

**SUN Interbrew Limited and subsidiaries**

**Consolidated Financial Statements  
December 31, 2007 and 2006**

Contents

Independent Auditors' Report	4
Consolidated Income Statement	5
Consolidated Balance Sheets	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Changes in Shareholders' Equity	8
Notes to the Consolidated Financial Statements	8



**KPMG Limited**  
18 Krasnopresnenskaya Naberezhnaya, Block C  
Moscow 123317  
Russia

Telephone  
Fax  
Internet

+7 (495) 937 44 77  
+7 (495) 937 44 00/99  
www.kpmg.ru

## Independent Auditors' Report

The Board of Directors

SUN Interbrew Limited and subsidiaries

We have audited the accompanying consolidated balance sheets of SUN Interbrew Limited and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity and other comprehensive loss, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SUN Interbrew Limited and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*KPMG Limited*

KPMG Limited  
July 22, 2008

	2007	2006
Net sales	1,463,985	1,175,384
Cost of goods sold	(765,352)	(634,021)
Gross Margin	698,633	541,363
Selling, marketing and distribution expenses	(434,334)	(328,197)
General and administrative expenses	(71,758)	(68,908)
Operating income	192,541	144,258
Other expense	(1,529)	(3,499)
Interest expense, net	(15,883)	(19,423)
Foreign exchange loss	(5,487)	(2,485)
Other financial expense	(4,102)	(2,535)
Net other expense	(27,001)	(27,942)
Income before income taxes and minority interest	165,540	116,316
Income tax expense	(37,350)	(31,773)
Income before minority interest	128,190	84,543
Minority interest	(10,494)	(1,148)
Net Income	117,696	83,395

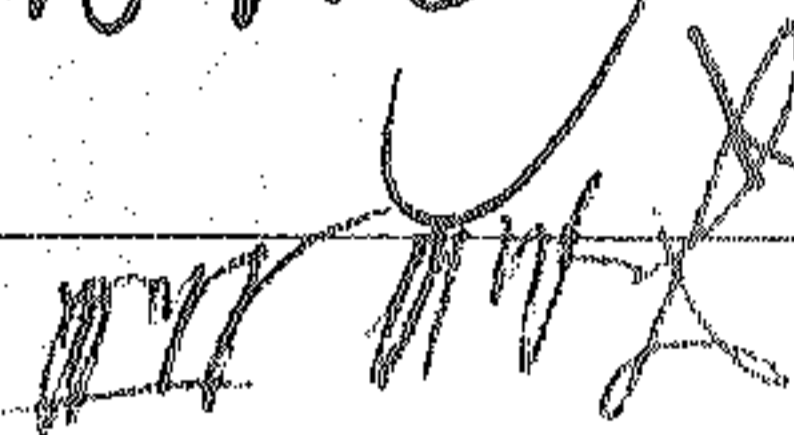
Note

4

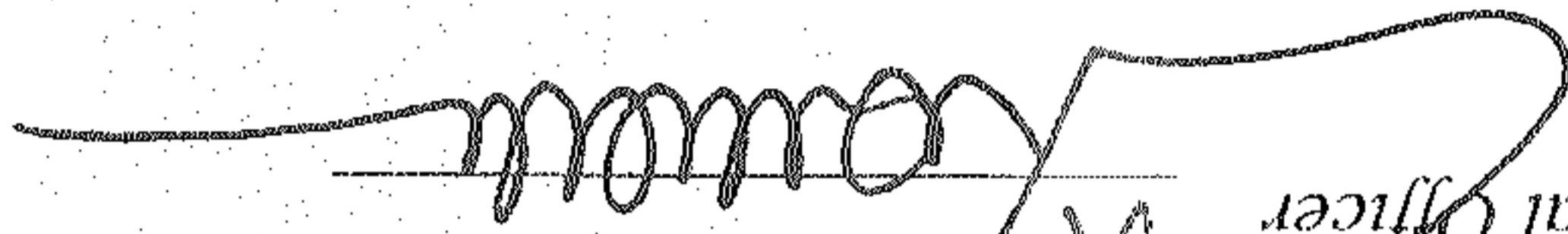
13

The Consolidated Financial Statements were approved on July 22, 2008.

Chief Executive Officer



Chief Financial Officer



	December 31, 2007	December 31, 2006
<b>Assets</b>		
Cash and cash equivalents	5,449	7,254
Accounts receivable, net	85,050	50,992
Inventories	181,955	135,835
Taxes receivable	30,689	40,138
Deferred tax assets	16,659	14,368
Other current assets	16,135	17,983
<b>Current assets</b>	<b>335,937</b>	<b>266,570</b>
Plant and equipment, net	1,004,128	907,763
Intangible assets, net	34,323	667
Goodwill	114,533	120,711
Other non-current assets	956	1,735
<b>Total Assets</b>	<b>1,489,877</b>	<b>1,297,446</b>
<b>Liabilities and Shareholders' Equity</b>		
Accounts payable	212,352	267,754
Taxes payable	21,750	21,233
Deferred tax liabilities	4,926	2,920
Accrued expenses	49,225	16,916
Current loans and borrowings	279,062	159,490
<b>Current Liabilities</b>	<b>567,315</b>	<b>468,313</b>
Non-current deferred tax liabilities	31,702	30,850
Non-current loans and borrowings	122,169	125,286
Other non-current liabilities	5,310	2,986
<b>Total Liabilities</b>	<b>726,496</b>	<b>627,435</b>
Minority interests in equity of subsidiaries	35,103	24,887
Class A Shares, one pence par; authorized 125,278,614 shares; issued 88,832,710 shares	1,422	1,422
Class B Shares, one pence par; authorized 30,000,000 shares; issued 27,796,220 shares	387	387
Additional paid-in-capital	459,105	459,105
Retained earnings	372,482	254,786
Accumulated other comprehensive loss	(105,118)	(70,576)
<b>Shareholders' Equity</b>	<b>728,278</b>	<b>645,124</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,489,877</b>	<b>1,297,446</b>

Note

*SUN Interbrew Limited and subsidiaries*  
*Consolidated Statement of Cash Flows*

'000 Euro	December 31, 2007	December 31, 2006
<b>Operating Activities:</b>		
<b>Net Income</b>	117,696	83,395
Adjustments to reconcile net loss to net cash provided from operations:		
Depreciation and amortization	128,589	105,399
Minority interest	10,494	1,148
Other non-cash items	11,216	8,697
Changes in working capital		
Accounts receivable	(25,626)	(15,465)
Inventories	(53,139)	(12,052)
Other current assets	1,848	(4,556)
Taxes payable	(4,825)	1,447
Accounts payable	(41,904)	155,766
Accrued expenses	32,309	(1,605)
Net cash provided by operating activities	176,658	322,174
<b>Investing Activities:</b>		
Purchase of intangible assets	(34,101)	-
Purchase of plant and equipment (net of proceeds from disposal)	(271,657)	(283,101)
Net cash used in investing activities	(305,758)	(283,101)
<b>Financing Activities:</b>		
Cash contribution from related parties	-	41,935
Proceeds from/(Repayments) of loans	125,089	(75,697)
Net cash provided by/(used in) financing activities	125,089	(33,762)
Effect of exchange rate changes on cash	113	(88)
(Decrease)/increase in cash and cash equivalents	(3,898)	5,223
Cash and cash equivalents, beginning of the year	7,254	2,031
Cash and cash equivalents (net of bank overdrafts), end of the period	3,356	7,254
<b>Cash paid during the period for:</b>		
Interest	22,550	30,161
Income taxes	40,471	30,658

*SUN Interbrew Limited and subsidiaries*  
*Consolidated Statements of Changes in Shareholders' Equity*  
*and other comprehensive loss*

'000 Euro	Note	Share Capital Class "A" shares	Share Capital Class "B" shares	Additional Paid-in Capital	Retained Earnings	Accumulated other comprehensive loss	Total
<b>Balances at December 31, 2005</b>		1,422	387	420,075	171,391	(40,288)	552,987
Net Income		-	-	-	83,395	-	83,395
Other comprehensive loss:							
Translation difference		-	-	-	-	(30,288)	(30,288)
Total comprehensive income		-	-	-	-	-	53,107
Effect of issue of new shares by Interbeer	3.1	-	-	41,935	-	-	41,935
Acquisition of shares in OJSC SUN Interbrew by Interbrew International B.V.	3.1	-	-	(20,463)	-	-	(20,463)
Effect of cancellation of leasing agreement with Botural Ltd.	3.2	-	-	14,727	-	-	14,727
Effect of acquisition of shares in OJSC "SUN Interbrew Ukraine"	3.3	-	-	(436)	-	-	(436)
Effect of merger of Ukraine entities in 2006	3.3	-	-	3,267	-	-	3,267
<b>Balances at December 31, 2006</b>		1,422	387	459,105	254,786	(70,576)	645,124
Net Income		-	-	-	117,696	-	117,696
Other comprehensive loss:							
Translation difference		-	-	-	-	(34,542)	(34,542)
Total comprehensive income		-	-	-	-	-	83,154
<b>Balances at December 31, 2007</b>		1,422	387	459,105	372,482	(105,118)	728,278

## 1. Description of Business

SUN Interbrew Limited (the "Company") is incorporated in Jersey, the Channel Islands, and has through holding companies incorporated in Jersey, the Netherlands and Cyprus a controlling interest in 12 breweries (referred to collectively as the "Group") in the Russian Federation ("Russia") and Ukraine. The Group manufactures, markets and distributes beer, malt and soft drinks.

## 2. Summary of Significant Accounting Policies

### *2.1. Basis of Presentation*

These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

The majority-owned subsidiaries incorporated under the laws of Russia and Ukraine (the "Russian subsidiaries" and "Ukrainian subsidiaries") maintain accounting records and prepare their financial statements in Russian Roubles ("RUR") and Ukrainian Hryvnas ("UAH") in accordance with the requirements of Russian and Ukrainian accounting and tax legislation respectively. The financial statements of the Russian and Ukrainian subsidiaries included in these consolidated financial statements differ from those prepared for Russian and Ukrainian statutory purposes. They reflect certain adjustments not recorded in the statutory accounting of the Russian or Ukrainian subsidiaries, which are appropriate to present the financial position, results of operations and cash flows in accordance with US GAAP.

### *2.2. Principles of Consolidation*

The consolidated financial statements include the financial statements of the Company and the majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

### *2.3. Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of additional paid-in-capital. Any cash paid for the acquisition is recognized directly in equity.

### *2.4. Use of Estimates*

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *2.5. Going Concern*

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The



consolidated financial statements do not include any adjustments should the Group be unable to continue as a going concern.

### *2.6. Foreign Currency Translation*

The functional currencies of the Russian and Ukrainian subsidiaries are the Russian Ruble and Ukrainian Hryvna respectively. Management of the Company has elected to use the Euro as the reporting currency for the consolidated financial statements.

At the reporting dates, translation was conducted as follows:

- All assets and liabilities were translated from the functional to the reporting currency at the exchange rate effective at the reporting date;
- Equity items were translated from the functional to the reporting currency at historical exchange rates;
- Transactions in the income statement were translated from the functional currency to the reporting currency at rates approximating the exchange rates on the date of the transactions;
- Translation differences were included in other comprehensive loss in equity.

Exchange rates changed from 34.7 RUR and 6.65 UAH for 1 Euro respectively at December 31, 2006 to 35.9 RUR and 7.5 UAH for 1 Euro respectively at December 31, 2007. The 2007 average exchange rate was RUR 34.99 and UAH 6.89 for 1 Euro respectively (2006: RUR 34.11 and UAH 6.329 for 1 Euro respectively).

The Russian Rouble and Ukrainian Hryvna are not fully convertible currencies outside the territories of Russia and Ukraine. Accordingly, the translation of amounts recorded in these currencies into Euro should not be construed as a representation that such currency amounts have been, could be or will in the future be converted into Euro at the exchange rates shown or at any other exchange rates.

### *2.7. Cash and Cash Equivalents*

The Group's cash at December 31, 2006 and 2007 consists of cash in banks and cash in transit. Bank overdrafts that are repayable on demand and form an integral part of the 's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### *2.8. Receivables*

Receivables are stated at cost, less allowance for doubtful accounts.

### *2.9. Inventories*

Inventories are valued at the lower of cost or market value. The cost of inventories is determined on a weighted average cost basis and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and their condition. The cost of manufactured inventories and work in progress includes an appropriate share of overheads based on normal operating capacity.

