Grant	22.20	fully vested	-	-	-	19.06.2018	30,000
2005-2009 Plan/2008 Grant	9.02	fully vested	-	-	-	10.12.2018	1,333,341
2009-2011 Plan/2009 Grant	15.70	fully vested	-	-	-	09.12.2019	1,646,967
2009-2011 Plan/2010A Grant	19.16	two thirds	18.03.2013	-	-	17.03.2020	30,000
2009-2011 Plan/2010 Grant	19.31	two thirds	09.12.2013	-	-	08.12.2020	1,913,100
2009-2011 Plan/2011A Grant	18.53	one third	16.03.2013	16.03.2014	-	15.03.2021	75,000
2009-2011 Plan/2011B Grant	18.16	one third	24.06.2013	24.06.2014	-	23.06.2021	3,333
2009-2011 Plan/2011 Grant	11.98	one third	16.12.2013	16.12.2014	-	15.12.2021	1,632,500
Total							9,701,053

A summary of stock option activity in 2012 under all plans is as follows:

	Number of stock options 2012	Weighted average exercise price before the capital return 2012 (€)	Weighted average exercise price after the capital return 2012 (€)	Number of stock options 2011	Weighted average exercise price before the capital return 2011 (€)	Weighted average exercise price after the capital return 2011 (€)
Outstanding at January 1	9,767,302	16.55	n/a	8,759,862	17.65	n/a
Granted	n/a	n/a	n/a	1,717,500	n/a	12.64
Exercised	(11,499)	9.36	9.02	(405,568)	11.69	11.19
Expired	n/a	n/a	n/a	(3,151)	8.19	7.69
Forfeited	(54,750)	21.81	21.47	(301,341)	19.48	18.98
Outstanding at December 31	9,701,053	n/a	16.19	9,767,302	n/a	16.55
Exercisable at December 31	7,914,981	n/a	16.50	6,192,606	n/a	17.04

	Number of stock options 2010	Weighted average exercise price 2010 (€)
Outstanding at January 1	7,415,442	16.33
Granted	2,010,100	20.15
Exercised	(597,365)	9.59
Expired	(1,453)	8.29
Forfeited	(66,862)	18.08
Outstanding at December 31	8,759,862	17.65
Exercisable at December 31	5,001,036	17.77

Notes to the Consolidated Financial Statements (continued)

26. Stock option compensation plans (continued)

The charge to the income statement for employee stock option awards for 2012 amounted to €6.3m (2011: €8.1m, 2010: €6.7m respectively).

As a result of the capital return (refer to note 18 to our consolidated financial statements) of €0.34, a corresponding €0.34 reduction was made to the exercise price of each unexercised stock option under each plan. The modification to the exercise price ensured the intrinsic value of each stock option was retained and did not result in incremental fair value for any of the unexercised stock options. Incremental fair value is calculated using the binomial stock option valuation model and represents the difference between the fair value of an option immediately after the modification and the original fair value of the respective option, measured immediately before the modification.

The Company adopted the employee stock option plan on 13 December 2001. Previously, the Company had issued stock appreciation rights to certain of its employees, including employees who previously held options in CCB. Upon adoption of the stock option plan, all such rights, except those held by retirees and employees located in countries where granting and exercising stock options was impractical or not permitted, were converted into stock options carrying over the same exercise prices, vesting periods and expiration dates.

Equity settled share based payments are measured at fair value at the date of grant using a binomial stock option valuation model. For the year of 2012 there have been no grants. For prior years, the inputs into the model are as follows:

	2011	2010
Weighted average fair value of options granted	€ 2.9	€ 5.2
Risk free interest rates	2.4%	3.0%
Expected volatility	33.2%	32.2%
Dividend yield	2.5%	1.5%
Expected life	4.1 years	4.0 years

The weighted average remaining contractual life of share options outstanding under the stock option compensation plans at December 31, 2012 was 6.5 years (2011: 7.5 years, 2010: 7.8 years).

27. Stock appreciation rights

Effective January 1, 2012 the Company does not operate any stock appreciation rights.

The Company operated in the past a stock-based compensation plan, under which certain key employees were granted stock appreciation rights ('SARs'), based on an employee's performance, potentiality and level of responsibility. There were some stock appreciation rights that remained unexercised from grants that occurred in the past. These remaining stock appreciation rights were exercised during 2011. The terms of the SARs were based upon the basic terms and conditions of stock option grants, except that instead of shares, the holders received a payment equal to the positive difference between the market price of Coca-Cola Hellenic's shares at the closing time of the Athens Exchange at the date of exercise and the exercise price. SARs vested in one-third increments each year for three years and could be exercised for up to ten years from the date of award.

After the remaining SARs from previous grants were exercised in 2011, on December 31, 2012, there were no outstanding stock appreciation rights.

Notes to the Consolidated Financial Statements (continued)

27. Stock appreciation rights (continued)

A summary of stock appreciation rights activity under all plans is as follows:

	Number of SARs 2012	Weighted average exercise price 2012 (€)	Number of SARs 2011	Weighted average exercise price before the capital return 2011 (€)	Weighted average exercise price after the capital return 2011 (€)
Outstanding on 1 January	—	—	13,950	8.19	n/a
Exercised	—	—	(13,950)	8.19	7.69
Outstanding and exercisable on 31 December	—	—	—	—	—

	Number of SARs 2010	Weighted average exercise price 2010 (€)
Outstanding on 1 January	77,250	9.60
Exercised	(63,300)	9.91
Outstanding and exercisable on 31 December	13,950	8.19

The inputs used for the valuation of SARs are the same as those used for equity settled share based payments with the exception of risk-free interest rates. In 2012 there was no expense recorded in the income statement relating to SARs, compared to debit of €0.1 million and a credit of €0.5 million recorded in 2011 and 2010, respectively.

28. Business combinations and acquisition of non-controlling interests

During 2012, the Group paid the following amounts in respect of non-controlling interest acquired in 2011:

	Amount of consideration € million
Payment for acquisition in 2011 of non-controlling interests in Nigerian Bottling Company plc	13.9
Cash outflow included in cash flow	13.9

Notes to the Consolidated Financial Statements (continued)

28. Business combinations and acquisition of non-controlling interests (continued)

During 2011, the Group acquired controlling interests or increased its controlling interest in the following entities:

	Location	Net tangible assets applicable € million	Goodwill arising € million	Acquisition of trademarks € million	Amount of consideration € million
Acquired business:					
MS Foods UAB	Belarus	(0.4)	2.7	0.2	2.5
Acquisition of non-controlling interests:					
Nigerian Bottling Company plc	Nigeria	-	-	-	100.2
Coca-Cola HBC-Srbija d.o.o.	Serbia	-	-	-	17.7
Total acquisitions as at 31 December 2011		(0.4)	2.7	0.2	120.4
					€ million
Total consideration					120.4
Less: payment deferred					(43.7)
Cash outflow included in cash flow					76.7

Acquisition of MS Foods UAB

On 20 April 2011, the Group, along with TCCC, acquired through Multon ZAO, the Russian juice joint arrangement, all outstanding shares of MS Foods UAB, a company that owns 100% of the equity of Vlanpak FE ("Vlanpak"), a fruit juice and nectar producer in Belarus. Our share of the acquisition consideration was €3.9m including an assumption of debt of €1.4m. Acquisition related costs recognized as an expense in income statement, under operating expenses, amounted to €0.3m.

Details of the acquisition are as follows:

	Acquiree's carrying amount before combination € million	Fair Value Adjustments € million	Fair values € million
Property, plant and equipment	0.6	0.3	0.9
Deferred tax assets	—	0.1	0.1
Inventories	0.1	—	0.1
Short-term borrowings	(0.9)	(0.5)	(1.4)
Accounts payable	(0.1)	—	(0.1)
Fair value of net tangible assets acquired	(0.3)	(0.1)	(0.4)
Trademarks	—	0.2	0.2
Goodwill	—	2.7	2.7
Fair value of net assets acquired	(0.3)	2.8	2.5
Consideration paid to former shareholders			2.5
Total consideration			2.5

The contribution of MS Foods UAB to the results of the Group for the year ended 31 December 2011 was revenue of €1.3m and a profit of €1.2m. The revenue and profit that MS Food UAB would have contributed to the Group for the year ended 31 December 2011 if the acquisition date for the business combination had been as of the beginning of the annual

Notes to the Consolidated Financial Statements (continued)

28. Business combinations and acquisition of non-controlling interests (continued)

reporting period would have been €1.4m and €1.2m respectively. The acquisition resulted in the Group recording €2.7m of goodwill and €0.2m of trademarks in its emerging countries segment.

The goodwill arising on the acquisition of MS Foods UAB is attributed to synergies that the Group expects to realize by combining operations with those already existing in Belarus. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisitions of non controlling interests

In 2011 the Group acquired non controlling interests as follows:

On 8 June 2011, the Board of Directors of the Company's subsidiary Nigerian Bottling Company plc ("NBC") resolved to propose a scheme of arrangement between NBC and its minority shareholders, involving the cancellation of part of the share capital of NBC. The transaction was approved by the Board of Directors and General Assembly of NBC on 8 June 2011 and 22 July 2011 respectively and resulted in acquisition of the remaining 33.6% of the voting shares of NBC bringing the Group's interest in the subsidiary to 100%. The transaction was completed in September 2011 and NBC was delisted from the Nigerian Stock Exchange. The consideration for the acquisition of non controlling interests was €100.2m, including transaction costs of €1.8m, out of which €70.4m was paid as of 31 December 2012 (2011: €56.5m). The remaining amount of €29.8m has yet to be paid in respect of shares acquired as the sellers have yet to claim the cash consideration. This amount is currently held in a separate bank account in Nigeria awaiting claim (see note 14). The difference between the consideration and the carrying value of the interest acquired (€60.1m) has been recognized in retained earnings while the accumulated components recognized in other comprehensive income have been reallocated within the equity of the Group.

On 25 June 2010, the Group initiated a tender offer to purchase all of the remaining shares of the non-controlling interest in Coca-Cola HBC – Srbija d.o.o. ("CCH Serbia"). The tender offer was completed on 2 August 2010 and resulted in the Group increasing its stake in CCH Serbia to 91.2% as of 31 December 2010. In 2011, the Group acquired all the remaining interest in the subsidiary. The consideration paid for the acquisition of non controlling interest acquired in 2011 was €17.7m, including transaction costs of €0.4m (2010: €3.7m) and the carrying value of the additional interest acquired was €11.4m. The difference between the consideration and the carrying value of the interest acquired has been recognized in retained earnings.

Disposal of Eurmatik S.r.l

In February 2011, the Group sold all of its interests in Eurmatik S.r.l., the vending operator in Italy. The consideration was €13.5m and the cash and cash equivalents disposed were €0.4m. The disposal resulted in the Group derecognising €12.0m of intangible assets and €12.7m of net assets. The disposal of Eurmatik S.r.l resulted in a gain of €0.8m in the Group's established segment.

Notes to the Consolidated Financial Statements (continued)

29. Dividends

The reported net results of the parent company's statutory accounts do not allow for 2012 and 2011 statutory minimum annual dividend payment. As a result the Group has not recorded a dividend liability in respect of 2012 and 2011.

During 2010, a dividend of €0.30 per share totaling €102.0m was paid.

30. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, commodity price risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Group's cash flows. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group Treasury in a controlled manner, consistent with the Board of Directors' approved policies. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's subsidiaries. The Board of Directors has approved the Treasury Policy and Chart of Authority, which together provide the control framework for all treasury and treasury related transactions.

Market Risk

Foreign currency risk

The Group is exposed to the effect of foreign currency risk on future commercial transactions, recognised monetary assets and liabilities that are denominated in currencies other than the local entity's functional currency, as well as net investments in foreign operations. Foreign currency forward contracts and foreign currency option contracts are used to hedge a portion of the Group's foreign currency risk. The majority of the foreign currency forward contracts and foreign currency option contracts have maturities of less than one year after the balance sheet date. The foreign currency risk arising from the investment in foreign operations is not hedged.

Management has set up a policy that requires Group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised monetary assets and liabilities, entities in the Group use foreign currency forward and option contracts transacted with Group Treasury. Foreign exchange risk arises when future commercial transactions or recognised monetary assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group Treasury's risk management policy is to hedge between 25% and 80% of anticipated cash flows in each major foreign currency for the next twelve months. Each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific monetary assets, monetary liabilities or future transactions on a gross basis.

The following tables present details of the Group's sensitivity to reasonably possible increases and decreases in the euro and US dollar against the relevant foreign currencies. In determining reasonable possible changes, the historical volatility over a twelve-month period of the respective foreign currencies in relation to the euro and the US dollar, has been considered. The sensitivity analysis determines the potential gains and losses in the income statement or equity arising from the Group's foreign exchange positions as a result of the corresponding percentage increases and decreases in the Group's main foreign currencies, relative to the euro and the US dollar. The sensitivity analysis includes outstanding foreign currency denominated monetary items, external loans as well as loans between operations within the Group where the denomination of the loan is in a currency other than the currency of the local entity. The sensitivity analysis for exchange risk for 2012, 2011 and 2010 was as follows:

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

2012 exchange risk sensitivity analysis

		Euro strengthens against local currency		Euro weakens against local currency	
		Loss/(Gain) in income statement € million	(Gain)/loss in equity € million	(Gain)/loss in income statement € million	(Gain)/loss in equity € million
	% change				
Armenian dram	10.04%	0.7	—	(0.8)	—
Belarusian rouble	9.58%	(0.9)	—	1.0	—
Bulgarian lev	1.97%	(0.7)	—	0.8	—
Croatian kuna	1.99%	(0.1)	(0.1)	0.1	0.1
Czech koruna	6.52%	(2.0)	(1.3)	2.5	1.2
Hungarian forint	10.55%	(0.7)	(1.3)	0.7	1.3
Moldovan leu	10.37%	0.5	0.8	(0.6)	(0.9)
Nigerian naira	9.89%	1.7	—	(2.1)	—
Polish zloty	8.67%	(0.4)	(3.8)	0.3	3.4
Romanian leu	4.03%	—	(1.2)	0.2	0.8
Russian rouble	7.70%	0.2	(2.5)	(0.4)	1.4
Serbian dinar	7.27%	0.6	—	(0.5)	—
Swiss franc	1.60%	—	(0.6)	—	0.6
UK sterling	5.81%	(0.5)	4.2	0.6	(4.7)
Ukrainian hryvnia	8.99%	1.8	—	(2.2)	—
US dollar	8.62%	18.4	1.7	(21.8)	(2.0)
		18.6	(4.1)	(22.2)	1.2

		US dollar strengthens against local currency		US dollar weakens against local currency	
		(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
	% change				
Bulgarian lev	8.60%	0.1	—	(0.1)	—
Croatian kuna	8.77%	—	(0.1)	—	0.1
Czech Koruna	13.09%	0.1	—	(0.1)	—
Euro	8.62%	(19.1)	1.7	22.7	(2.0)
Romanian leu	9.98%	(0.1)	—	0.1	—
Russian rouble	10.92%	(0.3)	(6.6)	0.8	3.1
Serbian dinar	11.10%	—	—	0.1	—
Ukrainian hryvnia	2.59%	0.2	—	(0.3)	—
		(19.1)	(5.0)	23.2	1.2

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

2011 exchange risk sensitivity analysis

		Euro strengthens against local currency		Euro weakens against local currency	
		Loss/(Gain) in income statement € million	(Gain)/loss in equity € million	(Gain)/loss in income statement € million	(Gain)/loss in equity € million
	% change				
Armenian dram	12.04%	0.4	—	(0.5)	—
Belarusian rouble	30.00%	(1.9)	—	3.6	—
Bulgarian lev	0.47%	(0.2)	—	0.2	—
Croatian kuna	1.68%	—	(0.1)	—	0.1
Czech koruna	6.71%	(1.6)	(1.3)	2.1	0.9
Hungarian forint	11.70%	(0.1)	(1.3)	0.1	1.4
Latvian lati	1.48%	(0.1)	—	0.1	—
Moldovan leu	12.66%	0.2	1.0	(0.3)	(1.3)
Nigerian naira	15.46%	1.2	—	(1.6)	—
Polish zloty	10.31%	(1.0)	(4.5)	0.6	4.7
Romanian leu	4.76%	0.1	(1.4)	(0.2)	1.4
Russian rouble	8.66%	0.2	(3.4)	(1.3)	2.8
Serbian dinar	9.11%	0.3	—	(0.4)	—
Swiss franc	14.95%	3.5	(4.5)	(3.8)	4.6
UK sterling	8.02%	1.7	5.7	(1.6)	(6.8)
Ukrainian hryvnia	12.18%	0.8	—	(1.0)	—
US dollar	11.09%	20.8	6.6	(26.4)	(7.2)
		24.3	(3.2)	(30.4)	0.6

		US dollar strengthens against local currency		US dollar weakens against local currency	
		(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
	% change				
Belarusian rouble	20.00%	2.3	0.2	(3.5)	(0.3)
Bulgarian lev	11.09%	0.7	—	(0.8)	—
Croatian kuna	11.27%	(0.1)	(0.3)	0.1	0.3
Euro	11.09%	(22.5)	(2.2)	28.2	2.7
Nigerian naira	10.59%	—	4.1	—	(5.1)
Russian rouble	11.55%	(0.7)	(10.1)	0.3	10.2
Serbian dinar	14.33%	(0.2)	—	0.2	—
Swiss franc	15.98%	—	—	0.1	—
Ukrainian hryvnia	2.74%	0.1	—	(0.1)	—
		(20.4)	(8.3)	24.5	7.8

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

2010 exchange risk sensitivity analysis

		Euro strengthens against local currency		Euro weakens against local currency	
		Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million	Loss/(Gain) in income statement € million	(Gain)/loss in equity € million
	% change				
Belarusian rouble	9.82%	(0.6)	—	0.7	—
Bulgarian lev	0.59%	(0.1)	—	0.1	—
Croatian kuna	1.84%	—	(0.1)	—	0.1
Czech koruna	6.22%	(1.4)	(1.0)	1.6	0.9
Estonian kroon	0.46%	(0.1)	—	0.1	—
Hungarian forint	11.28%	(1.2)	(1.6)	2.0	1.1
Moldovan leu	12.38%	0.1	1.0	(0.1)	(1.3)
Nigerian naira	10.66%	0.5	—	(0.7)	—
Polish zloty	10.56%	(0.4)	(4.4)	2.6	1.7
Romanian leu	5.14%	1.2	(1.2)	(0.4)	—
Russian rouble	8.64%	(0.2)	(0.8)	(0.7)	0.5
Serbian dinar	4.91%	(0.4)	—	0.4	—
Swiss franc	8.65%	(1.6)	(1.9)	1.8	1.8
UK sterling	8.38%	(0.1)	6.0	0.5	(7.0)
Ukrainian hryvnia	10.87%	0.2	—	(0.2)	—
US dollar	10.25%	5.4	3.9	(6.7)	(3.3)
		1.3	(0.1)	1.0	(5.5)

		US dollar strengthens against local currency		US dollar weakens against local currency	
		(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
	% change				
Belarusian rouble	2.87%	0.1	—	(0.1)	—
Bulgarian lev	10.22%	0.6	(0.1)	(0.8)	0.1
Croatian kuna	11.05%	—	(0.1)	—	0.1
Euro	10.25%	(5.5)	(3.0)	6.8	3.7
Nigerian naira	4.18%	0.1	1.5	(0.1)	(1.7)
Romanian leu	12.47%	—	(0.3)	—	0.3
Russian rouble	8.94%	0.4	(2.2)	(0.6)	0.5
Ukrainian hryvnia	3.21%	(0.9)	—	1.0	—
		(5.2)	(4.2)	6.2	3.0

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

Commodity price risk

The Group is affected by the volatility of certain commodity prices in relation to certain raw materials (being mainly sugar and aluminium) necessary for the production of the Group's products.

Due to the significantly increased volatility of commodity prices, the Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. Although the Group continues to contract prices with suppliers in advance, to reduce its exposure to the effect of short-term changes in the price of sugar, fructose and aluminium, in addition, based on a rolling 36 month forecast, the Group hedges the purchase price of sugar and aluminium using commodity swap contracts, even though these contracts do not qualify for hedge accounting.

The following table presents details of the Group's income statement and equity sensitivity to increases and decreases in sugar and aluminium prices. The table does not show the sensitivity to the Group's total underlying sugar and aluminium exposure or the impact of changes in volumes that may arise from increase or decrease in sugar and aluminium prices. The sensitivity analysis determines the potential effect on profit or loss and equity arising from the Group's commodity swap contract positions as a result of the reasonably possible increases or decreases of the sugar and aluminium price. The sensitivity analysis for sugar and aluminium price risk was as follows:

31 December 2012

		Commodity price increases with all other variables held constant		Commodity price decreases with all other variables held constant	
		(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
	% change				
Sugar.....	16.4%	(7.8)	—	7.8	—
Aluminium.....	19.8%	(0.6)	—	0.6	—
		<u>(8.4)</u>	<u>—</u>	<u>8.4</u>	<u>—</u>

31 December 2011

		Commodity price increases with all other variables held constant		Commodity price decreases with all other variables held constant	
		(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
	% change				
Sugar.....	27.9%	(11.1)	—	11.0	—

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

Interest rate risk

The fair value of interest rate swap agreements utilised by the Group modifies the Group's exposure to interest rate risk and the changes in fair value of debt by converting the Group's fixed rate debt into floating rate obligation based on Euribor over the life of the underlying US\$500.0 million notes. The agreements involve the receipt of fixed rate interest payments in exchange of floating rate interest payments over the life of the agreement without an exchange of the underlying principal amount. In June and July 2009, the Group unwound two euro interest rate swap contracts with a notional value of €207.5m, while in June and July 2010 the Group unwound the remaining interest rate swap contracts with a notional value of €292.5m, all of which related to the €500.0m 7-year euro-denominated fixed rate bond that matured in 2011. Furthermore, in June and July 2010, the Group unwound the interest rate swap contracts with notional value of €500.0m which related to the €500.0m 5-year euro-denominated fixed rate bond that matures in 2014.

During 2009, Coca-Cola Hellenic purchased interest rate option contracts on floating rate debt in order to continue to benefit from lower floating interest rates whilst ensuring protection against adverse interest rate movements. These interest rate options were sold in June and July 2010.

During 2012, we recognized in interest expense an expense of €7.9m in relation to the ineffective portion of swaps which qualified for hedge accounting compared to an expense of €6.6m in 2011 and an income of €1.0m in 2010.

The sensitivity analysis in the following paragraph has been determined based on exposure to interest rates of both derivative and non-derivative instruments existing at the balance sheet date and assuming constant foreign exchange rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would have decreased by €4.7m (2011: €5.0m, 2010: €1.8m). If interest rates had been 100 basis points lower and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would have increased by €4.7m (2011: €5.0m, 2010: €1.8m). This is mainly attributable to the Group's exposure to interest rates on a fixed rate bond that have been swapped to a floating rate obligation.

Credit risk

The Group has limited concentration of credit risk across trade and financial counterparties. Policies are in place to ensure that sales of products and services on credit are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any single financial institution.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 December 2012 in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated on the balance sheet.

If credit is granted to customers, their credit quality is normally assessed using external agencies and historic experience. Credit limits are set accordingly. Further information regarding credit risk exposure is shown within Notes 12 and 13.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure for each derivative instrument is the carrying amount of the derivative (refer to Note 8). In addition, the Group regularly makes use of money market funds to invest temporarily excess cash balances and to diversify its counterparty risk. These funds all have a minimum AAA rating and strict investment limits are set, per fund, depending on the size of the fund.

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

The Group only undertakes investment and derivative transactions with banks and financial institutions that have a minimum credit rating of 'BBB-' from Standard & Poor's and 'Baa3' from Moody's. Since June 2012 the Group has also introduced the Credit Default Swaps of a counterparty in order to measure more timely the credit worthiness of a counterparty and set up its counterparties in tiers in order to assign maximum exposure and tenor per tier. If the Credit Default Swaps of certain counterparty exceed 500bps the Group will stop trading derivatives with that counterparty and will try to cancel any deposits on a best effort basis.

Liquidity risk

The Group actively manages liquidity risk to ensure there are sufficient funds available for any short-term and long-term commitments. Bank overdrafts and bank facilities, both committed and uncommitted, are used to manage this risk.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate cash reserves and committed banking facilities, access to the debt capital markets, and by continuously monitoring forecasted and actual cash flows. Included in Note 15 is a listing of the undrawn facilities that the Group has at its disposal to manage liquidity risk.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables include both interest and principal undiscounted cash flows assuming that interest rates remain constant from 31 December 2012.

	€ million up to 1 year	€ million 1-2 yrs	€ million 2-5 yrs	€ million over 5 years
Borrowings	639.1	597.9	1,078.7	96.6
Derivative liabilities	8.3	2.2	0.2	—
Trade and other payables	1,461.6	—	—	6.7
As at 31 December 2012	2,109.0	600.1	1,078.9	103.3
Borrowings	413.0	511.7	1,615.7	44.7
Derivative liabilities	4.0	0.2	—	—
Trade and other payables	1,475.9	—	—	6.8
As at 31 December 2011	1,892.9	511.9	1,615.7	51.5
Borrowings	619.9	92.4	1,458.2	361.3
Derivative liabilities	4.1	—	—	—
Trade and other payables	1,420.2	—	—	6.8
As at 31 December 2010	2,044.2	92.4	1,458.2	368.1

The Group hedges exposures to changes in the fair value of debt, as well as in the foreign exchange cash flows of debt by using a combination of interest rate and cross-currency swap contracts (refer to Notes 8 and 15). Therefore, the impact of these instruments has been included in the aggregate interest and principal undiscounted cash flows related to the underlying borrowings presented above.

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may increase or decrease debt, issue or buy back shares, adjust the amount of dividends paid to shareholders, or return capital to shareholders.

The Group's goal is to maintain a conservative financial profile. In April 2012, Standard & Poor's changed its rating outlook to negative and in June the corporate credit ratings were downgraded to "BBB+" long term, "A2" short term with Credit Watch Negative. In June 2012, Moody's also downgraded Coca-Cola Hellenic ratings to "Baa1" long-term and the outlook remained negative. The main reasons for both downgrades were the continued pressure on business results due to the macroeconomic pressures in our territories and the potential impact of Greece leaving the Eurozone. The Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'Total equity' plus 'Net debt' as shown in the consolidated balance sheet. The Group's strategy is to maintain a gearing ratio within a 35% to 45% range. The gearing ratios at 31 December 2012, 2011 and 2010 were as follows:

	2012 € million	2011 € million	2010 € million
Total borrowings (refer to Note 15)	2,159.7	2,261.3	2,194.0
Less: Cash and cash equivalents (refer to Note 14)	(439.1)	(447.4)	(306.7)
Net debt	1,720.6	1,813.9	1,887.3
Total equity	3,006.5	2,920.2	3,031.1
Total capital	4,727.1	4,734.1	4,918.4
Gearing ratio	36%	38%	38%

Fair values of financial assets and liabilities

For financial instruments such as cash, deposits, debtors and creditors, investments, short-term borrowings (excluding the current portion of bonds and notes payable) and other financial liabilities (other than bonds and notes payable), carrying values are a reasonable approximation of their fair values. According to the fair value hierarchy, the financial instruments measured at fair value are classified as follows:

Level 1

The fair value of available-for-sale listed equity securities is based on quoted market prices at 31 December 2012.

Level 2

The fair value of foreign currency forward contracts, foreign currency option contracts, commodity swap contracts, bonds and notes payable, interest rate swap contracts and cross-currency swap contracts is determined by using valuation techniques. These valuation techniques maximise the use of observable market data. The fair value of the foreign currency forward contracts, foreign currency option contracts, commodity swap contracts and cross-currency swap contracts is calculated by reference to quoted forward exchange, deposit rates and forward rate curve of the underlying commodity at 31 December 2012 for contracts with similar maturity dates. The fair value of interest rate option contracts is calculated by reference to the Black and Scholes valuation model and implied volatilities. The fair value of bonds and notes payable has been determined on the basis of the estimated present value of future cash flows based on observable yield curves. The fair value of interest rate swap contracts is determined as the difference in the present value of the future interest cash inflows and outflows based on observable yield curves.

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

Level 3

The fair value of available-for-sale unlisted investments is determined through the use of estimated discounted cash flows.

The following table provides the fair value hierarchy in which fair value measurements are categorised for assets and liabilities at 31 December 2012:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	—	0.8	—	0.8
Foreign currency option contracts.....	—	0.2	—	0.2
Derivative financial assets used for hedging				
<i>Fair value hedges</i>				
Foreign currency forward contracts	—	—	—	—
Interest rate swap contracts	—	11.3	—	11.3
<i>Cash flow hedges</i>				
Foreign currency forward contracts	—	0.6	—	0.6
Foreign currency option contracts	—	0.7	—	0.7
Interest rate swap contracts	—	35.8	—	35.8
Available-for-sale financial assets				
Equity securities	1.0	—	0.7	1.7
Total financial assets	1.0	49.4	0.7	51.1
Financial liabilities at FVTPL				
Foreign currency forward contracts	—	(0.8)	—	(0.8)
Cross-currency swap contracts	—	(67.8)	—	(67.8)
Commodity swap contracts.....	—	(5.8)	—	(5.8)
Derivative financial liabilities used for hedging				
<i>Fair value hedges</i>				
Foreign currency forward contracts	—	(0.5)	—	(0.5)
<i>Cash flow hedges</i>				
Foreign currency forward contracts	—	(3.6)	—	(3.6)
Cross-currency swap contracts	—	(75.6)	—	(75.6)
Total financial liabilities	—	(154.1)	—	(154.1)

There were no material changes in fair value measurements for Level 3 items for the year ended 31 December 2012.

The following table provides the fair value hierarchy in which fair value measurements are categorised for assets and liabilities at 31 December 2011:

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	—	3.5	—	3.5
Foreign currency option contracts.....	—	0.4	—	0.4
Derivative financial assets used for hedging				
<i>Fair value hedges</i>				
Foreign currency forward contracts	—	0.6	—	0.6
Interest rate swap contracts	—	25.7	—	25.7
<i>Cash flow hedges</i>				
Foreign currency forward contracts	—	9.8	—	9.8
Foreign currency option contracts	—	1.4	—	1.4
Interest rate swap contracts	—	43.8	—	43.8
Available-for-sale financial assets				
Equity securities	0.7	—	0.5	1.2
Total financial assets	0.7	85.2	0.5	86.4
Financial liabilities at FVTPL				
Foreign currency forward contracts	—	(0.9)	—	(0.9)
Foreign currency option contracts	—	(0.4)	—	(0.4)
Cross-currency swap contracts	—	(60.9)	—	(60.9)
Commodity swap contracts.....	—	(1.4)	—	(1.4)
Derivative financial liabilities used for hedging				
<i>Cash flow hedges</i>				
Foreign currency forward contracts	—	(1.5)	—	(1.5)
Cross-currency swap contracts	—	(69.9)	—	(69.9)
Total financial liabilities	—	(135.0)	—	(135.0)

There were no material changes in fair value measurements for Level 3 items for the year ended 31 December 2011.

The following table provides the fair value hierarchy in which fair value measurements are categorised for assets and liabilities at 31 December 2010:

Notes to the Consolidated Financial Statements (continued)

30. Financial risk management (continued)

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	—	0.3	—	0.3
Foreign currency option contracts.....	—	0.4	—	0.4
Derivative financial assets used for hedging				
<i>Fair value hedges</i>				
Foreign currency forward contracts	—	1.7	—	1.7
Interest rate swap contracts	—	35.4	—	35.4
<i>Cash flow hedges</i>				
Foreign currency forward contracts	—	0.6	—	0.6
Foreign currency option contracts	—	1.2	—	1.2
Interest rate swap contracts	—	37.7	—	37.7
Available-for-sale financial assets				
Equity securities	1.3	—	0.3	1.6
Total financial assets	1.3	77.3	0.3	78.9
Financial liabilities at FVTPL				
Foreign currency forward contracts	—	(0.1)	—	(0.1)
Cross-currency swap contracts	—	(72.6)	—	(72.6)
Derivative financial liabilities used for hedging				
<i>Fair value hedges</i>				
Foreign currency forward contracts	—	(0.6)	—	(0.6)
<i>Cash flow hedges</i>				
Foreign currency forward contracts	—	(3.4)	—	(3.4)
Cross-currency swap contracts	—	(63.5)	—	(63.5)
Total financial liabilities	—	(140.2)	—	(140.2)

The following table presents changes in fair value measurements for Level 3 items for the year ended 31 December 2010:

	€ million
As at 1 January 2010	15.6
Total gains for the year	
In profit and loss	1.0
Settlements	(16.3)
As at 31 December 2010	0.3
Total gains for the year included in profit or loss for assets held at 31 December 2010	1.0

Total gains for the year included in profit or loss for available-for-sale equity securities amounted to €1.0m, related to assets held at 31 December 2010 and were recorded within operating expenses.

Notes to the Consolidated Financial Statements (continued)**31. Contingencies**

The Greek Competition Authority issued a decision on 25 January 2002, imposing a fine on the Company of approximately €2.9m for certain discount and rebate practices and required changes to the Company's commercial practices with respect to placing coolers in certain locations and lending these assets free of charge. On 16 June 2004, the fine was reduced on appeal to €1.8m. On 29 June 2005, the Greek Competition Authority requested that the Company provide information on its commercial practices as a result of a complaint by certain third parties regarding the Company's compliance with the decision of 25 January 2002. On 7 October 2005, the Company was served with notice to appear before the Greek Competition Authority. On 14 June 2006, the Greek Competition Authority issued a decision imposing a daily penalty of €5,869 for each day that the Company allegedly failed to comply with the decision of 25 January 2002. On 31 August 2006, the Company deposited an amount of €8.9m, reflecting the amount of the fine and applicable tax, with the Greek authorities. As a result of this deposit, the Company increased the charge to its 2006 financial statements in connection to this case. On 23 November 2007, the Court of Appeals partly reversed and partly upheld the decision of the Greek Competition Authority reducing the amount of the fine to €5.9m. The reduction of the fine by €2.8m was recognized in the Company's 2007 income statement. The Company has appealed the decision of the Court of Appeals to the extent it upholds the fine, to the Supreme Administrative Court of Greece. The Company believes that it has substantial legal grounds for its appeal against the judgment of the Court of Appeals. The Greek Competition Authority and one of the Company's competitors have also appealed the decision of the Court of Appeals. There have been no material developments in the applicable litigation. Since 2008 when the case was first referred to the Supreme Administrative Court of Greece, hearings have been postponed due to the backlog of pending cases before the Court. Utilizing advice from outside legal counsel, we consider the risk of an increase to the amount of the fine and the possibility of further cash outflows as remote.

In relation to the Greek Competition Authority's decision of 25 January 2002, one of the Company's competitors has filed a lawsuit claiming damages in an amount of €7.7m. The court of first instance heard the case on 21 January 2009 and subsequently rejected the lawsuit. The plaintiff has appealed the judgment. At present, it is not possible to predict the final outcome of this lawsuit or quantify the likelihood or materiality of any potential liability arising from it. We have not provided for any losses related to this case.

On 1 February 2012, the Greek Competition Commission conducted an inspection of the Company's Greek operations as part of an investigation into the sparkling, juice and water categories. The Company has a policy of strict compliance with Greek and EU competition law and it is cooperating fully with the Commission.

In the second quarter of 2010, the Serbian Competition Authority opened an investigation into the commercial practices of our Serbian subsidiary for potential abuse of dominance in the market for distribution of alcoholic and non-alcoholic beverages. On December 2012, the authority addressed a statement of objections to our Serbian subsidiary. We believe that our Serbian subsidiary has not violated any Serbian competition rules and we will challenge any such allegations vigorously. At present, it is not possible to predict the outcome of this investigation.

In 1992, our subsidiary Nigerian Bottling Company ("NBC") acquired a manufacturing facility in Nigeria from Vacunak, a Nigerian Company. In 1994, Vacunak filed a lawsuit against NBC, alleging that a representative of NBC had orally agreed to rescind the sale agreement and instead enter into a lease agreement with Vacunak. As part of its lawsuit Vacunak sought compensation for rent and loss of business opportunities. NBC discontinued all use of the facility in 1995. In a judgement delivered by the Nigerian court of first instance on 28 June 2012, the court awarded Vacunak damages in an amount equivalent to approximately €7.0 million. NBC has filed an appeal against the judgment. Based on advice from NBC's outside legal counsel, we believe that it is unlikely that NBC will suffer material financial losses from this case. We have consequently not provided for any losses in relation to this case.

The tax filings of the Company and its subsidiaries are routinely subjected to audit by tax authorities in most of the jurisdictions in which the Company conducts business. These audits may result in assessments of additional taxes. The Company provides additional tax in relation to the outcome of such tax assessments, to the extent that a liability is probable and estimable.

The Company is also involved in various other legal proceedings. Management believes that any liability to the

Notes to the Consolidated Financial Statements (continued)

Company that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Company taken as a whole.

32. Commitments

(a) Operating leases

The total of future minimum lease payments under non-cancellable operating leases at 31 December was as follows:

	2012 € million	2011 € million	2010 € million
Less than one year	50.3	55.1	62.6
Later than one year but less than five years	130.4	107.8	141.3
Later than five years	25.2	19.1	26.8
Future minimum lease payments	205.9	182.0	230.7

The total operating lease charges included within operating expenses for the years ended 31 December were as follows:

	2012 € million	2011 € million	2010 € million
Plant and equipment.....	74.1	67.9	57.4
Property	45.0	47.2	46.1
Total operating lease charges.....	119.1	115.1	103.5

(b) Capital commitments

At 31 December 2012 the Group had capital commitments amounting to €90.3m (2011: €93.9m and 2010: €66.3m respectively). Of this, €1.0m related to the Company's share of the commitments of its joint ventures (2011: €2.5m and 2010: €0.5m respectively).

(c) Long-term commitments

At 31 December 2012 the Group had commitments to purchase raw materials and receive services amounting to €300.5m (2011: €355.3m and 2010: €203.8m respectively). Of this, €8.9m related to the Company's share of the commitments of its joint ventures (2011: €7.8m and 2010: €13.2m respectively).

Notes to the Consolidated Financial Statements (continued)

33. Directors' and senior management remuneration

The total remuneration paid to or accrued for directors and the senior management team for 2012 amounted to €11.4m (2011: €14.4m, 2010: €14.1m). Out of this, the amount paid or accrued for stock option grants during 2012 was €3.0m (2011: €4.6m, 2010: €4.2m). Pension and post employment benefits for directors and the senior management team during 2012 amounted to €1.0m (2011: €0.8m, 2010: €0.9m).

34. Related party transactions

(a) The Coca-Cola Company

As at 31 December 2012, TCCC indirectly owned 23.2% (2011: 23.2%, 2010: 23.2%) of the issued share capital of Coca-Cola Hellenic. TCCC considers Coca-Cola Hellenic to be a 'key bottler' and has entered into bottler's agreements with Coca-Cola Hellenic in respect of each of Coca-Cola Hellenic's territories. All the bottler's agreements entered into by TCCC and Coca-Cola Hellenic are Standard International Bottler's ('SIB') agreements. The terms of the bottler's agreements grant Coca-Cola Hellenic the right to produce and the exclusive right to sell and distribute the beverages of TCCC in each of the countries Coca-Cola Hellenic operates. Consequently, Coca-Cola Hellenic is obliged to purchase all concentrate for TCCC's beverages from TCCC, or its designee, in the ordinary course of business. On 10 October 2012, TCCC agreed to extend the term of the bottlers' agreements for further ten years until 2023. On 29 December 2008, Kar-Tess Holding and TCCC agreed to extend their existing shareholders' agreement, whereby the combined shareholdings of Kar-Tess Holding and TCCC will not fall below 44% for the period up to January 2014 and not below 40% for the period thereafter until 31 December 2018. Refer also to note 36.

TCCC owns or has applied for the trademarks that identify its beverages in each of the countries Coca-Cola Hellenic operates. TCCC has authorised Coca-Cola Hellenic and certain of its subsidiaries to use the trademark 'Coca-Cola' in their corporate names.

Total purchases of concentrate, finished products and other materials from TCCC and its subsidiaries during 2012 amounted to €1,305.4m (2011: €1,300.8m, 2010: €1,368.2m).

TCCC makes discretionary marketing contributions to Coca-Cola Hellenic's operating subsidiaries. The participation in shared marketing agreements is at TCCC's discretion and, where co-operative arrangements are entered into, marketing expenses are shared. Such arrangements include the development of marketing programmes to promote TCCC's beverages. Total net contributions received from TCCC for marketing and promotional incentives during the year amounted to €70.6m (2011: €76.5m, 2010: €60.8m). Contributions for price support and marketing and promotional campaigns in respect of specific customers are recorded in net sales revenue as an offset to promotional incentives paid to customers. In 2012, such contributions totaled €51.2m (2011: €49.0m, 2010: €48.8m). Contributions for general marketing programmes are recorded as an offset to selling expenses. In 2012, such contributions made by TCCC to Coca-Cola Hellenic totalled €20.1m (2011: €21.9m, 2010: €19.8m) and the contributions of Coca-Cola Hellenic to TCCC totalled €0.7m (2011: €9.0m, 2010: €7.8m). TCCC has also customarily made additional payments for marketing and advertising directly to suppliers as part of the shared marketing arrangements. The proportion of direct and indirect payments, made at TCCC's discretion, will not necessarily be the same from year to year. In addition, there were no support payments received from TCCC for the placement of cold drink equipment for the year ended 31 December 2012 (2011: €14.6m, 2010: nil).

During the year, the Group sold €25.1m of finished goods and raw materials to TCCC (2011: €32.8m, 2010: €19.0m).

Other income primarily comprises rent, facility and other items of €1.2m (2011: €1.2m, 2010: €14.3m) and a toll-filling relationship in Poland of €18.0m (2011: €13.8m, 2010: €17.6m). Other expenses related to facility costs charged by TCCC and shared costs included in operating expenses amounted to €1.5m (2011: €4.0m, 2010: nil).

During 2012 the Group did not make any purchases of franchise rights (2011: nil, 2010: €4.4m) and did not receive any income from the sale of available-for-sale assets to TCCC (2011: nil, 2010: €4.9m).

Notes to the Consolidated Financial Statements (continued)

34. Related party transactions (continued)

As at 31 December 2012, the Group had a total amount due from TCCC of €49.6m (2011: €56.6m, 2010: €47.9m), and a total amount due to TCCC of €154.0m of trade payables (2011: €162.1m, 2010: €163.1m) and no other liabilities (2011: €7.6m, 2010: nil).

(b) Frigoglass S.A. ('Frigoglass')

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, glass bottles and crowns. Frigoglass is related to Coca-Cola Hellenic by way of 44.1% ownership by the parent of Kar-Tess Holding (see below). Frigoglass has a controlling interest in Frigoglass Industries Limited, a company in which Coca-Cola Hellenic has a 23.9% effective interest, through its investment in Nigerian Bottling Company plc (*refer to Note 6*).

Coca-Cola Hellenic entered into a supply agreement with Frigoglass for the purchase of cooling equipment in 1999. The supply agreement was extended in 2004 and, most recently, in 2008, on substantially similar terms. Coca-Cola Hellenic has the status of most favoured customer of Frigoglass, on a non-exclusive basis, provided that it obtains at least 60% (at prices which are negotiated on an annual basis and which must be competitive) of its annual requirements for cooling equipment. The current agreement expires on 31 December 2013.

During 2012, the Group made purchases of €137.9m (2011: €147.7m, 2010: €100.5m) of coolers, glass bottles and crowns from Frigoglass and its subsidiaries and incurred maintenance and other expenses of €9.8m (2011: €6.3m, 2010: €5.6m). In addition the Group recorded other income of €0.8m (2011: €1.0m, 2010: €0.5m). As at 31 December 2012, Coca-Cola Hellenic owed €21.4m (2011: €14.3m, 2010: €13.8m) to, and was owed €1.2m (2011: €1.2m, 2010: €1.2m) by Frigoglass.

(c) Directors

Mr George A. David, Mr Haralambos K. Leventis, Mr Anastasios P. Leventis and Mr Anastassis G. David have been nominated by Kar-Tess Holding to the board of Coca-Cola Hellenic. Mr Irial Finan and Mr John Hunter have been nominated by TCCC to the board of Coca-Cola Hellenic. There have been no transactions between Coca-Cola Hellenic and the directors except for remuneration (*refer to Note 33*).

(d) Other

Beverage Partners Worldwide ('BPW')

BPW is a 50/50 joint venture between TCCC and Nestlé. During 2012, the Group purchased inventory from BPW amounting to €101.5m (2011: €99.6m, 2010: €89.4m) and did not record any income (2011: nil, 2010: €0.1m). As at 31 December 2012, Coca-Cola Hellenic owed €4.9m (2011: €4.4m, 2010: €4.4m) to and was not owed any amounts (2011: €0.1m, 2010: nil) by BPW.

Kar-Tess Holding

As at 31 December 2012, Kar-Tess Holding owned 23.3% (2011: 23.3%, 2010: 23.3%) of the issued share capital of Coca-Cola Hellenic.

On 6 December, 2010 Kar-Tess Holding transferred 22,453,254 of Coca-Cola Hellenic shares and voting rights representing 6.13% of the total number of shares and voting rights of Coca-Cola Hellenic by transferring its 100% owned subsidiaries under the trade names "Sammy LLC", "Lucky 70 LLC", "Zoe 20 LLC", "Kooky LLC", "Utopia Business Company Ltd.", "Harmonia Commercial S.A.", "Ice Cold Holdings Limited" and "Red & White Holdings Limited" to entities and individuals, who were either ultimate beneficial owners of Kar-Tess Holding or have been nominated by them. None of the above persons owns individually more than 2% of the outstanding shares and voting rights of Coca-Cola Hellenic.

Notes to the Consolidated Financial Statements (continued)

34. Related party transactions (continued)

Leventis Overseas & AG Leventis (Nigeria) PLC (the 'Leventis Companies')

The Leventis Companies are related to Coca-Cola Hellenic by way of common directors, as a result of which significant influence is considered to exist. During 2012, the Group purchased €20.3m (2011: €14.9m, 2010: €10.8m) of finished goods and other materials from the Leventis Companies. Furthermore the Group did not record any sales of finished goods and raw materials to the Leventis Companies (2011: nil, 2010: €0.1m) and incurred rental expenses of €2.1m (2011: €2.8m, 2010: €0.6m) from the Leventis Companies. In addition during 2012 the Group incurred other expenses of €0.3m (2011: €0.3m, 2010: €0.4m) and did not record other income (2011: €0.3m, 2010: €1.0m) with the Leventis Companies. As at 31 December 2012, the Group owed €2.5m (2011: €3.8m, 2010: €1.3m) to, and was owed €0.1m (2011: €0.2m, 2010: €0.8m) by the Leventis Companies.

Other Coca-Cola bottlers

The Group sold €0.5m of finished goods (2011: €1.6m, 2010: €1.3m), purchased €5.5m of finished goods (2011: €1.9m, 2010: €0.5m), incurred expenses of €0.1m (2011: €0.1m, 2010: €0.1m) and recorded no income (2011: nil, 2010: €0.3m) from other Coca-Cola bottlers over which TCCC has significant influence. Furthermore during 2012 the Group received reimbursement for direct marketing expenses incurred of €0.2m (2011: €0.1m, 2010: €0.8m) from other Coca-Cola bottlers. At 31 December 2012, the receivables from such Coca-Cola bottlers were €0.2m (2011: €0.3m, 2010: €1.5m) and payables to other Coca-Cola bottlers were €0.2m (2011: nil, 2010: nil).

Other related parties

The Group purchased €1.3m (2011: nil, 2010: nil) of raw materials and finished goods and did not perform any purchases of fixed assets from other related parties (2011: nil, 2010: €0.1m). Further, the Group incurred expenses of €1.9m (2011: €1.8m, 2010: €1.4m) and recorded income of €0.1m (2011: €0.3m, 2010: nil). At 31 December 2012, the Group owed €0.5m (2011: €0.2m, 2010: nil) to, and was owed €0.1m (2011: €0.4m, 2010: €0.8m) by other related parties.

(e) Joint Arrangements

The Group purchased €31.0m of finished goods (2011: €28.9m, 2010: €62.3m), incurred other expenses of €0.4m (2011: €0.1m, 2010: €0.1m) and recorded other income of €0.2m from joint arrangements (2011: €0.2m, 2010: €0.1m). As at 31 December 2012, the Group owed €67.5m (2011: €15.5m, 2010: €15.3m) to, and was owed €19.5m (2011: €17.4m, 2010: €17.8m) by joint arrangements ventures, which relate to current and non-current portion.

There are no significant transactions with other related parties for the year ended 31 December 2012.

Notes to the Consolidated Financial Statements (continued)

35. List of principal Group companies

The following are the principal Group companies at 31 December:

	Country of registration	% ownership		
		2012	2011	2010
3E (Cyprus) Limited	Cyprus	100.0%	100.0%	100.0%
AS Coca-Cola HBC Eesti	Estonia	100.0%	100.0%	100.0%
Bankya Mineral Waters Bottling Company EOOD	Bulgaria	100.0%	100.0%	100.0%
Brewinvest S.A. Group ⁽¹⁾	Greece	50.0%	50.0%	50.0%
BrewTech B.V. Group ^{(1),(2)}	The Netherlands	50.0%	—	—
CC Beverages Holdings II B.V.	The Netherlands	100.0%	100.0%	100.0%
CCB Management Services GmbH	Austria	100.0%	100.0%	100.0%
CCHBC Armenia CJSC	Armenia	90.0%	90.0%	90.0%
CCHBC Bulgaria AD	Bulgaria	85.4%	85.4%	85.4%
CCHBC Insurance (Guernsey) Limited	Guernsey	100.0%	100.0%	100.0%
CCHBC IT Services Limited	Bulgaria	100.0%	100.0%	100.0%
Coca-Cola Beverages Austria GmbH	Austria	100.0%	100.0%	100.0%
Coca-Cola Beverages Belorussiya	Belarus	100.0%	100.0%	100.0%
Coca-Cola Beverages Ceska republika, s.r.o.	Czech Republic	100.0%	100.0%	100.0%
Coca-Cola Beverages Ukraine Ltd	Ukraine	100.0%	100.0%	100.0%
Coca-Cola Bottlers Chisinau S.R.L.	Moldova	100.0%	100.0%	100.0%
Coca-Cola Bottlers Iasi Srl	Romania	99.2%	99.2%	99.2%
Coca-Cola Bottling Company (Dublin) Limited	Republic of Ireland	100.0%	100.0%	100.0%
Coca-Cola HBC Balkan Holding B.V. ⁽³⁾	The Netherlands	—	100.0%	100.0%
Coca-Cola HBC-Srbija d.o.o. ⁽⁴⁾	Serbia	100.0%	100.0%	91.2%
Coca-Cola HBC B-H d.o.o. Sarajevo	Bosnia and Herzegovina	100.0%	100.0%	100.0%
Coca-Cola HBC Finance B.V.	The Netherlands	100.0%	100.0%	100.0%
Coca-Cola HBC Finance plc	England and Wales	100.0%	100.0%	100.0%
Coca-Cola HBC Greece S.A.I.C. ⁽⁵⁾	Greece	100.0%	100.0%	100.0%
Coca-Cola HBC Hrvatska d.o.o.	Croatia	100.0%	100.0%	100.0%
Coca-Cola HBC Hungary Ltd	Hungary	100.0%	100.0%	100.0%
Coca-Cola HBC Ireland Limited	Republic of Ireland	100.0%	100.0%	100.0%
Coca-Cola HBC Italia S.r.l.	Italy	100.0%	100.0%	100.0%
Coca-Cola HBC Kosovo L.L.C.	Kosovo	100.0%	100.0%	100.0%
Coca-Cola HBC Northern Ireland Limited	Northern Ireland	100.0%	100.0%	100.0%
Coca-Cola HBC Polska sp. z o.o.	Poland	100.0%	100.0%	100.0%
Coca-Cola HBC Romania Ltd	Romania	100.0%	100.0%	100.0%
Coca-Cola HBC Slovenija d.o.o.	Slovenia	100.0%	100.0%	100.0%
Coca-Cola HBC Slovenska republika, s.r.o.	Slovakia	100.0%	100.0%	100.0%
Coca-Cola HBC Switzerland Ltd ⁽⁶⁾	Switzerland	99.9%	99.9%	99.9%
Coca-Cola Hellenic Bottling Company-Crna Gora d.o.o., Podgorica ⁽⁴⁾	Montenegro	100.0%	100.0%	91.2%
Coca-Cola Hellenic Business Service Organization ⁽⁷⁾	Bulgaria	100.0%	100.0%	—
Coca-Cola Hellenic Procurement GmbH	Austria	100.0%	100.0%	100.0%
Deepwaters Investments Ltd	Cyprus	50.0%	50.0%	50.0%
Dunlogan Limited ⁽⁸⁾	Northern Ireland	—	100.0%	100.0%
Lanitis Bros Ltd	Cyprus	100.0%	100.0%	100.0%
LLC Coca-Cola HBC Eurasia	Russia	100.0%	100.0%	100.0%
MTV West Kishinev Bottling Company S.A.	Moldova	100.0%	100.0%	100.0%
Multon Z.A.O. Group ^{(1),(9)}	Russia	50.0%	50.0%	50.0%
Nigerian Bottling Company Ltd ⁽¹⁰⁾	Nigeria	100.0%	100.0%	66.4%
Panpak Limited ⁽¹¹⁾	Republic of Ireland	—	100.0%	100.0%
SIA Coca-Cola HBC Latvia	Latvia	100.0%	100.0%	100.0%

Notes to the Consolidated Financial Statements (continued)

35. List of principal Group companies

	Country of registration	% ownership		
		2012	2011	2010
Star Bottling Limited	Cyprus	100.0%	100.0%	100.0%
Star Bottling Services Corp.	British Virgin Islands	100.0%	100.0%	100.0%
Tsakiris S.A.	Greece	100.0%	100.0%	100.0%
UAB Coca-Cola HBC Lietuva.....	Lithuania	100.0%	100.0%	100.0%
Valser Services AG ⁽⁷⁾	Switzerland	99.9%	99.9%	—
Vendit Ltd ⁽¹²⁾	Republic of Ireland	100.0%	100.0%	100.0%
Yoppi Hungary Kft.	Hungary	100.0%	100.0%	100.0%

⁽¹⁾ Joint arrangement.

⁽²⁾ The BrewTech B.V Group of companies is engaged in the bottling and distribution of soft drinks and beer in FYROM. In 2010, 2011 and up until April 2012 Brewtech B.V. Group formed part of the Brewinvest S.A Group.

⁽³⁾ CCHBC Balkan Holding BV was merged into its parent company, CC Beverages Holdings II BV, effective 14 November 2012.

⁽⁴⁾ On 25 June 2010, the Group initiated a tender offer to purchase all of remaining shares of the non-controlling interest in Coca-Cola HBC – Srbija A.D., Zemun (“CCH Serbia”). The tender offer was completed on 2 August 2010 and resulted in the Group increasing its stake in CCH Serbia to 91.2% as of 31 December 2010. In 2011, the Group acquired all the remaining interest in the subsidiary (refer to Note 28).

⁽⁵⁾ Effective from 1 August 2012, Elxym S.A. has been renamed to “Coca-Cola HBC Greece S.A.I.C”. On 25 June 2012, CCH’s annual general meeting of shareholders approved the transfer of Greek operations’ operating assets and liabilities to Coca-Cola HBC Greece S.A.I.C, in accordance with Greek Law 2166/1993. In connection therewith, the transformation balance sheet of 31 March 2012, the respective audit report and the draft deed relating to the transaction were approved and the necessary authorisations for its execution and submission to the competent authorities were granted.

⁽⁶⁾ During 2010, Coca-Cola Beverages A.G. was renamed to Coca-Cola HBC Switzerland Ltd.

⁽⁷⁾ Incorporated in 2011.

⁽⁸⁾ On September 2012, Dunlogan Limited was merged with CC Beverages Holdings II B.V.

⁽⁹⁾ On 20 April, 2011 the Group along with TCCC, acquired through Multon Z.A.O., MS Foods UAB, a company that owns 100% of the equity of Vlanpak FE, a fruit juice and nectar producer in Belarus (refer to Note 28).

⁽¹⁰⁾ On 8 June 2011, the Board of Directors of the Company’s subsidiary Nigerian Bottling Company plc (“NBC”) resolved to propose a scheme of arrangement between NBC and its minority shareholders, involving the cancellation of part of the share capital of NBC. The transaction was approved by the Board of Directors and General Assembly of NBC on 8 June 2011 and 22 July 2011 respectively and resulted in acquisition of the remaining 33.6% of the voting shares of NBC bringing the Group’s interest in the subsidiary to 100%. The transaction was completed in September 2011 (refer to Note 28).

⁽¹¹⁾ Dissolved, effective 7 March 2012.

⁽¹²⁾ Dissolved, effective 1 January 2013.

Notes to the Consolidated Financial Statements (continued)

36. Post Balance Sheet Events (continued)

On 14 January 2013, the Group acquired approximately 14.0% in Coca-Hellenic Bottling Company Bulgaria AD for a consideration of approximately €13.2 million and thus its overall participation in the Bulgarian subsidiary is now 99.39%.

By virtue of a tax law that was enacted in Greece on 23 January 2013, the Greek corporate income tax rate was increased to 26% (from 20%) for accounting years starting as of 1 January 2013 onwards. This rate increase had not been substantively enacted at the balance sheet date and, therefore, is not included in 2012 financial statements. The effect of the changes enacted by Parliament on 23 January 2013 would be to increase the deferred tax asset provided at the balance sheet date by €5.0m.

On 22 February 2013, Coca-Cola HBC AG ("CCHBC") announced that the existing shareholders' agreement of Kar-Tess Holding and TCCC, as well as the relationship agreement relating to Coca-Cola Hellenic entered into in connection with the acquisition of Coca-Cola Beverages plc by Hellenic Bottling Company S.A. in 2000, will terminate upon settlement of the voluntary share exchange offer and will not be renewed in relation to CCHBC.

During the first months of 2013 the Group incurred €5.6m of restructuring costs before tax, in its established countries.