Coca-Cola Hellenic Bottling Company S.A.

Annual Report 2010

(IFRS Financial Statements)

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Independent Auditor’s Report

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

We have audited the accompanying consolidated financial statements of Coca-Cola Hellenic Bottling Company S.A. and its subsidiaries which comprise the consolidated balance sheet as of 31 December 2010 and the consolidated income statement, 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 Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and 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.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Coca-Cola Hellenic Bottling Company S.A. and its subsidiaries as of 31 December 2010, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Coca-Cola Hellenic Bottling Company S.A. and its subsidiaries as of 31 December 2010, 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.

PricewaterhouseCoopers S.A.
28 March 2011
268 Kifissias Avenue,
Halandri 152 32 , Greece

Consolidated Balance Sheet

	Note	As at 31 December 2010 € million	2009 € million
Assets			
Intangible assets	4	**1,966.9**	1,874.1
Property, plant and equipment	5	**3,122.9**	2,961.3
Equity method investments	6	**41.1**	36.2
Available-for-sale financial assets	7	**1.8**	17.7
Interest rate swap contracts	8	**73.1**	71.9
Deferred tax assets	9	**34.8**	29.6
Other non-current assets	10	**61.3**	57.5
Total non-current assets		**5,301.9**	**5,048.3**
Inventories	11	**481.7**	425.1
Trade receivables	12	**870.2**	830.6
Other receivables	13	**233.5**	232.3
Derivative assets	8	**4.2**	11.6
Current tax assets		**13.8**	16.9
Cash and cash equivalents	14	**326.1**	232.0
Total current assets		**1,929.5**	**1,748.5**
Total assets		**7,231.4**	**6,796.8**
Liabilities			
Short-term borrowings	15	**535.1**	307.0
Trade payables	16	**384.7**	308.0
Other payables	16	**1,079.4**	961.3
Current tax liabilities		**37.2**	66.3
Total current liabilities		**2,036.4**	**1,642.6**
Long-term borrowings	15	**1,656.4**	2,100.6
Cross-currency swap contracts	8	**136.1**	175.4
Deferred tax liabilities	9	**172.8**	142.3
Non-current provisions	17	**119.9**	129.6
Other non-current liabilities		**13.9**	10.4
Total non-current liabilities		**2,099.1**	**2,558.3**
Total liabilities		**4,135.5**	**4,200.9**
Equity			
Share capital	18	**183.1**	182.8
Share premium	18	**1,119.2**	1,113.8
Treasury shares	19	**(57.2)**	(14.9)
Exchange equalisation reserve	19	**(129.2)**	(309.1)
Other reserves	19	**375.4**	368.8
Retained earnings		**1,494.8**	1,151.8
Equity attributable to owners of the parent		**2,986.1**	**2,493.2**
Non-controlling interests		**109.8**	102.7
Total equity		**3,095.9**	**2,595.9**
Total equity and liabilities		**7,231.4**	**6,796.8**

The Notes on pages 10 to 82 are an integral part of these consolidated financial statements.

Consolidated Income Statement

	Note	Year ended 31 December 2010 € million	2009 € million	2008 € million
Net sales revenue	3	**6,793.6**	6,543.6	6,980.7
Cost of goods sold		**(4,049.6)**	(3,905.5)	(4,169.6)
Gross profit		**2,744.0**	**2,638.1**	**2,811.1**
Operating expenses	20	**(2,062.3)**	(1,987.2)	(2,151.7)
Impairment of intangible assets	4,20	**—**	—	(189.0)
Restructuring costs	20	**(36.7)**	(44.9)	—
Other items	20	**—**	32.8	(15.8)
Operating profit	3	**645.0**	**638.8**	**454.6**
Finance income		**7.4**	9.4	16.9
Finance costs		**(83.1)**	(82.2)	(125.3)
Finance costs, net	21	**(75.7)**	**(72.8)**	**(108.4)**
Share of results of equity method investments	6	**2.5**	(1.9)	0.1
Profit before tax		**571.8**	**564.1**	**346.3**
Tax	3,22	**(136.9)**	(142.5)	(106.4)
Profit after tax		**434.9**	**421.6**	**239.9**
Attributable to:				
Owners of the parent		**423.2**	399.2	227.6
Non-controlling interests		**11.7**	22.4	12.3
		434.9	**421.6**	**239.9**
Basic and diluted earnings per share (€)	23	**1.16**	1.09	0.62

The Notes on pages 10 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December					
	2010 € million		2009 € million		2008 € million	
Profit after tax		**434.9**		421.6		239.9
Other comprehensive income:						
Available-for-sale financial assets:						
Valuation gains/(losses) during the year	**0.5**		(0.1)		(7.7)	
Valuation (gains)/losses reclassified to profit and loss for the year	**(2.8)**	**(2.3)**	6.5	6.4	(4.8)	(12.5)
Cash flow hedges:						
Amounts of (losses)/gains during the year	**(11.3)**		(6.4)		14.4	
Amounts of losses/(gains) reclassified to profit and loss for the year	**2.0**	**(9.3)**	(9.7)	(16.1)	1.3	15.7
Foreign currency translation		**181.5**		(79.5)		(289.2)
Share of other comprehensive income of equity method investments		**1.4**		(0.7)		(2.2)
Income tax relating to components of other comprehensive income (refer to Note 24)		**0.3**		3.2		(1.2)
Other comprehensive income for the year, net of tax (refer to Note 24)		**171.6**		**(86.7)**		**(289.4)**
Total comprehensive income for the year		**606.5**		**334.9**		**(49.5)**
Total comprehensive income attributable to:						
Owners of the parent		**590.7**		315.1		(56.3)
Non-controlling interests		**15.8**		19.8		6.8
		606.5		**334.9**		**(49.5)**

The Notes on pages 10 to 82 are 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 2008	181.9	1,644.7	—	92.4	318.3	719.5	**2,956.8**	95.5	**3,052.3**
Shares issued to employees exercising stock options	0.8	20.3	—	—	—	—	**21.1**	—	**21.1**
Share-based compensation:									
Options	—	—	—	—	9.3	—	**9.3**	—	**9.3**
Movement in treasury shares	—	—	—	—	(0.2)	—	**(0.2)**	—	**(0.2)**
Adoption of euro by Cyprus	—	—	—	1.6	—	(1.6)	**—**	—	**—**
Acquisition of shares held by non-controlling interests in Croatia	—	—	—	—	—	—	**—**	(0.2)	**(0.2)**
Appropriation of reserves	—	—	—	—	37.3	(37.3)	**—**	—	**—**
Statutory minimum dividend	—	—	—	—	—	(40.9)	**(40.9)**	—	**(40.9)**
Dividends	—	—	—	—	—	(49.1)	**(49.1)**	(12.0)	**(61.1)**
Total comprehensive income for the year, net of tax(1)	—	—	—	(285.9)	2.0	227.6	**(56.3)**	6.8	**(49.5)**
Balance as at 31 December 2008	**182.7**	**1,665.0**	**—**	**(191.9)**	**366.7**	**818.2**	**2,840.7**	**90.1**	**2,930.8**
Shares issued to employees exercising stock options	0.1	1.7	—	—	—	—	**1.8**	—	**1.8**
Share-based compensation:									
Options	—	—	—	—	6.4	—	**6.4**	—	**6.4**
Shares repurchased	—	—	(16.6)	—	—	—	**(16.6)**	—	**(16.6)**
Capitalisation of share premium reserve	548.1	(548.1)	—	—	—	—	**—**	—	**—**
Expenses related to share capital increase (net of tax of €1.2m)	—	(4.8)	—	—	—	—	**(4.8)**	—	**(4.8)**
Return of capital to shareholders	(548.1)	—	1.7	—	—	—	**(546.4)**	—	**(546.4)**
Adoption of euro by Slovakia	—	—	—	(9.5)	—	9.5	**—**	—	**—**
Exchange equalisation reserve recycled to retained earnings	—	—	—	(30.1)	—	30.1	**—**	—	**—**
Appropriation of reserves	—	—	—	—	2.2	(2.2)	**—**	—	**—**
Statutory minimum dividend	—	—	—	—	—	(41.6)	**(41.6)**	—	**(41.6)**
Dividends	—	—	—	—	—	(61.4)	**(61.4)**	(7.2)	**(68.6)**
Total comprehensive income for the year, net of tax(2)	—	—	—	(77.6)	(6.5)	399.2	**315.1**	19.8	**334.9**
Balance as at 31 December 2009	**182.8**	**1,113.8**	**(14.9)**	**(309.1)**	**368.8**	**1,151.8**	**2,493.2**	**102.7**	**2,595.9**

(1) The amount included in the exchange equalisation reserve of €285.9m loss for 2008 represents the exchange losses attributable to the owners of the parent of €283.7m plus the share of equity method investments of €2.2m loss.

The amount included in other reserves of €2.0m income for 2008 consists of gains on cash flow hedges of €15.7m (of which €14.4m represents gains for the year and €1.3m represents revaluation losses reclassified to profit and loss for the year), losses on valuation of available-for-sale financial assets of €12.5m (of which €7.7m represents revaluation losses for the year and €4.8m represents revaluation gains reclassified to profit and loss for the year) and the deferred income tax charge thereof amounting to €1.2m.

The amount of €6.8m income included in non-controlling interests for 2008 represents the share of non-controlling interests in the exchange equalisation reserve of €5.5m loss and in the retained earnings of €12.3m income.

(2) The amount included in the exchange equalisation reserve of €77.6m loss for 2009 represents the exchange losses attributable to the owners of the parent of €76.9m plus the share of equity method investments of €0.7m loss.

The amount included in other reserves of €6.5m loss for 2009 consists of losses on cash flow hedges of €16.1m (of which €6.4m represents losses for the year and €9.7m represents revaluation gains reclassified to profit and loss for the year), gains on valuation of available-for-sale financial assets of €6.4m (of which €0.1m represents revaluation losses for the year and €6.5m represents revaluation losses reclassified to profit and loss for the year) and the deferred income tax credit thereof amounting to €3.2m.

The amount of €19.8m income included in non-controlling interests for 2009 represents the share of non-controlling interests in the exchange equalisation reserve of €2.6m loss and in the retained earnings of €22.4m income.

The Notes on pages 10 to 82 are 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 € million	Share premium € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	Total € million	€ million	€ million
Balance as at 31 December 2009	182.8	1,113.8	(14.9)	(309.1)	368.8	1,151.8	**2,493.2**	102.7	**2,595.9**
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)	**—**	—	**—**
Acquisition of shares held by non-controlling interests in Serbia	—	—	—	—	—	—	**—**	(3.7)	**(3.7)**
Dividends	—	—	—	—	—	(68.1)	**(68.1)**	(5.0)	**(73.1)**
Total comprehensive income for the year, net of tax[3]	—	—	—	178.8	(11.3)	423.2	**590.7**	15.8	**606.5**
Balance as at 31 December 2010	**183.1**	**1,119.2**	**(57.2)**	**(129.2)**	**375.4**	**1,494.8**	**2,986.1**	**109.8**	**3,095.9**

(3) The amount included in the exchange equalisation reserve of €178.8m gain for 2010 represents the exchange gain attributable to the owners of the parent of €177.4m plus the share of equity method investments of €1.4m gain.

The amount included in other reserves of €11.3m loss for 2010 consists of 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), 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), and the deferred income tax credit thereof amounting to €0.3m.

The amount of €15.8m 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 €11.7m income.

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.

Consolidated Cash Flow Statement

	Note	2010 € million	2009 € million	2008 € million
		Year ended 31 December		
Operating activities				
Profit after tax		**434.9**	421.6	239.9
Finance costs, net	21	**75.7**	72.8	108.4
Share of results of equity method investments	6	**(2.5)**	1.9	(0.1)
Tax charged to the income statement	3,22	**136.9**	142.5	106.4
Depreciation of property, plant and equipment	3,5	**387.8**	360.7	365.4
Employee share options	26	**6.7**	6.4	9.3
Amortisation of intangible assets	3	**7.1**	4.7	3.7
Adjustments to intangible assets	4,20	**—**	2.2	1.2
Impairment of intangible assets	4,20	**—**	—	189.0
Losses on available-for-sale financial assets transferred from equity	20	**—**	6.5	—
Other items		**—**	—	15.8
		1,046.6	**1,019.3**	**1,039.0**
Losses/(gains) on disposals of non-current assets		**13.2**	10.5	(12.3)
(Increase)/decrease in inventories		**(41.4)**	39.1	0.7
(Increase)/decrease in trade and other receivables		**(24.0)**	30.1	(130.1)
Increase/(decrease) in trade and other payables		**134.5**	(12.5)	109.8
Tax paid		**(141.0)**	(89.3)	(129.8)
Net cash from operating activities		**987.9**	**997.2**	**877.3**
Investing activities				
Payments for purchases of property, plant and equipment		**(376.2)**	(383.9)	(590.5)
Payments for purchases of intangible assets		**(15.8)**	(0.5)	(3.9)
Proceeds from sales of property, plant and equipment		**12.0**	18.2	42.7
Proceeds from sales of trademarks and other intangible assets		**—**	—	35.0
Net receipts from/(payments for) investments		**7.2**	(4.7)	(35.3)
Interest received		**7.3**	10.5	16.8
Net refunds from/(payments for) acquisitions	28	**—**	17.5	(225.3)
Net cash used in investing activities		**(365.5)**	**(342.9)**	**(760.5)**
Financing activities				
Return of capital to shareholders		**—**	(546.3)	—
Payments of expenses related to the share capital increase		**—**	(6.0)	—
Share buy-back payments	19	**(42.3)**	(16.6)	—
Proceeds from shares issued to employees exercising stock options	18	**5.7**	1.8	21.1
Dividend paid to owners of the parent	29	**(102.0)**	(102.3)	(91.3)
Dividend paid to non-controlling interests		**(7.0)**	(5.3)	(11.5)
Purchase of shares held by non-controlling interests		**(3.7)**	—	—
Proceeds from external borrowings		**927.1**	1,199.8	1,937.3
Repayments of external borrowings		**(1,191.0)**	(1,508.0)	(1,231.7)
Principal repayments of finance lease obligations		**(75.2)**	(85.3)	(67.5)
Proceeds from sale of interest rate swaps attributable to fair value		**33.0**	—	—
Interest paid		**(72.3)**	(75.1)	(133.6)
Net cash (used in)/from financing activities		**(527.7)**	**(1,143.3)**	**422.8**
Net increase/(decrease) in cash and cash equivalents		**94.7**	**(489.0)**	**539.6**
Movement in cash and cash equivalents				
Cash and cash equivalents at 1 January		**232.0**	724.6	197.0
Net increase/(decrease) in cash and cash equivalents		**94.7**	(489.0)	539.6
Effect of changes in exchange rates		**(0.6)**	(3.6)	(12.0)
Cash and cash equivalents at 31 December	14	**326.1**	**232.0**	**724.6**

The Notes on pages 10 to 82 are 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') 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 and distribution of non-alcoholic beverages, under franchise from The Coca-Cola Company ('TCCC'). The Company distributes its products 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).

These consolidated financial statements were approved for issue by the Board of Directors on 16 March 2011 and are expected to be verified at the Annual General Meeting to be held on 6 May 2011.

Basis of preparation

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

All IFRS issued by the IASB, which apply to the preparation of these consolidated financial statements, have been adopted by the EU following an approval process undertaken by the European Commission and the European Financial Reporting Advisory Group ('EFRAG').

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.

Basis of consolidation

Subsidiary undertakings are those companies over which the Group, directly or indirectly, has power to exercise control. 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 purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets transferred, shares issued and/or liabilities assumed at the date of acquisition. The cost of an acquisition includes the fair value of any asset or liability resulting from a contingent consideration arrangement. All acquisition related costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets of the subsidiary acquired is recorded as goodwill.

All material intercompany transactions and balances between Group companies are eliminated. Where necessary, accounting policies of subsidiaries are modified to ensure consistency with policies adopted by the Group.

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.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

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 €3.0m.

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. 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, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. These assumptions and a discussion on how they are established are described in Note 17.

Revenue recognition

Revenues are recognised when all of the following conditions are met: evidence of a binding arrangement exists (generally purchase orders), products have been delivered and there is no future performance required, amounts are collectible under normal payment terms and both revenue and associated costs can be measured reliably.

Revenue is stated net of sales discounts, 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. All other listing fees as well as marketing and promotional incentives are expensed as incurred. The amount of listing fees capitalised at 31 December 2010 was €31.6m (2009: €26.9m, 2008: €36.9m). Of this balance, €19.5m (2009: €16.6m, 2008: €23.2m) was classified as current prepayments and the remainder as non-current prepayments. Listing fees expensed for the year ended 31 December 2010 amounted to €240.0m (2009: €123.4m, 2008: €148.6m). Marketing and promotional incentives provided to customers during 2010 amounted to €160.1m (2009: €167.9m, 2008: €159.6m).

Coca-Cola Hellenic receives contributions from TCCC in order to promote sales of Coca-Cola branded products. Contributions for price support and 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 2010, such contributions totalled €48.8m (2009: €39.9m, 2008: €37.6m).

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.

1. Basis of preparation and accounting policies (continued)

Intangible assets

Intangible assets consist mainly of goodwill, trademarks and franchise agreements. Goodwill is the excess of the cost of an acquisition 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 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.

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 included in 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.

Notes to the Consolidated Financial Statements (continued)

1. Basis of preparation and accounting policies (continued)

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 subject to amortisation but are tested for impairment at least annually. Property, plant and equipment and other non-financial assets that are subject to 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' profit or loss for the period in the income statement and its share of the post-acquisition movement in other comprehensive income is recognized in other comprehensive income. 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.

1. Basis of preparation and accounting policies (continued)

Investment in joint ventures

The Group's interests in its jointly controlled entities are accounted for using the equity method of accounting. In respect of its interests in jointly controlled operations and jointly controlled assets the Group recognises its proportional share of related assets, liabilities, income and expenses.

Other investments

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.

Investments are recognised using trade date accounting. They are recognised on the day the Group commits to purchase the investments and derecognised on the day when the Group commits to sell the investments. The cost of purchase includes transaction costs for investments other than those carried at 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 recognized in the income statement, until the financial assets are derecognised at which time the cumulative gains or losses previously recognized 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

1. Basis of preparation and accounting policies (continued)

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.

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, when applicable, 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 functional currency of the Coca-Cola Hellenic and 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. The exchange differences arising on translation are recorded directly to equity as part of the exchange equalisation reserve. 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 net profit or loss for the period, 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments with a maturity of three months or less when purchased. 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 of the consideration received net of transaction costs associated with the loan or borrowing.

1. Basis of preparation and accounting policies (continued)

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. Gains or losses associated with loans and borrowings carried at amortised cost, which are not part of a hedging relationship, are recognised in the income statement over the borrowing period and when the loans and borrowings are derecognised or impaired.

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 in 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 equity and the ineffective portion is recognised immediately in profit or loss. Amounts recognised directly in equity are recycled to profit and loss as the related asset acquired or liability assumed affects profit and loss. 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. Regular way purchases and sales of financial assets are accounted for at their trade date.

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 profit or loss for the period.

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.

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

1. Basis of preparation and accounting policies (continued)

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 as follows: 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 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, together with adjustments for unrecognised actuarial gains or losses and past service costs. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

For defined benefit pension plans, pension costs are assessed using the projected unit credit method. Actuarial gains and losses are recognised as income or expense, when the cumulative unrecognised actuarial gains or losses for each individual plan exceed 10% of the greater of the defined benefit obligation or the fair value of plan assets. 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. Actuarial gains and losses arising from experience adjustments or changes in assumptions are recognised over the remaining vesting period, which represents the average remaining service life of participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise amortised over the remaining vesting period.

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.

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, 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 in 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 when it is evidently committed to either terminate the employment of current employees or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

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 Company's subsidiaries, joint ventures and associates operate and generate 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 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.

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

1. Basis of preparation and accounting policies (continued)

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.

Comparative Figures

Comparative figures have been reclassified where necessary to conform with changes in presentation in the current year.

Accounting pronouncements adopted in 2010

In the current year, the Group has adopted all of the new and revised standards and interpretations 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 or after 1 January 2010. None of these standards and interpretations had a significant effect on the consolidated financial statements of the Company.

In January 2008, the IASB issued a revised version of IFRS 3, *Business Combinations*. The revised standard still requires the purchase method of accounting to be applied to business combinations but introduced some changes. For example, contingent consideration should be measured at fair value at the date of acquisition and subsequently remeasured to fair value with changes recognised in profit or loss. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs are expensed as incurred. The standard is applicable to business combinations occurring in annual periods beginning on or after 1 July 2009. Assets and liabilities arising from business combinations occurring before the date of adoption by the Group have not been restated and thus there was no effect on the Group's reported income or net assets on adoption. As there were no business combinations effected in 2010, the revised standard had no material impact on the Group's consolidated financial statements.

In January 2008, the IASB issued an amendment to IAS 27, *Consolidated and Separate Financial Statements*. The amendment relates primarily to the accounting for non-controlling interests and the loss of control of a subsidiary. The amendment requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. Additionally, any remaining interest in a non-controlling interest is re-measured to fair value. The amended standard is applicable to annual periods beginning on or after 1 July 2009. There was no material impact to the Group's consolidated financial statements as a result of adopting this amendment.

In November 2008, the IFRIC issued IFRIC 17, *Distribution of Non-cash Assets to Owners.* The interpretation applies to pro-rata distributions of non-cash assets to owners and clarifies the recognition and measurement criteria for dividends. IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. There was no impact to the

1. Basis of preparation and accounting policies (continued)

Group's consolidated financial statements as a result of adopting this interpretation.

In January 2009, the IFRIC issued IFRIC 18, *Transfers of Assets from Customers.* The IFRIC relates to agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services or both. If the transferred asset meets the definition of an asset, it must be recorded by the entity at its fair value on the date of the transfer. IFRIC 18 is effective for transfers received on or after 1 July 2009. There was no impact to the Group's consolidated financial statements as a result of adopting this interpretation.

In April 2009, the IASB issued an amendment to IFRS 2, *Share Based Payment* as part of its annual improvements process published in April 2009. The standard has been amended to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2. The amended standard is effective for annual periods beginning on or after 1 July 2009. There was no impact to the Group's consolidated financial statements as a result of adopting this amendment.

In April 2009, the IASB issued an amendment to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations* as part of its annual improvements process published in April 2009. The amendment specifies the disclosures required in respect of non-current assets classified as held for sale or discontinued operations. The amended standard is effective prospectively for annual periods beginning on or after 1 January 2010. There was no material impact to the Group's consolidated financial statements as a result of adopting this amendment.

In April 2009, the IASB issued an amendment to IFRS 8, *Operating Segments* as part of its annual improvements process published in April 2009. The standard has been amended to clarify that a measure of segment assets should be disclosed if that amount is regularly provided to the chief operating decision maker. The amended standard is effective for annual periods beginning on or after 1 January 2010. There was no impact to the Group's consolidated financial statements as a result of adopting this amendment.

In April 2009, the IASB issued an amendment to IAS 1, *Presentation of Financial Statements* as part of its annual improvements process published in April 2009. The standard has been amended to clarify the classification of the liability component of a convertible instrument as current or non-current. If an unconditional right to defer settlement of a liability for at least twelve months after the reporting period does not exist, the liability should be classified as current. The amended standard is effective for annual periods beginning on or after 1 January 2010. There was no impact to the Group's consolidated financial statements as a result of adopting this amendment.

In April 2009, the IASB issued an amendment to IAS 7, *Statement of Cash Flows* as part of its annual improvements process published in April 2009. The standard has been amended to clarify the disclosure of cash flows arising from investing activities to include only expenditures that result in a recognised asset on the balance sheet. The amended standard is effective for periods beginning on or after 1 January 2010. There was no impact to the Group's consolidated financial statements as a result of adopting this amendment.

In April 2009, the IASB issued an amendment to IAS 17, *Leases* as part of its annual improvements process published in April 2009. The standard has been amended to remove the rebuttable presumption that land leases are operating leases unless title is expected to pass to the lessee at the end of the lease term. The amended standard is effective for annual periods beginning on or after 1 January 2010. There was no material impact to the Group's consolidated financial statements as a result of adopting this amendment.

In April 2009, the IASB issued an amendment to IAS 36, *Impairment of Assets* as part of its annual improvements process published in April 2009. The amendment clarifies the allocation of goodwill to an operating segment in response to the amendment of IFRS 8, *Operating Segments*. The amended standard is effective for annual periods beginning on or after 1 January 2010. The Group tests for impairment at the cash generating unit level which corresponds to the operating segment level. Accordingly, the adoption of this amendment did not have an impact on the Group's consolidated financial statements.

In April 2009, the IASB issued an amendment to IAS 38, *Intangible Assets* as part of its annual improvements

1. Basis of preparation and accounting policies (continued)

process published in April 2009. The amendment clarifies the description of valuation techniques commonly used to measure intangible assets at fair value when assets are not traded in an active market and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amended standard is effective for annual periods beginning on or after 1 July 2009. There was no impact to the Group's consolidated financial statements as a result of adopting this amendment.

In April 2009, the IASB issued amendments to IAS 39, *Financial Instruments: Recognition and Measurement* as part of its annual improvements process published in April 2009. The amendments to the standard provide a scope exemption for forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination. The amendments also clarify that the gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows affect profit or loss. In addition, the amendments provide clarification on treating loan pre-payment penalties as closely related derivatives. Furthermore the amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The amended standard is effective for annual periods beginning on or after 1 January 2010. There was no impact to the Group's consolidated financial statements as a result of adopting this amendment.

In April 2009 the IASB issued an amendment to IFRIC 16, *Hedges of a Net Investment in a Foreign Operation* as part of its annual improvements process published in April 2009. The amendment allows entities to designate as a hedging instrument in a net investment in a foreign operation, an instrument that is held by the foreign operation that is being hedged. IFRIC 16 is effective for annual periods beginning on or after 1 July 2009. There was no impact to the Group's consolidated financial statements as a result of adopting this interpretation.

In June 2009, the IASB issued amendments to IFRS 2, *Share-based Payment*. The amendments clarify how an individual subsidiary of a Group should account for cash-settled share-based payment arrangements in its own financial statements. The amendments state that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash. In IFRS 2 a 'Group' has the same meaning as in IAS 27 *Consolidated and Separate Financial Statements*, that is, it includes only a parent and its subsidiaries. The amended standard is effective for annual periods beginning on or after 1 January 2010 and must be applied retrospectively. The amendments incorporate guidance previously included in IFRIC 8, *Scope of IFRS 2* and IFRIC 11, *IFRS 2—Group and Treasury Share Transactions* which have already been adopted by the Group. As such, there was no impact to the Group's consolidated financial statements as a result of adopting this amendment.

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:

In November 2009, the IASB issued IFRS 9, *Financial Instruments* as the first step in its project to replace IAS 39, *Financial Instruments: Recognition and Measurement.* 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. On 28 October 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities. Specifically, financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortised cost unless the fair value option is applied. Any gains and losses on financial liabilities designated at FVTPL shall be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and the remaining amount of change in the fair value of the liability which shall be presented in profit or loss. In addition the standard carries over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. IFRS 9 will be effective for annual periods beginning on or after 1 January 2013. 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 November 2009, the IFRIC issued amendments to IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum*

1. Basis of preparation and accounting policies (continued)

Funding Requirements and their Interaction. The amendments correct an unintended consequence of IFRIC 14, originally issued in 2007, whereby in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. The amended interpretation is effective for periods beginning on or after 1 January 2011. The Group does not have material assets from voluntary prepayments for minimum funding contributions and therefore the amendments are not expected to have a material impact on the Group’s consolidated financial statements.

In November 2009, the IFRIC issued IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*. The interpretation addresses accounting used by entities issuing equity instruments in order to settle, in full or in part, a financial liability. The interpretation states that if a debtor issues an equity instrument to a creditor to extinguish all or part of a financial liability those equity instruments are “consideration paid” in accordance with IAS 39 and the debtor should derecognise the financial liability fully or partly. The interpretation also states that the debtor should measure the equity instruments issued to the creditor at fair value and the debtor should recognise in profit or loss the difference between the carrying amount of the financial liability (or part) extinguished and the measurement of the equity instruments issued. The interpretation is effective for annual periods beginning on or after 1 July 2010, with earlier application permitted. The interpretation is not expected to have an impact on the Group’s consolidated financial statements.

In November 2009, the IASB issued a revised version of IAS 24, *Related Party Disclosures*. The revisions to the standard simplify the disclosure requirements for government-related entities and clarify the definition of a related party. The revised standard is effective for periods beginning on or after January 1, 2011. The revised standard is not expected to have a material impact on the Group’s consolidated financial statements.

In May 2010, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* as part of its annual improvements process published in May 2010. The amendments to the standard clarify that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. The amended standard is effective for periods beginning on or after January 1, 2011. The amended standard has not yet been adopted by the EU. The amended standard will affect the presentation of other comprehensive income on the Group’s consolidated financial statements.

In May 2010, the IASB issued amendments to IFRS 3, *Business Combinations* as part of its annual improvements process published in May 2010.The amendments to the standard specify that the option to measure non-controlling interests either at fair value or at the proportionate share of the acquiree’s net identifiable assets at the acquisition date applies only to non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation. All other components of non-controlling interests should be measured at their acquisition date fair value. Furthermore, the amendments to the standard clarify the treatment of the un-replaced and voluntary replaced share based payment awards and also clarify the transitional requirements for contingent consideration from a business combination that occurred before the effective date of IFRS 3(2008). The amended standard is effective for annual periods beginning on or after July 1, 2010. The amended standard has not yet been adopted by the EU. The amendments to the standard will have no impact on the Group’s consolidated financial statements.

In May 2010, the IASB issued amendments to IFRS 7, *Financial Instruments: Disclosures* as part of its annual improvements process published in May 2010. The amendments to the standard encourage specific qualitative disclosures and clarify the required level of disclosure around credit risk and collateral held and provide relief from disclosure of renegotiated loans. The amended standard is effective for annual periods beginning on or after January 1, 2011. The amended standard has not yet been adopted by the EU. The amendments to the standard are not expected to have a material impact on the Group’s consolidated financial statements.

In May 2010, the IASB issued amendments to IAS 27, *Consolidated and Separate Financial Statements* as part of its annual improvements process published in May 2010. The amendments to the standard provide clarification on the transitional requirements resulting from the amendments of IAS 27 (2008). The amended standard is effective for annual periods beginning on or after July 1, 2010. The amended standard has not yet been adopted by the EU. The amendments to the standard are not expected to have a material impact on the Group’s consolidated financial statements.

1. Basis of preparation and accounting policies (continued)

In May 2010, the IASB issued amendments to IAS 34, *Interim Financial Reporting* as part of its annual improvements process published in May 2010. The amendments to the standard provide further clarification that disclosures for significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. The amended standard is effective for annual periods beginning on or after January 1, 2011. The standard has not yet been adopted by the EU. The amendments to the standard are not expected to have a material impact on the Group's consolidated financial statements.

In May 2010, the IASB issued amendments to IFRIC 13, *Customer Loyalty Programmes* as part of its annual improvements process published in May 2010. The amendments to the interpretation clarify that the 'fair value' of award credits should take into account i) the amount of discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale, and ii) any expected forfeitures. The amended interpretation is effective for annual periods beginning on or after January 1, 2011. The amended interpretation has not yet been adopted by the EU. The amendments to the interpretation are not expected to have a material impact on the Group's consolidated financial statements.

In October 2010, the IASB issued amendments to IFRS 7, *Financial Instruments: Disclosures* as part of its comprehensive review of off balance sheet activities. The amendments require additional disclosures of the full or partial derecognition of financial assets that are transferred to a counterparty under certain conditions. Specifically, the amendments require disclosures of the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; as well as disclosure of the nature of, and risks associated with, an entity's continuing involvement in derecognised financial assets. The amended standard is effective for annual periods beginning on or after July 1, 2011. The standard has not yet been adopted by the EU. The amendment to the standard are not expected to have a material impact on the Group's consolidated financial statements.

2. Exchange rates

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

	Average 2010	Average 2009	Average 2008	Closing 2010	Closing 2009
US dollar	**1.32**	1.40	1.48	**1.31**	1.44
UK sterling	**0.85**	0.89	0.80	**0.85**	0.90
Polish zloty	**4.01**	4.34	3.55	**3.99**	4.15
Nigerian naira	**196.41**	206.76	176.81	**196.01**	213.71
Hungarian forint	**276.38**	279.86	252.60	**279.30**	272.70
Swiss franc	**1.38**	1.51	1.58	**1.25**	1.49
Russian rouble	**40.11**	44.18	36.69	**39.95**	43.33
Romanian leu	**4.22**	4.23	3.69	**4.29**	4.21
Ukrainian hryvnia	**10.49**	10.92	7.75	**10.50**	11.47
Czech crown	**25.31**	26.45	25.10	**25.27**	26.45
Serbian dinar	**103.40**	94.12	81.59	**105.88**	96.30

3. Segmental Analysis

Coca-Cola Hellenic has one business, being the production, distribution and sale 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 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 trade receivables for the Group.

Year ended 31 December	Note	2010 € million	2009 € million	2008 € million
Volume in unit cases[(1)]				
Established		**718.2**	743.2	692.1
Developing		**391.7**	388.3	406.6
Emerging		**990.1**	937.8	1,016.8
Total volume in unit cases		**2,100.0**	**2,069.3**	**2,115.5**
Net sales revenue				
Established		**2,834.6**	2,927.8	2,704.0
Developing		**1,140.0**	1,149.1	1,348.4
Emerging		**2,819.0**	2,466.7	2,928.3
Total net sales revenue		**6,793.6**	**6,543.6**	**6,980.7**

(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.

3. Segmental analysis (continued)

Year ended 31 December	Note	2010 € million	2009 € million	2008 € million
Adjusted EBITDA(2)				
Established		**404.6**	425.7	369.8
Developing		**163.9**	165.0	193.5
Emerging		**478.1**	428.6	475.7
Total adjusted EBITDA		**1,046.6**	**1,019.3**	**1,039.0**
Depreciation of property, plant and equipment				
Established		**(132.3)**	(122.3)	(108.5)
Developing		**(72.9)**	(77.0)	(72.8)
Emerging		**(182.6)**	(161.4)	(184.1)
Total depreciation of property, plant and equipment	5	**(387.8)**	**(360.7)**	**(365.4)**
Amortisation of intangible assets				
Established		**(4.5)**	(1.4)	(1.1)
Developing		**(0.5)**	(0.5)	(0.4)
Emerging		**(2.1)**	(2.8)	(2.2)
Total amortisation of intangible assets		**(7.1)**	**(4.7)**	**(3.7)**
Other non-cash items(3)				
Established		**(2.4)**	(4.4)	(180.6)
Developing		**(1.2)**	(1.2)	(1.7)
Emerging		**(3.1)**	(9.5)	(33.0)
Total other non-cash items		**(6.7)**	**(15.1)**	**(215.3)**
Operating profit				
Established		**265.5**	297.6	79.6
Developing		**89.2**	86.3	118.6
Emerging		**290.3**	254.9	256.4
Total operating profit		**645.0**	**638.8**	**454.6**
Interest expense and finance charges				
Established		**(106.2)**	(59.6)	(105.6)
Developing		**(2.0)**	(4.7)	(5.7)
Emerging		**(21.7)**	(51.1)	(76.6)
Corporate		**(153.1)**	(122.3)	(213.6)
Inter segment interest expense		**200.3**	159.2	282.9
Total interest expense and finance charges	21	**(82.7)**	**(78.5)**	**(118.6)**

(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 2010 (2009: €2.2m, 2008: €1.2m) (refer to Note 20), losses on available-for-sale financial assets reclassified to the profit and loss from equity of which were nil in 2010 (2009: €6.5m, 2008: nil) (refer to Note 20), stock option expenses of €6.7m (2009: €6.4m, 2008: €9.3m) (refer to Note 26) and in 2008, impairment of intangible assets of €189.0m (refer to Note 4) and the impact of the fire in Benin City, Nigeria of €15.8m (refer to Note 20).

3. Segmental analysis (continued)

Year ended 31 December	Note	2010 € million	2009 € million	2008 € million
Finance income				
Established		**49.4**	9.1	20.9
Developing		**2.4**	1.9	5.6
Emerging		**16.2**	41.3	44.9
Corporate		**139.7**	116.4	228.4
Inter segment finance income		**(200.3)**	(159.3)	(282.9)
Total finance income	21	**7.4**	**9.4**	**16.9**
Income tax expense				
Established		**(72.3)**	(87.5)	(48.7)
Developing		**(22.4)**	(20.5)	(26.2)
Emerging		**(40.2)**	(31.4)	(28.6)
Corporate		**(2.0)**	(3.1)	(2.9)
Total income tax expense	22	**(136.9)**	**(142.5)**	**(106.4)**
Reconciling items				
Net foreign exchange translation losses	21	**(0.4)**	(3.7)	(6.7)
Share of results of equity method investments	6	**2.5**	(1.9)	0.1
Profit after tax		**434.9**	**421.6**	**239.9**
Expenditure on non-current assets[(4)]				
Established		**123.2**	96.6	156.0
Developing		**61.0**	48.8	132.0
Emerging		**207.8**	239.0	306.4
Total expenditure on non-current assets		**392.0**	**384.4**	**594.4**
Intangible assets arising on prior year acquisitions and adjustments to intangible assets arising on acquisitions				
Established		**—**	(30.9)	239.1
Developing		**—**	—	—
Emerging		**—**	—	(8.5)
Total intangible assets arising on prior year acquisitions and adjustments to intangible assets arising on acquisitions	4	**—**	**(30.9)**	**230.6**
Assets				
Established		**3,657.3**	3,512.1	3,390.0
Developing		**1,026.8**	1,059.1	1,081.0
Emerging		**2,570.0**	2,421.2	2,724.6
Corporate (less inter-segment receivables)		**(22.7)**	(195.6)	326.2
Total assets		**7,231.4**	**6,796.8**	**7,521.8**

(4) Total additions of property, plant and equipment for the year ended 31 December 2010 were €446.2.m (2009: €370.0m, 2008: €760.5m).

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 and Italy (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:

Year ended 31 December	2010 € million	2009 € million	2008 € million
Net sales revenue from external customers			
Greece	**604.9**	714.3	728.9
Russia	**1,138.6**	878.2	1,122.3
Italy	**1,135.2**	1,166.4	904.2
All countries, other than Greece, Russia and Italy	**3,914.9**	3,784.7	4,225.3
Total net sales revenue from external customers	**6,793.6**	**6,543.6**	**6,980.7**

Year ended 31 December	2010 € million	2009 € million	2008 € million
Non-current assets(5)			
Greece	**194.3**	196.2	197.2
Russia	**850.5**	792.3	859.8
Italy	**1,091.6**	1,080.6	1,086.0
All countries, other than Greece, Russia and Italy	**3,013.0**	2,822.2	2,807.8
Total non-current assets	**5,149.4**	**4,891.3**	**4,950.8**

(5) Excluding financial instruments and deferred tax assets.

4. Intangible assets

	Goodwill € million	Franchise agreements € million	Trademarks € million	Other intangible assets € million	Total € million
Cost					
As at 1 January 2010	1,829.9	136.7	88.7	22.6	**2,077.9**
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	**1,895.6**	**157.7**	**94.0**	**27.2**	**2,174.5**
Amortisation					
As at 1 January 2010	185.3	—	8.0	10.5	**203.8**
Charge for the year	—	—	0.6	3.6	**4.2**
Disposals	—	—	—	(0.4)	**(0.4)**
As at 31 December 2010	**185.3**	**—**	**8.6**	**13.7**	**207.6**
Net book value as at 1 January 2010	1,644.6	136.7	80.7	12.1	**1,874.1**
Net book value as at 31 December 2010	**1,710.3**	**157.7**	**85.4**	**13.5**	**1,966.9**
Cost					
As at 1 January 2009	1,842.4	159.9	91.9	22.9	**2,117.1**
Additions	—	—	—	0.5	**0.5**
Arising on recognition of deferred tax assets in connection with the acquisition of CCB (refer to Note 20)	(2.2)	—	—	—	**(2.2)**
Adjustments arising on prior year acquisitions (refer to Note 28)	(7.8)	(23.1)	—	—	**(30.9)**
Foreign currency translation	(2.5)	(0.1)	(3.2)	(0.8)	**(6.6)**
As at 31 December 2009	**1,829.9**	**136.7**	**88.7**	**22.6**	**2,077.9**
Amortisation					
As at 1 January 2009	185.3	—	6.4	7.4	**199.1**
Charge for the year	—	—	1.6	3.1	**4.7**
As at 31 December 2009	**185.3**	**—**	**8.0**	**10.5**	**203.8**
Net book value as at 1 January 2009	1,657.1	159.9	85.5	15.5	**1,918.0**
Net book value as at 31 December 2009	**1,644.6**	**136.7**	**80.7**	**12.1**	**1,874.1**

4. Intangible assets (continued)

Goodwill and other indefinite-lived intangible assets are allocated to the Group's cash-generating units, which correspond to the country of operation, for both management and impairment testing purposes.

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

	2010 € million	2009 € million
Intangible assets not subject to amortisation		
Goodwill	**1,710.3**	1,644.6
Franchise agreements	**157.7**	136.7
Trademarks	**84.4**	79.3
	1,952.4	**1,860.6**
Intangible assets subject to amortisation		
Trademarks	**1.0**	1.4
Water rights	**7.4**	2.6
Other intangible assets	**6.1**	9.5
	14.5	**13.5**
Total intangible assets	**1,966.9**	**1,874.1**

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 2010.

	Goodwill € million	Franchise agreements € million	Total € million
Italy	635.8	126.9	**762.7**
Switzerland	368.6	—	**368.6**
Total Ireland	288.9	—	**288.9**
Total	**1,293.3**	**126.9**	**1,420.2**

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. In 2008 the test indicated that the carrying amounts of certain goodwill and indefinite-lived intangible assets exceeded their recoverable amounts and consequently that those assets were impaired. As a result, an impairment charge of €189.0m was recognised in 2008, which reduced the carrying amount of goodwill and indefinite-lived intangible assets. Of this charge, €176.0m related to the Group's operations in Ireland, included in the established countries segment and €13.0m related to the Fresh & Co. juice business in Serbia, included in our emerging countries segment. The impairment charge relating to the operations in Ireland resulted primarily from the deterioration of their economies, reflected across most key macro-economic indicators, as well as the significant devaluation of the sterling against the euro. No impairment was indicated from the impairment tests of 2009 and 2010.

The recoverable amount of each operation has been 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. Due to the nature of the Group's main business activities, cash flow projections have been extended over ten years. Cash flow projections for years four to ten have been projected by management based on operation and market specific high-level assumptions including growth rates, discount rates and forecasted selling prices and direct costs.

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 exceed, 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 2010, cash flows beyond the ten-year period (the period in perpetuity) have been extrapolated using the following estimated growth and discount rates:

	Growth rate in perpetuity (%)		Discount rate (%)	
	2010	**2009**	**2010**	**2009**
Italy	**3.0**	3.0	**8.2**	6.9
Switzerland	**1.4**	2.3	**6.0**	7.3
Total Ireland	**2.5**	2.5	**8.1**	7.3

Management believes that any reasonably possible change in any of the key assumptions would not cause the operation's carrying amount to exceed its recoverable amount.

5. Property, plant and equipment

	Land and buildings € million	Plant and equipment € million	Returnable containers € million	Assets under construction € million	Total € million
Cost					
As at 1 January 2010	1,285.8	3,331.9	304.7	252.8	**5,175.2**
Additions	16.7	163.2	41.3	225.0	**446.2**
Disposals	(10.1)	(142.7)	(7.2)	—	**(160.0)**
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	132.4	202.3	0.1	(334.8)	**—**
Foreign currency translation	41.4	109.4	14.1	22.7	**187.6**
As at 31 December 2010	**1,464.9**	**3,664.9**	**353.0**	**165.7**	**5,648.5**
Depreciation					
As at 1 January 2010	243.4	1,871.9	98.6	—	**2,213.9**
Charge for the year	38.1	303.1	46.6	—	**387.8**
Disposals	(5.8)	(135.4)	(7.2)	—	**(148.4)**
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	58.0	5.5	—	**72.0**
As at 31 December 2010	**284.1**	**2,098.0**	**143.5**	**—**	**2,525.6**
Net book value as at 1 January 2010	1,042.4	1,460.0	206.1	252.8	**2,961.3**
Net book value as at 31 December 2010	**1,180.8**	**1,566.9**	**209.5**	**165.7**	**3,122.9**
Cost					
As at 1 January 2009	1,217.1	3,283.4	277.3	282.4	**5,060.2**
Additions	13.3	83.6	51.7	221.4	**370.0**
Adjustments arising on prior year acquisitions (refer to note 28)	13.3	8.1	8.0	0.2	**29.6**
Disposals	(18.1)	(153.7)	(25.8)	—	**(197.6)**
Reclassified from assets held for sale (refer to Note 13)	5.9	0.8	—	—	**6.7**
Classified to assets held for sale (refer to Note 13)	—	(2.4)	—	—	**(2.4)**
Reclassifications	72.5	179.4	0.7	(252.6)	**—**
Foreign currency translation	(18.2)	(67.3)	(7.2)	1.4	**(91.3)**
As at 31 December 2009	**1,285.8**	**3,331.9**	**304.7**	**252.8**	**5,175.2**
Depreciation					
As at 1 January 2009	219.1	1,761.3	85.6	—	**2,066.0**
Charge for the year	35.7	285.9	39.1	—	**360.7**
Disposals	(8.2)	(142.3)	(23.6)	—	**(174.1)**
Reclassified from assets held for sale (refer to Note 13)	0.7	0.7	—	—	**1.4**
Classified to assets held for sale (refer to Note 13)	—	(1.0)	—	—	**(1.0)**
Foreign currency translation	(3.9)	(32.7)	(2.5)	—	**(39.1)**
As at 31 December 2009	**243.4**	**1,871.9**	**98.6**	**—**	**2,213.9**
Net book value as at 1 January 2009	998.0	1,522.1	191.7	282.4	**2,994.2**
Net book value as at 31 December 2009	**1,042.4**	**1,460.0**	**206.1**	**252.8**	**2,961.3**

Assets under construction at 31 December 2010 include advances for equipment purchases of €48.3m (2009: €14.2m).

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:

	2010 € million	2009 € million
As at 1 January	**251.5**	263.7
Additions	**62.8**	33.5
Disposals	**(47.8)**	(17.1)
Depreciation charge	**(31.4)**	(28.7)
Foreign currency translation	**(0.1)**	0.1
As at 31 December	**235.0**	**251.5**

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 2010 was €42.0m (2009: €31.3m). The net book value of plant and equipment held under finance leases as at 31 December 2010 was €193.0m (2009: €220.2m).

6. Equity method investments

(a) Investments in associates

The effective interest held in and the carrying value of the investments in associates at 31 December are:

	Country of incorporation	Effective interest held 2010	Effective interest held 2009	Carrying value 2010 € million	Carrying value 2009 € million
Frigoglass Industries Limited	Nigeria	**16%**	16%	**14.5**	13.0
PET to PET Recycling Österreich GmbH	Austria	**20%**	20%	**0.9**	0.8
Total investments in associates				**15.4**	**13.8**

The Group holds an effective interest in Frigoglass Industries Limited through a 23.9% (2009: 23.9%) holding held by Nigerian Bottling Company plc, in which the Group has a 66.4% (2009: 66.4%) interest. There are restrictive controls on the movement of funds out of Nigeria.

Summarised financial information of the associates, concerning our effective interest held, is as follows:

	Frigoglass Industries Limited		PET to PET Recycling Österreich GmbH	
	2010 € million	2009 € million	2010 € million	2009 € million
Assets	**19.9**	14.5	**3.4**	3.2
Liabilities	**6.4**	3.9	**2.6**	2.4
Revenues	**14.8**	12.5	**2.0**	1.5
Total profit and loss for the year	**2.0**	1.3	**0.1**	0.1

6. Equity method investments (continued)

(b) Jointly controlled entities

The effective interest held in and the carrying value of the Group's jointly controlled entities, which are accounted for using the equity method of accounting, as at 31 December are:

	Country of incorporation	Effective interest held 2010	Effective interest held 2009	Carrying value 2010 € million	Carrying value 2009 € million
Fonti Del Vulture S.r.l	Italy	**50%**	50%	**20.8**	17.6
Ilko Hellenic Partners GmbH	Austria	**33%**	33%	**0.9**	1.0
Multivita Sp. z o.o.	Poland	**50%**	50%	**1.7**	1.9
Valser Mineralquellen GmbH	Switzerland	**50%**	50%	**2.3**	1.9
Total investments in jointly controlled entities				**25.7**	**22.4**

Apart from the companies mentioned above, the Group holds 50% effective interest (2009: 50%) in two additional jointly controlled entities, Dorna Apemin S.A. in Romania and Vlasinka d.o.o., in Serbia, whose carrying values are not significant.

Changes in the carrying amounts of equity method investments are as follows:

	2010 € million	2009 € million
As at 1 January	**36.2**	38.8
Capital increase	**2.9**	—
Share of results of equity method investments	**2.5**	(1.9)
Return of capital from associates	**(1.9)**	—
Foreign currency translation	**1.4**	(0.7)
As at 31 December	**41.1**	**36.2**

7. Available-for-sale financial assets

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

	2010 € million	2009 € million
As at 1 January	**17.7**	15.3
Purchases	**0.3**	2.8
Disposals	**(16.7)**	(0.3)
Unrealised gains/(losses) on available-for-sale financial assets	**0.5**	(0.1)
As at 31 December	**1.8**	**17.7**

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.

8. Financial Instruments

Categories of financial instruments at 31 December were as follows:

2010

Assets	Loans and receivables € million	Assets at FVTPL € million	Derivatives used for hedging € million	Held-to-maturity € million	Available-for-sale € million	Total € million
Investments	—	—	—	1.6	1.8	**3.4**
Derivative financial instruments	—	0.7	76.6	—	—	**77.3**
Trade and other receivables	1,003.6	—	—	—	—	**1,003.6**
Cash and cash equivalents	326.1	—	—	—	—	**326.1**
Total	**1,329.7**	**0.7**	**76.6**	**1.6**	**1.8**	**1,410.4**

Liabilities	Liabilities held at amortised cost € million	Liabilities at FVTPL € million	Derivatives used for hedging € million	Total € million
Trade and other payables	1,428.3	—	—	**1,428.3**
Borrowings	2,191.5	—	—	**2,191.5**
Derivative financial instruments	—	72.7	67.5	**140.2**
Total	**3,619.8**	**72.7**	**67.5**	**3,760.0**

2009

Assets	Loans and receivables € million	Assets at FVTPL € million	Derivatives used for hedging € million	Held-to-maturity € million	Available-for-sale € million	Total € million
Investments	—	—	—	1.6	17.7	**19.3**
Derivative financial instruments	—	16.5	67.0	—	—	**83.5**
Trade and other receivables	978.6	—	—	—	—	**978.6**
Cash and cash equivalents	232.0	—	—	—	—	**232.0**
Total	**1,210.6**	**16.5**	**67.0**	**1.6**	**17.7**	**1,313.4**

Liabilities	Liabilities held at amortised cost € million	Liabilities at FVTPL € million	Derivatives used for hedging € million	Total € million
Trade and other payables	1,225.6	—	—	**1,225.6**
Borrowings	2,407.6	—	—	**2,407.6**
Derivative financial instruments	—	175.4	4.4	**179.8**
Total	**3,633.2**	**175.4**	**4.4**	**3,813.0**

8. Financial Instruments (continued)

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

	Assets € million	Liabilities € million
At 31 December 2010		
Current		
Foreign currency forward contracts	2.6	(4.1)
Foreign currency option contracts	1.6	—
Total current	**4.2**	**(4.1)**
Non-current		
Interest rate swap contracts	73.1	—
Cross-currency swap contracts	—	(136.1)
Total non-current	**73.1**	(136.1)
At 31 December 2009		
Current		
Foreign currency forward contracts	1.2	(4.4)
Foreign currency option contracts	2.7	—
Interest rate option contracts	7.7	—
Total current	**11.6**	**(4.4)**
Non-current		
Interest rate swap contracts	71.9	—
Cross-currency swap contracts	—	(175.4)
Total non-current	**71.9**	**(175.4)**

As at 31 December 2010, other receivables of €11.6m (2009: €13.4m) served as collateral for open positions of interest rate and cross currency swap derivative financial instruments. The collateral is settled monthly and earns interest based on EONIA rate.

Net fair values of derivative financial instruments

(a) Cash flow hedges

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

	2010 € million	2009 € million
Contracts with positive fair values		
Foreign currency forward contracts	0.6	0.3
Foreign currency option contracts	1.2	0.3
Interest rate swap contracts	37.7	—
	39.5	**0.6**
Contracts with negative fair values		
Foreign currency forward contracts	**(3.4)**	**(1.9)**
Cross currency swap contracts	**(63.5)**	**—**
	(66.9)	**(1.9)**

8. Financial Instruments (continued)

Cash flows from the Group's cash flow hedges at 31 December 2010 are expected to occur and, accordingly, affect profit or loss in 2011, except for the combined interest rate/cross currency swap hedging contracts used for the $400m 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:

	2010 € million	2009 € million
Contracts with positive fair values		
Foreign currency forward contracts	1.7	0.9
Foreign currency option contracts	—	2.4
Interest rate swap contracts	35.4	63.1
	37.1	**66.4**
Contracts with negative fair values		
Foreign currency forward contracts	**(0.6)**	**(2.5)**

(c) Undesignated hedges

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

	2010 € million	2009 € million
Contracts with positive fair values		
Foreign currency forward contracts	0.3	—
Foreign currency option contracts	0.4	—
Interest rate swap contracts	—	8.8
Interest rate option contracts	—	7.7
	0.7	**16.5**
Contracts with negative fair values		
Foreign currency forward contracts	**(0.1)**	-
Cross-currency swap contracts	**(72.6)**	(175.4)
	(72.7)	**(175.4)**

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 2010 totaled €246.0m (2009: €385.3m). The notional principal amounts of the outstanding foreign currency option contracts at 31 December 2010 totaled €158.0m (2009: €144.7m)**.**

Interest rate swap contracts

The Group uses interest rate swap contracts to modify 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 $400m fixed rate debt. At 31 December 2010, there were no euro denominated interest rate swap contracts outstanding (2009: €792.5m). The notional principal amounts of the outstanding US dollar denominated interest rate swap contracts totaled $900.0m (2009:

8. Financial Instruments (continued)

$900.0m). In June and July 2010 the Group adjusted its interest rate profile by unwinding the euro denominated interest rate swap contracts maturing in 2011 and 2014. As a result an amount of €1.4 was credited to the income statement, in interest expense line.

The interest rate swap contracts outstanding at 31 December 2010 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
	900.0				

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

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 2010 the fair value of the cross-currency swap contracts represented a liability of €136.1m (2009: €175.4m). The cross-currency swap contracts are recorded as long-term liabilities, as the maturities of the instruments match the underlying notes. The €39.3m gain (2009: €15.7m loss, 2008: €27.0m gain) on the cross-currency swap contracts during 2010 was more than offset by the €44.9m loss, (2009: €15.7m gain, 2008: €27.0m 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 2010 totaled €803.9m (2009: €803.9m). The cross-currency swap contracts outstanding at 31 December 2010 are summarised as follows:

$ 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.

Interest rate option contracts

In 2009, the Company bought interest rate option contracts to hedge the incremental exposure arising from rising floating interest rates. In June and July 2010 the Group sold these option contracts. Consequently, there are no outstanding interest rate option contracts as at 31 December 2010 (2009: €857.0m).

8. Financial Instruments (continued)

	Ineffectiveness charged to the profit and loss € million	Fair value hedges charged to the profit and loss € million	Losses/(gains) released from equity to the profit and loss € million	Cash flow hedges taken to equity € million
31 December 2010				
Derivatives				
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
Hedged items				
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)**
Recorded in				
Operating expenses	—	0.6	2.0	
Interest expense	(1.0)	—	—	
Total	**(1.0)**	**0.6**	**2.0**	
31 December 2009				
Derivatives				
Interest rate swap contracts	1.6	(41.3)	—	—
Foreign currency forward contracts / Foreign currency option contracts	—	(3.1)	(9.7)	6.4
Hedged items				
Borrowings	—	32.5	—	—
Forecast transactions	—	—	—	(6.4)
Other foreign currency assets / liabilities	—	3.1	—	—
Total	**1.6**	**(8.8)**	**(9.7)**	**—**
Recorded in				
Operating expenses	—	—	(9.7)	
Interest expense	1.6	(8.8)	—	
Total	**1.6**	**(8.8)**	**(9.7)**	
31 December 2008				
Derivatives				
Interest rate swap contracts	3.6	96.3	—	—
Foreign currency forward contracts / Foreign currency option contracts	—	3.9	1.3	(14.4)
Hedged items				
Borrowings	—	(96.3)	—	—
Forecast transactions	—	—	—	14.4
Other foreign currency assets / liabilities	—	(3.9)	—	—
Total	**3.6**	**—**	**1.3**	**—**
Recorded in				
Operating expenses	—	—	1.3	
Interest expense	3.6	—	—	
Total	**3.6**	**—**	**1.3**	

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:

	2010 € million	2009 € million
Deferred tax assets	**34.8**	29.6
Deferred tax liabilities	**(172.8)**	(142.3)
Total deferred tax	**(138.0)**	**(112.7)**

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

	2010 € million	2009 € million
Deferred tax assets		
To be recovered after more than 12 months	**60.4**	55.5
To be recovered within 12 months	**94.6**	87.8
	155.0	**143.3**
Deferred tax liabilities		
To be recovered after more than 12 months	**(285.4)**	(245.0)
To be recovered within 12 months	**(7.6)**	(11.0)
	(293.0)	**(256.0)**
Deferred tax liabilities (net)	**(138.0)**	**(112.7)**

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:

	2010 € million	2009 € million	2008 € million
As at 1 January	**(112.7)**	(105.1)	(70.7)
Taken to the income statement (refer to Note 22)	**(29.5)**	(24.2)	0.8
Taken to equity	**0.3**	3.0	0.5
Pre-acquisition deferred tax assets in connection with acquisition of CCB, recognised subsequent to business combination (refer to Note 20 and 22)	**10.2**	1.6	0.9
Arising on prior year acquisitions	—	10.4	(43.6)
Foreign currency translation	**(6.3)**	1.6	7.0
As at 31 December	**(138.0)**	**(112.7)**	**(105.1)**

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:

Deferred tax liabilities	Tax in excess of book depreciation € million	Assets impairment € million	Capital investment incentives € million	Derivative instruments € million	Other deferred tax liabilities € million	Total € million
As at 1 January 2009	(203.4)	(3.0)	(2.2)	(0.4)	(51.3)	(260.3)
Taken to the income statement	(10.0)	—	—	—	(6.7)	(16.7)
Taken to equity	(1.3)	—	—	1.0	1.1	0.8
Arising on prior year acquisitions	(30.8)	—	—	—	41.2	10.4
Transfer to deferred tax asset	0.2	—	—	—	3.4	3.6
Foreign currency translation	5.9	0.1	—	—	0.2	6.2
As at 31 December 2009	**(239.4)**	**(2.9)**	**(2.2)**	**0.6**	**(12.1)**	**(256.0)**
Taken to the income statement	(25.6)	(0.2)	—	—	(1.9)	(27.7)
Taken to equity	—	—	—	0.2	—	0.2
Transfer to deferred tax asset	—	—	—	—	2.6	2.6
Foreign currency translation	(11.3)	0.1	—	—	(0.9)	(12.1)
As at 31 December 2010	**(276.3)**	**(3.0)**	**(2.2)**	**0.8**	**(12.3)**	**(293.0)**

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 2009	2.6	76.5	22.5	12.6	9.2	31.8	155.2
Taken to the income statement	(0.2)	(9.3)	(3.6)	0.9	—	6.3	(5.9)
Taken to equity	—	1.4	—	—	—	0.8	2.2
Transfer (from)/to deferred tax liability	(0.2)	—	—	—	—	(3.4)	(3.6)
Foreign currency translation	(0.5)	(3.1)	(0.5)	0.2	(0.4)	(0.3)	(4.6)
As at 31 December 2009	**1.7**	**65.5**	**18.4**	**13.7**	**8.8**	**35.2**	**143.3**
Taken to the income statement	(0.1)	(6.6)	10.3	4.5	3.3	(3.0)	8.4
Taken to equity	—	(0.1)	—	—	—	0.2	0.1
Transfer (from) / to deferred tax liability	—	(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	**1.6**	**59.1**	**29.8**	**18.2**	**11.6**	**34.7**	**155.0**

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 €3.3m (2009: €14.0m). €2.0m of this unrecognised deferred tax asset is attributable to tax losses that expire between 2011 and 2015 and €1.3m is attributable to tax losses that will expire between 2016 and 2019.

The aggregate amount of temporary differences associated with investment in subsidiaries and interests in joint ventures, for which deferred tax liabilities have not been recognised amount to €2,143.6m (2009: €1,802.6m). 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:

	2010 € million	2009 € million
Non-current prepayments	**52.2**	41.4
Loans to non-related parties	**4.5**	7.8
Loans to related parties	**3.0**	6.7
Held-to-maturity investments	**1.6**	1.6
Total other non-current assets	**61.3**	**57.5**

11. Inventories

Inventories consisted of the following at 31 December:

	2010 € million	2009 € million
Finished goods	**195.7**	171.1
Raw materials and work in progress	**182.8**	153.0
Consumables	**103.2**	100.9
Payments on account	**—**	0.1
Total inventories	**481.7**	**425.1**

12. Trade receivables

Trade receivables consisted of the following at 31 December:

	2010 € million	2009 € million
Trade receivables	**938.4**	895.9
Less: Provision for doubtful debts	**(68.2)**	(65.3)
Total trade receivables	**870.2**	**830.6**

The credit period given to customers ranges from 7 days to 90 days depending on the country and customer type. In most territories, interest is not charged for late payment.

12. Trade receivables (continued)

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 trade receivables are as follows:

	2010 € million	2009 € million
Due within due date	**706.1**	704.1
Less: Provision for doubtful debts within due date	**(3.5)**	(0.3)
Past due	**232.3**	191.8
Less: Provision for doubtful debts past due	**(64.7)**	(65.0)
Total trade receivables	**870.2**	**830.6**
Collateral held against trade receivables	**22.1**	**25.3**

As at 31 December 2010, trade receivables of €167.6m (2009: €126.8m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2010 € million	2009 € million
Up to 3 months	**140.7**	**111.7**
3 to 6 months	**16.9**	**12.8**
6 to 9 months	**5.8**	**1.2**
More than 9 months	**4.2**	**1.1**
	167.6	**126.8**

As at 31 December 2010, trade receivables of €64.7m (2009: €65.0m) were past due and impaired or provided for. The ageing analysis of these receivables is as follows:

	2010 € million	2009 € million
Up to 3 months	**(5.4)**	**(7.6)**
3 to 6 months	**(11.5)**	**(10.3)**
6 to 9 months	**(4.5)**	**(8.3)**
More than 9 months	**(43.3)**	**(38.8)**
	(64.7)	**(65.0)**

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

	2010 € million	2009 € million	2008 € million
As at 1 January	**(65.3)**	**(53.1)**	**(45.4)**
Amounts written off during the year	**7.7**	**7.9**	**4.2**
Amounts recovered during the year	**11.2**	**3.4**	**2.9**
Increase in allowance recognised in profit or loss	**(21.1)**	**(24.0)**	**(16.6)**
Foreign currency translation	**(0.7)**	**0.5**	**1.8**
As at 31 December	**(68.2)**	**(65.3)**	**(53.1)**

The provision for doubtful debts is recorded within operating expenses.

13. Other receivables

Other receivables consisted of the following at 31 December:

	2010 € million	2009 € million
Prepayments	**100.1**	84.3
Receivables from related parties	**55.1**	64.0
VAT and other taxes receivable	**20.1**	16.0
Collateral for interest rate swap contracts (refer to Note 8)	**11.6**	13.4
Loans and advances to employees	**8.2**	6.0
Receivables from sale of property, plant and equipment	**4.0**	1.8
Assets classified as held for sale	**1.8**	1.4
Other	**32.6**	45.4
Total other receivables	**233.5**	**232.3**

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

	2010 € million	2009 € million
Due within due date	**50.4**	53.9
Past due	**4.7**	10.1
Total related party receivables	**55.1**	**64.0**
Collateral held against related party receivables	**0.3**	—

As at 31 December 2010, related party receivables of €4.7m (2009: €10.1m) were past due but not impaired. The ageing analysis of these related party receivables is as follows:

	2010 € million	2009 € million
Up to 3 months	**3.0**	8.1
3 to 6 months	**0.5**	1.2
6 to 9 months	**0.1**	0.7
More than 9 months	**1.1**	0.1
Total	**4.7**	**10.1**

During 2008, non-current assets with net book value of €11.0m were reclassified from property, plant and equipment to assets held for sale in our established markets. Of this balance, €5.1m related to buildings and €5.9m related to computer software and hardware. As at 31 December 2008, buildings and computer software with a net book value of €5.3m remained classified as held for sale, while the sale of computer hardware and software was made at their net book value. In 2009, these assets were reclassified to property, plant and equipment, after being adjusted for the depreciation that would have been recognised had the assets not been classified as held for sale, because the criteria for continued classification as held for sale were no longer met.

13. Other receivables (continued)

During 2009, non-current assets with net book value of €1.4m were reclassified from property, plant and equipment to assets held for sale in our developing markets. These assets relate to vehicles and production equipment. As at 31 December 2009, plant and equipment with a net book value of €1.4m remained classified as held for sale. In 2010, €1.0m were reclassified to property, plant and equipment, after being 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 and €0.4m remained classified as held for sale since we expect that these vehicles will be sold during 2011.

During 2010, non-current assets with a net book value of €1.8m were classified 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 has been sold during 2010 and the amount of €0.6m concerns a plant in our emerging markets.

14. Cash and cash equivalents

Cash and cash equivalents at 31 December comprise the following:

	2010 € million	2009 € million
Cash at bank, in transit and in hand	**72.8**	87.7
Short-term deposits	**253.3**	144.3
Total cash and cash equivalents	**326.1**	**232.0**

Cash and cash equivalents are held in the following currencies:

	2010 € million	2009 € million
Euro	**283.5**	161.3
Serbian dinar	**10.7**	4.9
Belarusian rouble	**7.6**	4.7
FYROM dinar	**4.4**	5.5
Croatian kuna	**4.0**	16.7
Russian rouble	**3.7**	23.1
Nigerian naira	**3.0**	4.1
Bulgarian lev	**2.0**	2.0
Ukrainian hryvnia	**1.6**	0.3
Romanian leu	**1.3**	2.2
Swiss franc	**1.2**	1.4
Bosnia and Herzegovina convertible mark	**0.9**	1.3
US dollar	**0.6**	0.7
Hungarian forint	**—**	1.0
Other	**1.6**	2.8
Total cash and cash equivalents	**326.1**	**232.0**

The amount of dividends payable to the Company by its operating subsidiaries is subject to, among other 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. Dividends paid to us by certain of our subsidiaries are also subject to withholding taxes

15. Borrowings

The Group held the following borrowings at 31 December:

	2010 € million	2009 € million
Bank overdrafts	**44.2**	35.5
Current portion of long-term bonds, bills and unsecured notes	**305.0**	1.1
Commercial paper	**127.0**	189.5
Loan payable to related parties (refer to Note 34)	**1.2**	1.2
Other	**8.9**	9.8
	486.3	237.1
Obligations under finance leases falling due within one year	**48.8**	69.9
Total borrowings falling due within one year	**535.1**	**307.0**
Borrowings falling due within one to two years		
Bonds, bills and unsecured notes	**—**	518.1
Other borrowings	**—**	0.1
Borrowings falling due within two to five years		
Bonds, bills and unsecured notes	**1,259.7**	880.5
Loan payable to related parties (refer to Note 34)	**3.1**	9.9
Borrowings falling due in more than five years		
Bonds, bills and unsecured notes	**298.4**	601.7
	1,561.2	2,010.3
Obligations under finance leases falling due in more than one year	**95.2**	90.3
Total borrowings falling due after one year	**1,656.4**	**2,100.6**
Total borrowings	**2,191.5**	**2,407.6**

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, which 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 2010 was €127.0m (2009: €189.5m).

As at 31 December 2010, Coca-Cola Hellenic had a €500.0m syndicated loan facility, issued through various financial institutions, expiring on 17 December 2012. 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 the syndicated loan facility since inception.

Euro medium-term note programme ('EMTN')

In 2001, the Group has established a €2.0bn euro medium-term note programme which has been renewed annually since then. Bonds issued under the programme through the wholly-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.

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 in 2011. On 14 December 2010, Coca-Cola HBC Finance B.V. purchased an aggregate amount of €198.9m which is 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. (refer to Note 28) 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.

As at 31 December 2010, a total of €1.1bn in bonds issued under the €2.0bn EMTN programme were outstanding. A further amount of €0.9bn is available for issuance.

Notes issued in the US market

On 17 September 2003, Coca-Cola Hellenic successfully completed, through its 100% owned subsidiary Coca-Cola HBC Finance B.V., a $900.0m (€673.4m at 31 December 2010 exchange rates) global offering of privately placed notes with registration rights. The first tranche consisted of an aggregate principal amount of $500.0m (€374.1m at 31 December 2010 exchange rates) due in 2013 and the second tranche consisted of an aggregate principal amount of $400.0m (€299.3m at 31 December 2010 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 SEC. Acceptances under the offer, which was finalised in February 2004, were $898.1m. The notes are fully, unconditionally and irrevocably 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
€301.1m bond	15 July 2004	15 July 2011	4.375%
$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%

The fair value of bonds and notes payable, including the current portion, is €1,919.0m (2009: €2,083.4m) compared to their book value, including the current portion, of €1,863.1m (2009: €2,001.4m).

15. Borrowings (continued)

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

	2010 € million	2009 € million
Less than one year	**48.8**	69.9
Later than one year but less than two years	**20.7**	49.5
Later than two years but less than three years	**14.6**	11.1
Later than three years but less than four years	**11.3**	9.1
Later than four years but less than five years	**4.6**	4.1
Later than five years	**44.0**	16.5
Present value of finance lease liabilities	**144.0**	**160.2**

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

	2010 € million	2009 € million
Less than one year	**53.2**	76.8
Later than one year but less than two years	**24.3**	53.0
Later than two years but less than three years	**17.0**	12.9
Later than three years but less than four years	**13.8**	10.3
Later than four years but less than five years	**6.8**	5.0
Later than five years	**46.8**	21.1
	161.9	179.1
Future finance charges on finance leases	**(17.9)**	(18.9)
Present value of finance lease liabilities	**144.0**	**160.2**

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:

	2010 Current € million	2010 Non-current € million	2009 Current € million	2009 Non-current € million
Euro	**487.7**	**881.2**	264.2	1,414.0
US dollar	**—**	**744.1**	—	679.8
Nigerian naira	**23.6**	**—**	22.0	—
Ukrainian hryvnia	**9.4**	**0.6**	1.9	0.5
UK sterling	**6.0**	**18.1**	—	—
Bulgarian lev	**4.2**	**—**	17.1	—
Polish zloty	**3.2**	**12.4**	1.6	6.3
Other	**1.0**	**—**	0.2	—
Borrowings	**535.1**	**1,656.4**	**307.0**	**2,100.6**

15. Borrowings (continued)

The carrying amounts of the borrowings held at fixed and floating interest rate as at 31 December 2010, 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	1,292.3	76.6	**1,368.9**	5.4%	2.8
US dollar	744.1	—	**744.1**	5.3%	3.6
Nigerian naira	—	23.6	**23.6**	—	—
Ukrainian hryvnia	10.0	—	**10.0**	7.8%	1.0
UK sterling	—	24.1	**24.1**	—	—
Bulgarian lev	—	4.2	**4.2**	—	—
Polish zloty	—	15.6	**15.6**	—	—
Other	1.0	—	**1.0**	—	—
Financial liabilities	**2,047.4**	**144.1**	**2,191.5**	**5.4%**	**3.1**

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 $400m 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.

As a result, the $500m 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 $400m US dollar fixed rate debt which was initially swapped into a euro floating-rate obligation was restructured to a €357m 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)
Bulgarian lev	1 month SOFIBOR (Sofia inter-bank offer rate)
Nigerian naira	3 month NIBOR (Nigerian inter-bank offer rate)
Polish zloty	1 month WIBOR (Warsaw inter-bank offer rate)

16. Trade and other payables

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

	2010 € million	2009 € million
Trade payables	**384.7**	308.0
Accrued liabilities	**594.9**	493.4
Payables to related parties (refer to Note 34)	**181.4**	122.1
Deposit liabilities	**107.3**	111.3
Other tax and social security liabilities	**77.6**	73.6
Salaries and employee related payable	**62.5**	60.6
Statutory minimum dividend (refer to Note 29)	**—**	41.6
Current portion of provisions (refer to Note 17)	**38.5**	41.1
Derivative liabilities (refer to Note 8)	**4.1**	4.4
Deferred income	**2.2**	1.5
Other payables	**10.9**	11.7
Total trade and other payables	**1,464.1**	**1,269.3**

17. Provisions

Provisions consisted of the following at 31 December:

	2010 € million	2009 € million
Current		
Employee benefits	**22.4**	22.5
Restructuring and other	**16.1**	18.6
Total current provisions	**38.5**	**41.1**
Non-current		
Employee benefits	**106.2**	110.3
Other	**13.7**	19.3
Total non-current provisions	**119.9**	**129.6**
Total provisions	**158.4**	**170.7**

The movements in restructuring and other provisions comprise:

	2010 € million	2009 € million	2008 € million
As at 1 January	**37.9**	15.6	19.5
Arising during the year	**35.0**	34.6	7.6
Utilised during the year	**(43.5)**	(33.4)	(14.2)
Unused amount reversed	**0.1**	—	(2.6)
Arising on acquisitions	**—**	—	6.4
Arising on prior year acquisitions	**—**	21.4	—
Foreign currency translation	**0.3**	(0.3)	(1.1)
As at 31 December	**29.8**	**37.9**	**15.6**

Restructuring and other provisions comprise outstanding balances relating to restructuring of €9.6m (2009: €15.3m, 2008: €9.1m) that is expected to be completed in 2011, a provision for long-term supply contracts in Italy of €10.7m (2009: €16.4m, 2008: nil) and a provision for onerous contracts in Russia of €5.9m (2009: €5.4m, 2008: €5.5m). In addition 2010 included other items of €3.6m (2009: €0.8m, 2008: €1.0m).

17. Provisions (continued)

Employee benefits

Employee benefits consisted of the following at 31 December:

	2010 € million	2009 € million
Defined benefit plans		
Employee leaving indemnities	**91.9**	95.3
Pension plans	**2.7**	2.3
Long service benefits—jubilee plans	**7.7**	7.0
Total defined benefits plans	**102.3**	**104.6**
Other employee benefits		
Annual leave	**9.6**	6.7
Stock appreciation rights	**0.1**	1.2
Other employee benefits	**16.6**	20.3
Total other employee benefits	**26.3**	**28.2**
Total employee benefits obligations	**128.6**	**132.8**

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

	2010 € million	2009 € million
Current	**22.4**	22.5
Non-current	**106.2**	110.3
Total employee benefits obligations	**128.6**	**132.8**

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, the plan in Greece and one plan in Switzerland. The Austrian plans do not have plan assets.

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

17. Provisions (continued)

Reconciliation of defined benefit obligation:

	2010 € million	2009 € million
Present value of defined benefit obligation at 1 January	**352.9**	336.0
Service cost	**13.3**	12.4
Interest cost	**17.0**	15.9
Plan participants' contributions	**4.6**	4.2
Past service cost arising from amendments	**(2.2)**	0.4
Curtailment/settlement	**5.2**	2.9
Arising on prior year acquisitions	**—**	0.1
Benefits paid	**(39.4)**	(32.0)
Actuarial (gain)/loss	**(6.7)**	11.2
Foreign currency translation	**29.9**	1.8
Present value of defined benefit obligation at 31 December	**374.6**	**352.9**

Reconciliation of plan assets:

	2010 € million	2009 € million
Fair value of plan assets at 1 January	**207.1**	174.7
Expected return on plan assets	**12.2**	9.5
Actual employer's contributions	**10.5**	13.7
Actual participant's contributions	**4.6**	4.2
Actual benefits paid	**(11.7)**	(14.4)
Actuarial (loss)/gain	**(0.1)**	16.6
Foreign currency translation	**26.3**	2.8
Fair value of plan assets at 31 December	**248.9**	**207.1**

In determining its expected long-term rate of return assumption, the Group uses forward-looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. Adjustments are made to the expected long-term rate of return assumptions annually based upon revised expectations of future investment performance of the overall capital markets, as well as changes to local laws that may affect the investment strategy. The expected long-term rate of return assumption used in computing 2010 net periodic pension cost for the plans was 5.51%.

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

	2010 € million	2009 € million
Present value of funded obligations	**264.6**	229.1
Fair value of plan assets	**(248.9)**	(207.1)
	15.7	22.0
Present value of unfunded obligations	**110.0**	123.8
Unrecognised actuarial loss	**(45.2)**	(52.8)
Unrecognised past service benefit	**(0.5)**	(0.6)
Defined benefit obligations	**80.0**	92.4
Plus: amounts recognised within long term assets	**22.3**	12.2
Total defined benefit obligations	**102.3**	**104.6**
Actual return on plan assets	**12.4**	**26.3**

17. Provisions (continued)

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

	2010 € million	2009 € million
Defined benefit obligation as at 1 January	**92.4**	99.5
Expense recognised in the income statement	**25.5**	25.5
Employer contributions	**(10.5)**	(13.7)
Benefits paid	**(27.7)**	(17.6)
Arising on prior year acquisitions	**—**	0.1
Foreign currency translation	**0.3**	(1.4)
Defined benefit obligation as at 31 December	**80.0**	**92.4**
Plus: amounts recognised within long term assets	**22.3**	12.2
Total defined benefit obligation as at 31 December	**102.3**	**104.6**

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

	2010 %	2009 %
Discount rate	**4.43**	4.73
Expected return on plan assets	**5.40**	5.51
Rate of compensation increase	**3.06**	3.58
Pension increases	**0.67**	0.73

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

	2010 € million	2009 € million	2008 € million
Current service cost	**13.3**	12.4	14.5
Interest cost	**17.0**	15.9	17.3
Expected return on plan assets	**(12.2)**	(9.5)	(11.5)
Amortisation of unrecognised actuarial obligation loss	**1.2**	2.1	1.1
Amortisation of unrecognised past service costs	**(2.2)**	0.6	0.4
Curtailment/settlement	**8.4**	4.0	(4.5)
Total	**25.5**	**25.5**	**17.3**

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

The assumptions used to recognise expenses in the income statement comprised the following for the years ended 31 December:

	2010 %	2009 %	2008 %
Discount rate	**4.73**	4.85	5.32
Expected return on plan assets	**5.51**	5.28	5.48
Rate of compensation increase	**3.58**	3.42	3.89
Pension increases	**0.73**	0.57	0.81

17. Provisions (continued)

Plan assets are invested as follows:

	2010 %	2009 %
Asset category		
Equity securities	**42**	44
Debt securities	**41**	41
Real estate	**10**	10
Cash	**7**	5
Total	**100**	**100**

Equity securities were not invested in ordinary shares of the Company as at 31 December 2010 and as at 31 December 2009.

The total employer contributions expected to be paid in 2011 are €10.8m.

The history of experience adjustments is as follows:

	2010 € million	2009 € million	2008 € million	2007 € million	2006 € million
Present value of defined benefit obligations	374.6	352.9	336.0	334.0	356.9
Fair value of plan assets	(248.9)	(207.1)	(174.7)	(206.3)	(200.9)
Deficit	**125.7**	**145.8**	**161.3**	**127.7**	**156.0**
Experience adjustment on plan liabilities	8.8	3.5	(2.6)	(6.5)	3.3
Experience adjustment on plan assets	0.2	16.8	(47.8)	(2.7)	2.2

Defined contribution plans

The expense recognised in the income statement in 2010 for the defined contribution plan is €15.5m (2009: €10.6m, 2008: €10.0m). 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 2008	363,738,357	181.9	1,644.7	**1,826.6**
Shares issued to employees exercising stock options	1,663,740	0.8	20.3	**21.1**
Balance as at 31 December 2008	**365,402,097**	**182.7**	**1,665.0**	**1,847.7**
Shares issued to employees exercising stock options	136,978	0.1	1.7	**1.8**
Capitalisation of share premium reserve	—	548.1	(548.1)	**—**
Expenses related to share capital increase (net of tax of €1.2m)	—	—	(4.8)	**(4.8)**
Return of capital to shareholders	—	(548.1)	—	**(548.1)**
Balance as at 31 December 2009	**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**

18. Share capital and share premium (continued)

There is only one class of shares, ordinary shares, of which the par value is €0.50. 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.

During 2008, Coca-Cola Hellenic's Board of Directors resolved to increase the share capital of the Company by issuing 824,832, 810,511 and 28,397 new ordinary shares, on 28 February, 13 May and 7 August 2008 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 €21.1m.

During 2009, Coca-Cola Hellenic's Board of Directors resolved to increase the share capital of the Company by issuing 5,751 and 131,227 new ordinary shares, on 28 August and 23 November 2009 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 €1.8m.

On 18 September 2009, Coca-Cola Hellenic announced proposals for a recapitalisation, which resulted in a capital return of approximately €548.1m to its shareholders, i.e. €1.50 per share. At an Extraordinary General Meeting of the Company held on 16 October 2009, shareholders approved an increase of the Company's share capital by €548.1m, through the capitalisation of share premium and an increase in the nominal value of each share by €1.50 per share. As a result, the nominal value of each share was increased from €0.50 to €2.00.

At the same Extraordinary General Meeting, the shareholders also approved the decrease of the Company's share capital by €548.1m, through a reduction of the nominal value of the shares by €1.50 per share. As a result, the nominal value of the shares was decreased from €2.00 to €0.50 per share, and an equal amount of capital was returned to the shareholders in cash.

Following shareholder and regulatory approval, the Company realised the capital return on 2 December 2009. The capital return was financed through a combination of accumulated cash and new debt.

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, as announced 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.

19. Reserves

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

	2010 € million	2009 € million	2008 € million
Treasury shares	**(57.2)**	**(14.9)**	**—**
Exchange equalisation reserve	**(129.2)**	**(309.1)**	**(191.9)**
Other reserves			
Shares held for equity compensation plan	**(0.8)**	(1.0)	(1.0)
Hedging reserve (net of deferred tax of €0.2m expense; 2009: €3.4m expense; 2008: €3.3m credit)	**(10.3)**	(1.2)	11.6
Tax-free reserve	**251.6**	241.1	223.2
Statutory reserve	**77.6**	77.2	85.5
Stock option reserve	**37.5**	30.8	24.4
Available-for-sale financial assets valuation reserve	**0.8**	3.0	(3.3)
Other	**19.0**	18.9	26.3
Total other reserves	**375.4**	**368.8**	**366.7**
Total reserves	**189.0**	**44.8**	**174.8**

19. Reserves (continued)

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 is 18,270,104 shares. Purchases under the programme are subject to a minimum purchase price of €1.00 per share and a maximum purchase price of €20.00 per share.

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 is dependent upon a number of factors including, without limitation, the relative attractiveness of alternative investment opportunities and the availability of funds. During 2010, 2,318,354 shares had been purchased pursuant to the share buy-back programme for a total value of €42.3m (2009: 1,111,781 shares purchased for a total value of €16.6m). As at 31 December 2010, 3,430,135 shares had been held by the Group pursuant to the share buy-back programme for a total value of €57.2m, bringing the shares in circulation to 362,706,305.

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.

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.

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.

Tax-free reserve

The tax-free reserve includes investment tax incentive and other tax-free or partially taxed reserves of the parent entity, Coca-Cola Hellenic. The tax-free reserve may be distributed if taxed, where applicable.

Statutory and other reserves

Statutory and other 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 (2009: €55.7m, 2008: €49.5m).

Stock option reserve

This reserve represents the cumulative charge to the income statement for employee stock option awards.

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.

20. Total operating costs

Total operating costs for the years ended 31 December comprised:

	2010 € million	2009 € million	2008 € million
Operating expenses	**2,062.3**	1,987.2	2,151.7
Impairment of intangible assets	**—**	—	189.0
Restructuring costs	**36.7**	44.9	—
Other items	**—**	(32.8)	15.8
Total operating costs	**2,099.0**	**1,999.3**	**2,356.5**

a) Operating expenses

	2010 € million	2009 € million	2008 € million
Selling expenses	**1,031.9**	968.1	1,059.0
Delivery expenses	**628.5**	602.8	658.7
Administrative expenses	**388.4**	396.5	419.8
Stock option expense (refer to Note 26)	**6.7**	6.4	9.3
Amortisation of intangible assets	**6.8**	4.7	3.7
Adjustments to intangible assets (refer to Note 4)	**—**	2.2	1.2
Losses on available-for-sale financial assets transferred from equity	**—**	6.5	—
Total operating expenses	**2,062.3**	**1,987.2**	**2,151.7**

In 2010, operating expenses include net losses on disposal of property, plant and equipment of €13.2m (2009: €10.5m losses, 2008: €12.3m gains).

(b) Adjustments to intangible assets

During 2010, 2009 and 2008, the Group recognized deferred tax assets on losses that had previously not been recognised on acquisition of CCB by HBC. Correspondingly, in 2010, a deferred tax credit of €10.2m (2009: €1.6m, 2008: €0.9m) has 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 (2009: €2.2m, 2008: €1.2m). For the credit that has been included in taxes please refer to Note 22.

(c) Restructuring costs

As part of the effort to optimise the cost base and sustain competitiveness in the market place, the Company undertook restructuring initiatives in 2010 which amounted to €36.7m (2009: €44.9m, 2008: nil) before tax. The Company recorded during 2010 €25.7m (2009: €29.9m, 2008: nil), €2.3m (2009: €10.8m, 2008: nil) and €8.7m (2009: €4.2m, 2008: nil) of restructuring charges in its established, developing and emerging markets, respectively. The restructuring concerns mainly employees' costs, outsourcing of certain functions as well as closure of production facilities.

(d) Other items

On 19 December 2008, it was announced that a production plant in Benin City, Nigeria, which was owned by the Nigerian Bottling Company plc in which the Group has a 66% interest, had been substantially damaged by fire. An impairment charge was recorded in December 2008 on certain assets totalling €15.8m. Of this impairment charge, €9.8m related to impairment of property, plant and equipment, and €4.5m related to the impairment of inventory balances. During 2009, €32.8m was received from the Company's insurers.

20. Total operating costs (continued)

(e) Staff costs

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

	2010 € million	2009 € million	2008 € million
Wages and salaries	**840.0**	779.0	844.5
Social security costs	**161.0**	151.0	154.7
Pension and other employee benefits	**129.5**	163.4	154.6
Termination benefits	**32.8**	35.2	5.4
Total staff costs	**1,163.3**	**1,128.6**	**1,159.2**

The average number of full-time equivalent employees in 2010 was 42,505 (2009: 44,231, 2008: 47,641).

(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:

	2010 € million	2009 € million
Audit fees	6.2	6.7
Audit related fees	0.2	0.1
Tax fees	—	—
Other fees	0.2	—
Total audit and all other fees	**6.6**	**6.8**

21. Finance costs

Net finance costs for the years ended 31 December comprised:

	2010 € million	2009 € million	2008 € million
Interest income	**7.4**	9.4	16.9
Finance expense	**(76.6)**	(67.7)	(103.9)
Net foreign exchange remeasurement losses	**(0.4)**	(3.7)	(6.7)
Finance charges paid with respect to finance leases	**(6.1)**	(10.8)	(14.7)
Total finance costs	**(83.1)**	**(82.2)**	**(125.3)**
Finance costs, net	**(75.7)**	**(72.8)**	**(108.4)**

Capitalised borrowing costs in 2010 amounted to €1.4m (2009: €4.3m, 2008: €6.4m). The interest rate used to capitalise borrowing costs of the Group for 2010 was 3.16% (2009: 2.59%, 2008: 4.68%).

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:

	2010 € million	2009 € million	2008 € million
Profit before tax per the income statement	**571.8**	564.1	346.3
Tax calculated at a tax rate of 24% (2009 and 2008: 25%)	**137.2**	141.0	86.6
Effect of different tax rates in foreign jurisdictions	**(24.5)**	(28.3)	(35.6)
Additional local taxes in foreign jurisdictions	**13.2**	17.4	16.2
Special tax in Greece	**21.2**	19.8	—
Tax holidays in foreign jurisdictions	**(2.0)**	(2.3)	(2.3)
Expenses non-deductible for tax purposes	**41.1**	32.5	91.7
Income not subject to tax	**(22.0)**	(34.9)	(42.5)
Changes in tax laws and rates	**(1.7)**	(1.7)	0.1
Current year tax losses not recognised	**0.5**	2.0	1.3
Recognition of pre-acquisition deferred tax assets	**(10.2)**	(1.6)	(0.9)
Utilisation of previously unrecognised post-acquisition tax losses	**(6.2)**	—	(0.1)
Recognition of previously unrecognised post-acquisition tax losses	**(6.5)**	—	(0.5)
Other	**(3.2)**	(1.4)	(7.6)
Income tax charge per the income statement	**136.9**	**142.5**	**106.4**

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 Contribution of Social Responsibility' was applied retrospectively on the parent company's 2009 total net income. The amount of such 'Extraordinary Contribution of Social Responsibility' applicable to 2009 was €21.2m. As a result the Group recorded a tax charge of €21.2m in 2010.

On 10 December 2009, the Greek Government had introduced the 'Extra Contribution of Social Responsibility by the Large Companies'. This law (Law Nr. 3808/2009) provided for a special additional tax on the parent company's 2008 total net income. As a result, the Group recorded a tax charge of €19.8m in 2009.

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

	2010 € million	2009 € million	2008 € million
Current tax charge	**117.6**	119.9	108.1
Deferred tax charge/(credit) (refer to Note 9)	**29.5**	24.2	(0.8)
Pre-acquisition deferred tax assets recognised subsequent to acquisition of CCB (refer to Note 20)	**(10.2)**	(1.6)	(0.9)
Total income tax charge	**136.9**	**142.5**	**106.4**

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:

	2010	2009	2008
Net profit attributable to the owners of the parent (€ million)	**423.2**	399.2	227.6
Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	**363.3**	364.9	364.8
Effect of dilutive stock options (million)	**0.2**	0.7	1.5
Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)	**363.5**	365.6	366.3
Basic and diluted earnings per share (€)	**1.16**	**1.09**	**0.62**

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 2010 were 3.4m (2009: 4.4m, 2008: 1.5m).

24. Components of other comprehensive income

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

	2010			2009			2008		
	Before-tax amount € million	Tax (expense)/ benefit € million	Net-of-tax amount € million	Before-tax amount € million	Tax (expense)/ benefit € million	Net-of-tax amount € million	Before-tax amount € million	Tax (expense)/ benefit € million	Net-of-tax amount € million
Available-for-sale financial assets	**(2.3)**	**0.1**	**(2.2)**	6.4	(0.1)	**6.3**	(12.5)	2.1	**(10.4)**
Cash flow hedges	**(9.3)**	**0.2**	**(9.1)**	(16.1)	3.3	**(12.8)**	15.7	(3.3)	**12.4**
Foreign currency translation	**181.5**	**—**	**181.5**	(79.5)	—	**(79.5)**	(289.2)	—	**(289.2)**
Share of other comprehensive income of equity method investments	**1.4**	**—**	**1.4**	(0.7)	—	**(0.7)**	(2.2)	—	**(2.2)**
Other comprehensive income	**171.3**	**0.3**	**171.6**	**(89.9)**	**3.2**	**(86.7)**	**(288.2)**	**(1.2)**	**(289.4)**

25. Shares held for equity compensation plan

The Group operates a stock purchase plan, the Coca-Cola HBC 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 HBC Employee Stock Purchase Trust. Matching shares vest 350 days 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 in the plan 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 2010, 272,279 shares were purchased by Coca-Cola Hellenic (2009: 334,859, 2008: 302,654) as matching shares to employee investments. The charge to the income statement totalled €5.2m (2009: €4.8m, 2008: €4.8m). Of this amount, €1.1m represented employer contributions made for Greek resident employees (2009: €1.0m, 2008: €1.2m). The cost of unvested matching shares held by the trust at the end of 2010, before they vest to employees, was €4.1m (2009: €3.8m, 2008: €3.6m). The total number of shares held by the trust at 31 December 2010 was 2,428,353 (2009: 2,327,925, 2008: 1,588,959). The total contributions made by employees to the trust during 2010 were €6.0m (2009: €5.5m, 2008: €5.6m).

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.

26. Stock option compensation plans

Coca-Cola Hellenic operates a stock-based 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 grant. 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.

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.

26. Stock option compensation plans (continued)

The following table summarises information regarding outstanding stock options exercisable at 31 December 2010 and stock options exercised during 2010:

	Exercise price after the capital return (€)	Vesting status 2010	Vesting dates for further increments			End of option period	Number of stock options outstanding
2001 Stock Option Plan							
Sub Plan 6	8.19	fully vested	-	-	-	12.12.2011	61,313
2003-2004 Plan/2003 Grant	9.67	fully vested	-	-	-	14.12.2013	27,000
2003-2004 Plan/2004 Grant	10.92	fully vested	-	-	-	02.12.2014	99,577
2005-2009 Plan/2005 Grant	14.03	fully vested	-	-	-	01.12.2015	642,636
2005-2009 Plan/2006A Grant	15.07	fully vested	-	-	-	20.03.2016	50,001
2005-2009 Plan/2006B Grant	13.85	fully vested	-	-	-	22.06.2016	15,000
2005-2009 Plan/2006 Grant	17.21	fully vested	-	-	-	12.12.2016	1,140,651
2005-2009 Plan/2007 Grant	27.25	fully vested	-	-	-	12.12.2017	1,374,283
2005-2009 Plan/2008A Grant	23.04	two thirds	20.06.2011	-	-	19.06.2018	30,000
2005-2009 Plan/2008 Grant	9.86	two thirds	11.12.2011	-	-	10.12.2018	1,526,668
2009-2011 Plan/2009 Grant	16.54	one third	10.12.2011	10.12.2012	-	09.12.2019	1,782,633
2009-2011 Plan/2010A Grant	20.00	none	18.03.2011	18.03.2012	18.03.2013	17.03.2020	30,000
2009-2011 Plan/2010 Grant	20.15	none	09.12.2011	09.12.2012	09.12.2013	08.12.2020	1,980,100
Total							**8,759,862**

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

	Number of stock options 2010	Weighted average exercise price 2010 (€)	Number of stock options 2009	Weighted average exercise price 2010 (€)
Outstanding at January 1	**7,415,442**	**16.33**	6,168,726	16.08
Granted	**2,010,100**	**20.15**	1,793,300	16.54
Exercised	**(597,365)**	**9.59**	(140,245)	11.36
Expired	**(1,453)**	**8.29**	(26,472)	9.87
Forfeited	**(66,862)**	**18.08**	(379,867)	17.66
Outstanding at December 31	**8,759,862**	**17.65**	**7,415,442**	**16.33**
Exercisable at December 31	**5,001,036**	**17.77**	**4,007,973**	**16.76**

The charge to the income statement for employee stock option awards for 2010 amounted to €6.7m (2009: €6.4m, 2008: €9.3m).

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.

26. Stock option compensation plans (continued)

Equity settled share based payments are measured at fair value at the date of grant using a binomial stock option valuation model. The inputs into the model are as follows:

	2010	2009	2008
Weighted average fair value of options granted	**€5.2**	€3.6	€2.7
Risk free interest rates	**3.0%**	3.3%	3.9%
Expected volatility	**32.2%**	28.2%	35.7%
Dividend yield	**1.5%**	1.7%	2.3%
Expected life	**4.0 years**	3.6 years	3.3 years

The weighted average remaining contractual life of share options outstanding under the stock option compensation plans at 31 December 2010 was 7.8 years (2009: 7.9 years, 2008: 8.2 years).

27. 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. The terms of the SARs were based upon the basic terms and conditions of stock option grants, except that instead of shares, the holders receive 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 vest in one-third increments each year for three years and can be exercised for up to ten years from the date of award. The last period for which SARs were granted was December 2005. Since then no further grants of SARs have been awarded.

Incremental fair value is calculated using the binomial stock option valuation model and represents the difference between the fair value of a SAR immediately after the modification and the original fair value of the respective SAR, measured immediately before the modification.

The following table summarizes information on stock appreciation rights outstanding on 31 December 2010:

	Exercise price (€)	Vesting status 2010	End of option period	Number of SARs outstanding
2001 - Sub Plan 6	8.19	fully vested	12.12.2011	**13,950**

27. Stock appreciation rights (continued)

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

	Number of SARs 2010	Weighted average exercise price 2010 (€)	Number of SARs 2009	Weighted average exercise price 2009 (€)
Outstanding on 1 January	77,250	9.60	152,266	9.73
Exercised	(63,300)	9.91	(69,698)	9.87
Expired	—	—	(5,318)	9.87
Forfeited	—	—	—	—
Outstanding on 31 December	**13,950**	**8.19**	**77,250**	**9.60**
Exercisable on 31 December	**13,950**	**8.19**	**77,250**	**9.60**

The inputs used for valuation of SARs are the same as those used for equity settled share based payments with the exception of risk-free interest rates which were 1.6% (2009: 2.4%, 2008: 4.3%).

The compensation expense relating to SARs recorded for 2010 amounted to a credit of €0.5m (2009: a debit of €0.5m, 2008: credit of €2.3m). The aggregated intrinsic value for the vested SARs at 31 December 2010 was €0.2m (2009: €0.5m, 2008: nil).

The weighted average remaining contractual life of share options outstanding under the SARs schemes at 31 December 2010 was 0.9 years (2009: 2.5 years, 2008: 2.2 years).

28. Business combinations

No business combination transactions occurred in 2010 and 2009. In 2008 the Group acquired Socib S.p.A

Acquisition of Socib S.p.A.

On 11 December 2008, the Group acquired 100% of Socib S.p.A. and related entities (collectively ‘Socib’), the second largest Coca-Cola franchise bottler in Italy. Socib’s franchise territory covers the southern Italian mainland plus Sardinia. The acquisition accounting was completed in December 2009, whereby the purchase price amounted to €209.3m (excluding acquisition costs), which includes the assumption of debt of €38.9m.

Details of the acquisition are as follows:

	As reported in 2008 € million	Adjustments € million	Adjusted values € million
Property, plant and equipment	54.2	29.6	**83.8**
Deferred tax assets	7.3	(3.7)	**3.6**
Other non-current assets	0.1	—	**0.1**
Inventories	15.0	3.9	**18.9**
Accounts receivable	50.4	1.9	**52.3**
Other current assets	6.9	(3.0)	**3.9**
Short-term borrowings	(28.4)	0.3	**(28.1)**
Accounts payable	(38.9)	15.0	**(23.9)**
Other current liabilities	(23.8)	(17.5)	**(41.3)**
Long-term borrowings	(10.9)	0.1	**(10.8)**
Other non-current liabilities	(6.2)	(15.2)	**(21.4)**
Fair value of net tangible assets acquired	**25.7**	**11.4**	**37.1**
Franchise agreements	150.0	(23.1)	**126.9**
Goodwill	89.1	(7.8)	**81.3**
Deferred tax arising on recognition of intangible assets	(47.1)	12.7	**(34.4)**
Fair value of net assets acquired	**217.7**	**(6.8)**	**210.9**
Purchase price	216.3	(7.0)	**209.3**
Costs of acquisition	1.4	0.2	**1.6**
Total consideration	**217.7**	**(6.8)**	**210.9**

Payments for acquisition of Socib in 2008	**224.3**
Receipts from acquisition of Socib in 2009	**(17.5)**
Payments for acquisition of Socib in future years	**4.0**
Costs of acquisition to be paid	**0.1**
Total consideration	**210.9**

The contribution of Socib to the results of the Group for the year ended 31 December 2008 was a loss of €1.0m, including restructuring charges of €1.3m. The acquisition resulted in the Group recording €81.3m of goodwill and €126.9m of franchise rights in its established countries segment.

The goodwill arising on the acquisition of Socib is attributed to synergies that the Group expects to realise by combining operations with those already existing in northern and central Italy.

29. Dividends

The reported net results of the parent company's statutory accounts do not require a 2010 statutory minimum annual dividend payment. As a result the Group has not recorded a dividend liability in respect of 2010.

The statutory minimum dividend recognised for 2009 amounted to €41.6m and was recorded as liability under 'Other payables' in the consolidated balance sheet. The remaining dividend of €68.1m was recorded in shareholders' equity in the second quarter of 2010 as an appropriation of retained earnings.

During 2010, a dividend of €0.30 per share totalling €102.0m was paid. During 2009, a dividend of €0.28 per share totalling €102.3m was paid. During 2008, a dividend of €0.25 per share totalling €91.3m 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 unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. 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 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 and consequently the net fair value of the gains or losses on these contracts will be transferred from the hedging reserve to the income statement at various dates during this period. 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 assets and liabilities, entities in the Group use Foreign currency forward contracts and foreign currency option contracts transacted with Group Treasury. Foreign exchange risk arises when future commercial transactions or recognised 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 subsequent 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 assets, liabilities or future transactions on a gross basis.

The following tables present details of the Group's sensitivity to increases and decreases in the euro and US dollar against the relevant foreign currencies. The sensitivity analysis is based on the historical volatility, over a twelve-month period, of the respective foreign currencies in relation to the euro and the US dollar. Management has determined the percentage change in each respective foreign currency to be a reasonable estimate of possible outcomes. The sensitivity analysis determines the potential gains and losses arising from the Group's foreign exchange positions as

30. Financial risk management (continued)

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 fiscal year 2010, 2009 and 2008 was as follows:

2010 exchange risk sensitivity analysis

		Euro strengthens against local currency		Euro weakens against local currency	
	% change	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million	Loss/(Gain) in income statement € million	(Gain)/loss in equity € million
Armenian dram	12.25%	—	—	—	—
Belarussian 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
FYROM dinar	9.48%	(1.0)	—	1.2	—
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%	0.1	0.3	(0.1)	(0.3)
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)
		0.8	**0.2**	**1.7**	**(5.8)**

		US dollar strengthens against local currency		US dollar weakens against local currency	
	% change	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
Belarussian rouble	2.87%	0.1	—	(0.1)	—
Bulgarian lev	10.22%	0.6	(0.1)	(0.8)	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
Serbian dinar	11.56%	—	—	—	—
Ukrainian hryvnia	3.21%	(0.9)	—	1.0	—
Croatian kuna	11.05%	—	(0.1)	—	0.1
		(5.2)	**(4.2)**	**6.2**	**3.0**

30. Financial risk management (continued)

2009 exchange risk sensitivity analysis

		Euro strengthens against local currency		Euro weakens against local currency	
	% change	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	(Gain)/loss in equity € million
Armenian dram	27.13%	—	—	—	—
Belarussian rouble	8.04%	(0.3)	—	0.4	—
Bulgarian lev	0.40%	(0.1)	—	0.1	—
Croatian kuna	3.22%	—	(0.1)	—	0.1
Czech koruna	8.16%	(0.4)	(1.0)	0.7	0.4
Hungarian forint	9.83%	(0.9)	(1.7)	0.5	(0.5)
FYROM dinar	3.89%	(0.1)	—	0.1	—
Moldovan leu	10.54%	0.2	—	(0.3)	—
Nigerian naira	12.44%	0.1	—	(0.3)	—
Polish zloty	11.04%	(8.8)	(2.4)	11.5	0.3
Romanian leu	3.36%	1.0	(0.4)	(0.4)	0.3
Russian rouble	6.90%	3.5	(1.7)	(3.6)	1.5
Serbian dinar	3.50%	—	—	—	—
Swiss franc	3.00%	—	(0.4)	—	0.4
UK sterling	10.23%	2.9	(0.2)	(4.5)	—
Ukrainian hryvnia	15.27%	0.2	—	(0.3)	—
US dollar	10.39%	(5.2)	3.0	5.9	(3.6)
		(7.9)	**(4.9)**	**9.8**	**(1.1)**

		US dollar strengthens against local currency		US dollar weakens against local currency	
	% change	Loss/(Gain) in income statement € million	(Gain)/loss in equity € million	(Gain)/loss in income statement € million	(Gain)/loss in equity € million
Belarussian rouble	7.45%	0.1	—	(0.1)	—
Bulgarian lev	10.74%	0.1	—	(0.1)	—
Euro	10.39%	3.0	(2.5)	(3.7)	3.0
Nigerian naira	7.52%	1.5	—	(1.7)	—
Romanian leu	11.60%	(0.1)	(1.0)	0.1	1.0
Russian rouble	11.29%	(0.2)	(0.2)	—	(1.0)
Serbian dinar	10.19%	0.1	—	(0.1)	—
Ukrainian hryvnia	15.91%	—	3.6	—	(5.0)
		4.5	**(0.1)**	**(5.6)**	**(2.0)**

30. Financial risk management (continued)

2008 exchange risk sensitivity analysis

		Euro strengthens against local currency		Euro weakens against local currency	
	% change	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million	(Gain)/loss in income statement € million	(Gain)/loss in equity € million
Armenian dram	17.88%	0.2	—	(0.2)	—
Belarussian rouble	19.65%	(0.2)	—	0.3	—
Croatian kuna	4.02%	0.1	(0.3)	(0.1)	0.3
Czech koruna	11.68%	2.5	2.8	(3.0)	(2.8)
Hungarian forint	10.47%	—	(1.8)	(1.5)	0.9
Moldovan leu	16.93%	0.7	—	(1.1)	—
Nigerian naira	31.24%	1.6	—	(3.1)	—
Polish zloty	14.51%	0.1	(7.4)	1.6	3.3
Romanian leu	11.08%	(0.8)	(1.3)	0.6	0.7
Russian rouble	20.68%	9.6	51.7	(18.5)	(80.2)
Serbian dinar	14.12%	1.9	—	(2.6)	—
Slovak koruna	7.00%	4.3	—	(4.9)	—
Swiss franc	10.76%	0.9	(4.0)	(1.8)	4.0
UK sterling	15.79%	4.6	1.1	(8.2)	(1.1)
Ukrainian hryvnia	29.75%	2.4	—	(4.5)	—
US dollar	18.05%	0.8	5.1	(2.6)	(6.9)
		28.7	**45.9**	**(49.6)**	**(81.8)**

		US dollar strengthens against local currency		US dollar weakens against local currency	
	% change	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
Euro	8.40%	(0.8)	(5.1)	2.6	6.9
Nigerian naira	3.27%	0.4	—	(2.0)	—
Romanian leu	13.00%	—	(0.7)	—	0.7
Russian rouble	5.70%	(1.6)	(5.2)	1.3	6.6
Ukrainian hryvnia	3.58%	(0.1)	6.2	0.1	(11.6)
		(2.1)	**(4.8)**	**2.0**	**2.6**

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 debt. 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

30. Financial risk management (continued)

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 matures 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.

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 2010 would have decreased by €1.8m (2009: €19.0m, 2008: €17.4m). 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 2010 would have increased by €1.8m (2009: €19.0m, 2008: €17.4m). This is mainly attributable to the Group's exposure to interest rates on its fixed rate bond that have been swapped to a floating rate obligation.

Commodities price risk management

The Group has no material exposure to the effect of short-term changes in the price of sugar, fructose and aluminium as where possible it contracts prices with suppliers up to one year in advance.

Credit risk

The Group has limited concentration of credit risk across trade and financial counterparties. Policies are in place to ensure that credit sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. 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 2010 in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in 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.

The Group only undertakes investment transactions with banks and financial institutions that have a minimum independent credit rating of 'A' from Standard & Poor's or 'A2' from Moody's. In relation to derivative transactions, the financial institutions are required to have at least one long-term credit rating of 'AA-' or 'Aa3' from Standard & Poor's or Moody's Investors Service respectively.

30. Financial risk management (continued)

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 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 2010.

	€ million up to 1 year	€ million 1–2 yrs	€ million 2–5 yrs	€ million over 5 years
Borrowings	623.8	92.4	1,451.7	361.3
Derivative liabilities	4.1	—	—	—
Trade and other payables	1,421.5	—	—	6.8
As at 31 December 2010	**2,049.4**	**92.4**	**1,451.7**	**368.1**
Borrowings	375.2	691.8	987.7	653.3
Derivative liabilities	4.4	—	—	—
Trade and other payables	1,223.8	0.6	—	1.2
As at 31 December 2009	**1,603.4**	**692.4**	**987.7**	**654.5**

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.

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. This is evidenced by the strong credit ratings maintained with Standard & Poor's and Moody's Investors Service. In July 2010, Standard & Poor's Ratings Services affirmed Coca-Cola Hellenic's "A" long-term and "A-1" short-term corporate credit ratings and stable outlook. The long-term rating of the Company's senior unsecured debt was downgraded to "A-" in November 2010. The corporate credit ratings by Moody's remained unchanged over the period, i.e. "A3" long-term, "P2" short-term and stable outlook. 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' as shown in the consolidated balance sheet plus net debt. The Group's strategy is to maintain a gearing ratio within a 35% to 45% range. The gearing ratios at 31 December 2010 and 2009 were as follows:

30. Financial risk management (continued)

	2010	2009
	€ million	€ million
Total borrowings (refer to Note 15)	2,191.5	2,407.6
Less: Cash and cash equivalents (refer to Note 14)	(326.1)	(232.0)
Net debt	1,865.4	2,175.6
Total equity	3,095.9	2,595.9
Total capital	4,961.3	4,771.5
Gearing ratio	38%	46%

The decrease in the gearing ratio during 2010 resulted primarily from the current year profit which increased equity, from increased cash and cash equivalents through positive cash flows and reduced borrowings through partial repayment of the €500m euro-denominated bond due in 2011, which amounted to €198.9m (refer to Note 15).

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 2010.

Level 2

The fair value of foreign currency forward contracts, foreign currency option 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 and cross-currency swap contracts is calculated by reference to quoted forward exchange and deposit rates at 31 December 2010 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.

Level 3

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

The Group holds borrowings at both fixed and floating interest rates. Interest rate swap contracts have been used to manage the Group's exposure to interest rates, in line with the Group's fixed/floating rate strategy.

30. Financial risk management (continued)

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

	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				
Fair value hedges				
Foreign currency forward contracts	—	1.7	—	**1.7**
Interest rate swap contracts	—	35.4	—	**35.4**
Cash flow hedges				
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	1.5	—	0.3	**1.8**
Total financial assets	**1.5**	**77.3**	**0.3**	**79.1**
Financial liabilities at FVTPL				
Foreign currency forward contracts	—	(0.1)	—	**(0.1)**
Cross-currency swap contracts	—	(72.6)	—	**(72.6)**
Hedged financial liabilities				
Bonds and notes payable	—	(744.1)	—	**(744.1)**
Derivative financial liabilities used for hedging				
Fair value hedges				
Foreign currency forward contracts	—	(0.6)	—	**(0.6)**
Cash flow hedges				
Foreign currency forward contracts	—	(3.4)	—	**(3.4)**
Cross-currency swap contracts	—	(63.5)	—	**(63.5)**
Total financial liabilities	**—**	**(884.3)**	**—**	**(884.3)**

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/(losses) 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.

30. Financial risk management (continued)

The following table provides the fair value hierarchy in which fair value measurements are categorised for assets and liabilities at 31 December 2009:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Interest rate swap contracts	—	8.8	—	**8.8**
Interest rate option contracts	—	7.7	—	**7.7**
Derivative financial assets used for hedging				
Fair value hedges				
Foreign currency forward contracts	—	0.9	—	**0.9**
Foreign currency option contracts	—	2.4	—	**2.4**
Interest rate swap contracts	—	63.1	—	**63.1**
Cash flow hedges				
Foreign currency forward contracts	—	0.3	—	**0.3**
Foreign currency option contracts	—	0.3	—	**0.3**
Available-for-sale financial assets				
Equity securities	2.1	—	15.6	**17.7**
Total financial assets	**2.1**	**83.5**	**15.6**	**101.2**
Financial liabilities at FVTPL				
Cross-currency swap contracts	—	(175.4)	—	**(175.4)**
Hedged financial liabilities				
Bonds and notes payable	—	(1,184.1)	—	**(1,184.1)**
Derivative financial liabilities used for hedging				
Fair value hedges				
Foreign currency forward contracts	—	(2.5)	—	**(2.5)**
Cash flow hedges				
Foreign currency forward contracts	—	(1.9)	—	**(1.9)**
Total financial liabilities	**—**	**(1,363.9)**	**—**	**(1,363.9)**

The following table presents changes in fair value measurements for Level 3 items for the year ended 31 December 2009:

	€ million
As at 1 January 2009	13.2
Total gains/(losses) for the year	
In profit and loss	(0.2)
In other comprehensive income	(0.2)
Purchases	2.8
As at 31 December 2009	**15.6**
Total losses for the year included in profit or loss for assets held at 31 December 2009	**(0.2)**

Total losses for the year included in profit or loss for available-for-sale equity securities amounted to €0.2m, related to assets held at 31 December 2009 and were recorded within operating expenses.

31. Contingencies

The Greek Competition Authority issued a decision on 25 January 2002, imposing a fine on the Company of approximately €2.9 million 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 €1.8 million. 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 €8.9 million, 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 €5.9 million. The reduction of the fine by €2.8 million was recognised 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. The cases are still pending before the Supreme Administrative Court of Greece.

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 €7.7 million. 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.

In the second quarter of 2010, the Serbian Competition Authority opened an investigation into the commercial practices of the Company's Serbian subsidiary for potential abuse of dominance in the market for distribution of alcoholic and non-alcoholic beverages. The authority published an invitation for comments by third parties. At present, it is not possible to predict the final outcome of this investigation or quantify the likelihood or materiality of any potential liability arising from it.

The Company is also involved in various other legal proceedings. Management believes that any liability to the 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 condition of the Company taken as a whole.

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.

32. Commitments

(a) Operating leases

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

	2010 € million	2009 € million
Less than one year	**62.6**	69.6
Later than one year but less than five years	**141.3**	163.6
Later than five years	**26.8**	27.4
Future minimum lease payments	**230.7**	**260.6**

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

	2010 € million	2009 € million	2008 € million
Plant and equipment	**57.4**	**53.0**	52.3
Property	**46.1**	**46.8**	47.2
Total operating lease charges	**103.5**	**99.8**	**99.5**

(b) Capital commitments

At 31 December 2010 the Group had capital commitments amounting to €66.3m (2009: €27.2m). Of this, €0.5m related to the Company's share of the commitments of its joint ventures (2009: €1.1m).

(c) Long-term purchase commitments

At 31 December 2010 the Group had commitments to purchase raw materials amounting to €203.8m (2009: €128.9m). Of this, €13.2m related to the Company's share of the commitments of its joint ventures (2009: €24.2m).

33. Directors' and senior management remuneration

The total remuneration, including the fair value of stock option grants, paid to or accrued for directors and the senior management team during 2010 amounted to €14.1m (2009: €12.6m, 2008: €16.5m). Pension and post employment benefits for directors and the senior management team during 2010 amounted to €0.9m (2009: €1.1m, 2008: €0.8m).

The total number of stock options granted to the managing director and the senior management team in 2010 amounted to 1.2m (2009: 1.2m, 2008: 1.2m).

34. Related party transactions

a) The Coca-Cola Company

As at 31 December 2010, TCCC indirectly owned 23.2% (2009: 23.3%, 2008: 23.3%) 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. These agreements extend to 2013 and may be renewed at TCCC's discretion 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.

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 2010 amounted to €1,372.9m (2009: €1,283.6m, 2008: €1,390.9m).

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 €60.8m (2009: €56.9m, 2008: €45.8m). 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 2010, such contributions totalled €48.8m (2009: €39.9m, 2008: €37.6m). Contributions for general marketing programmes are recorded as an offset to selling expenses. In 2010, such contributions made by TCCC to Coca-Cola Hellenic totalled €15.8m (2009: €22.5m, 2008: €15.2m) and the contributions of Coca-Cola Hellenic to TCCC totalled €3.8m (2009: €5.5m, 2008: €7.0m). 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 2010, the Group did not record any gain from the sale of property, plant and equipment to TCCC (2009: €0.2m, 2008: €1.4m).

During the year, the Group sold €19.0m of finished goods and raw materials to TCCC (2009: €20.5m, 2008: €11.7m).

Other income primarily comprises rent, facility and other items of €14.3m (2009: €4.4m, 2008: €2.9m) and a toll-filling relationship in Poland of €17.6m (2009: €15.0m, 2008: €18.2m). There were no other expenses related to facility costs charged by TCCC and shared costs (2009: €1.5m, 2008: €2.5m) included in operating expenses.

During 2008 the Group recorded proceeds of €35.0m from the sale of the botaniQ, Römerquelle and Lanitis juice trademarks.

During 2010 the Group purchased €4.4m of franchise rights (nil in both 2009 and 2008) and received €4.9m (nil in both 2009 and 2008) from the sale of available-for-sale assets to TCCC.

As at 31 December 2010, the Group had a total amount due from TCCC of €53.8m (2009: €64.2m, 2008: €106.8m), of which €3.0m (2009: €6.7m, 2008: €4.5m,) related to loans to joint ventures with TCCC, and a total amount due to TCCC of €166.0m (2009: €125.1m, 2008: €160.0m).

34. Related party transactions (continued)

(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 43.9% 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 16% 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 2010, the Group made purchases of €101.0m (2009: €58.8m, 2008: €117.5m) of coolers, glass bottles and crowns from Frigoglass and its subsidiaries and incurred maintenance and other expenses of €5.7m (2009: €5.3m, 2008: €5.8m). In addition the Group recorded other income of €0.5m (2009: €0.7m, 2008: nil). As at 31 December 2010, Coca-Cola Hellenic owed €13.9m (2009: €3.6m, 2008: €12.2m) to, and was owed €1.2m (2009: €4.7m, 2008: €1.8m) 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 2010, the Group purchased inventory from BPW amounting to €89.4m (2009: €70.0m, 2008: €104.0m) and recorded income of €0.1m (2009: €0.1m, 2008: €0.1m). As at 31 December 2010, Coca-Cola Hellenic owed €4.4m (2009: €1.7m, 2008: €4.1m) to, and was not owed any amounts (2009: €0.3m, 2008: €0.6m) by BPW.

Kar-Tess Holding

As at 31 December 2010, Kar-Tess Holding owned 23.3% (2009: 29.5%, 2008: 29.5%) 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 wholly 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.

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 2010, the Group purchased €10.8m (2009: €10.0m, 2008: €11.1m) of finished goods and other materials and had no purchases of fixed assets (2009: €0.4m, 2008: €2.6m) from the Leventis Companies. Furthermore the Group sold €0.1m of finished goods and raw materials to the Leventis Companies

34. Related party transactions (continued)

(2009: nil, 2008: €0.2m) and incurred rental expenses of €0.6m (2009: €2.9m, 2008: €0.4m) from the Leventis Companies. In addition during 2010 the Group incurred other expenses of €0.4m (2009: nil, 2008: nil) and recorded other income of €1.0m (2009: nil, 2008: nil) with the Leventis Companies. As at 31 December 2010, the Group owed €1.3m (2009: €2.2m, 2008: €1.1m) to, and was owed €0.8m (2009: €0.2m, 2008: nil) by the Leventis Companies.

Plias S.A. and its subsidiaries ('Plias')

Plias is related to Coca-Cola Hellenic by way of some common shareholdings. During 2010, the Group had no purchases (2009: nil, 2008: €0.2m) of finished goods and other materials from Plias and had not recorded any income (2009: nil, 2008: €0.2m). At 31 December 2010, there were no payables to Plias S.A. (2009: €0.2m, 2008: nil) and no receivables from Plias S.A. (2009: nil, 2008: €0.6m).

Ilko Hellenic Partners GmbH ('Ilko')

On 27 March 2008 the Group together with TCCC and illycaffè S.p.A. formed a three-party joint venture for the manufacture, marketing, selling and distribution of premium ready-to-drink coffee under the 'illy' brand across Coca-Cola Hellenic's territories. During 2010, the Group received reimbursement for direct marketing expenses incurred of €0.8m (2009: €0.5m, 2008: €0.8m) and recorded other income of €0.3m (2009: €0.4m, 2008: nil). As at 31 December 2010, the receivables from Ilko were €1.4m (2009: €1.3m, 2008: €2.6m).

Other Coca-Cola bottlers

The Group sold €1.3m of finished goods (2009: nil, 2008: nil), purchased €0.5m of finished goods (2009: nil, 2008: nil), incurred expenses of €0.1m (2009: €0.1m, 2008: nil) and did not record any income (2009: nil, 2008: €0.1m) from other Coca-Cola bottlers over which TCCC has significant influence. At 31 December 2010, the receivables from such Coca-Cola bottlers were €0.1m (2009: nil, 2008: nil).

Other related parties

The Group purchased €1.4m (2009: €2.1m, 2008: €3.0m) of raw materials and finished goods and €0.3m (2009: €0.2m, 2008: €0.6m) of fixed assets from other related parties. Further, the Group incurred expenses of €2.1m (2009: €1.0m, 2008: €2.6m) and recorded income of €0.2m (2009: €0.2m, 2008: €0.1m). At 31 December 2010, the Group owed €0.1m (2009: €0.4m, 2008: €0.4m) to, and was owed €0.8m (2009: nil, 2008: €0.1m) by other related parties.

There are no significant transactions with other related parties for the year ended 31 December 2010.

35. List of principal Group companies

The following are the principal Group companies at 31 December:

	Country of registration	% ownership 2010	% ownership 2009
3E (Cyprus) Limited	Cyprus	100.0%	100.0%
AS Coca-Cola HBC Eesti	Estonia	100.0%	100.0%
Bankya Mineral Waters Bottling Company EOOD	Bulgaria	100.0%	100.0%
Brewinvest S.A.[(1)]	Greece	50.0%	50.0%
CC Beverages Holdings II B.V.	The Netherlands	100.0%	100.0%
CCB Management Services GmbH	Austria	100.0%	100.0%
CCB Services Limited	England and Wales	100.0%	100.0%
CCBC Services Limited	Republic of Ireland	100.0%	100.0%
CCHBC Armenia CJSC	Armenia	90.0%	90.0%
CCHBC Bulgaria AD	Bulgaria	85.4%	85.4%
CCHBC Insurance (Guernsey) Limited	The Channel Islands	100.0%	100.0%
CCHBC IT Services Limited	Bulgaria	100.0%	100.0%
Coca-Cola HBC Switzerland Ltd[(2)]	Switzerland	99.9%	99.9%
Coca-Cola Beverages Austria GmbH	Austria	100.0%	100.0%
Coca-Cola Beverages Belorussiya	Belarus	100.0%	100.0%
Coca-Cola Beverages Ceska republika, s.r.o.	Czech Republic	100.0%	100.0%
Coca-Cola Beverages Hrvatska d.o.o.	Croatia	100.0%	100.0%
Coca-Cola Beverages Slovenija d.o.o.	Slovenia	100.0%	100.0%
Coca-Cola Beverages Slovenska republika, s.r.o.	Slovakia	100.0%	100.0%
Coca-Cola Beverages Ukraine Ltd	Ukraine	100.0%	100.0%
Coca-Cola Bottlers Chisinau S.R.L.	Moldova	100.0%	100.0%
Coca-Cola Bottlers Iasi Srl	Romania	99.2%	99.2%
Coca-Cola Bottling Company (Dublin) Limited	Republic of Ireland	100.0%	100.0%
Coca-Cola HBC Balkan Holding B.V.	The Netherlands	100.0%	100.0%
Coca-Cola HBC—Srbija A.D., Zemun [(3)]	Serbia	91.2%	89.1%
Coca-Cola HBC B-H d.o.o. Sarajevo	Bosnia and Herzegovina	100.0%	100.0%
Coca-Cola HBC Finance B.V.	The Netherlands	100.0%	100.0%
Coca-Cola HBC Finance plc	England and Wales	100.0%	100.0%
Coca-Cola HBC Hungary Magyarország Kft.	Hungary	100.0%	100.0%
Coca-Cola HBC Ireland Limited	Republic of Ireland	100.0%	100.0%
Coca-Cola HBC Italia S.r.l.	Italy	100.0%	100.0%
Coca-Cola HBC Kosovo L.L.C.	Kosovo	100.0%	100.0%
Coca-Cola HBC Northern Ireland Limited	Northern Ireland	100.0%	100.0%
Coca-Cola HBC Polska sp. z o.o.	Poland	100.0%	100.0%
Coca-Cola HBC Romania Ltd	Romania	100.0%	100.0%
Coca-Cola Hellenic Bottling Company—Crna Gora d.o.o., Podgorica	Montenegro	91.2%	89.1%
Coca-Cola Hellenic Procurement GmbH	Austria	100.0%	100.0%
Deepwaters Investments Ltd	Cyprus	50.0%	50.0%
Dorna Apemin S.A[(1)].	Romania	50.0%	50.0%
Dorna Investments Limited	Guernsey	50.0%	50.0%
Dunlogan Limited	Northern Ireland	100.0%	100.0%
Elxym S.A.	Greece	100.0%	100.0%
Eurmatik S.r.l.	Italy	100.0%	100.0%
Fonti del Vulture S.r.l.[(1)]	Italy	50.0%	50.0%
Fresh & Co. d.o.o., Subotica[(1)]	Serbia	50.0%	50.0%
Ilko Hellenic Partners GmbH[(1)]	Austria	33.3%	33.3%
Jayce Enterprises Limited[(4)]	Cyprus	—	100.0%
Killarney Mineral Water Manufacturing Company Limited[(5)]	Republic of Ireland	—	100.0%
Lanitis Bros Ltd	Cyprus	100.0%	100.0%
Leman Beverages Holding S.à.r.l.	Luxembourg	90.0%	90.0%

Notes to the Consolidated Financial Statements (continued)

35. List of principal Group companies (continued)

	Country of registration	% ownership 2010	2009
LLC Coca-Cola HBC Eurasia	Russia	100.0%	100.0%
MTV West Kishinev Bottling Company S.A.	Moldova	100.0%	100.0%
Multivita Sp. Zo.o.(1)	Poland	50.0%	50.0%
Multon Z.A.O. Group(1)	Russia	50.0%	50.0%
Nigerian Bottling Company plc (6)	Nigeria	66.4%	66.4%
Panpak Limited	Republic of Ireland	100.0%	100.0%
Römerquelle Beteiligungsverwaltungs GmbH(1)	Austria	50.0%	50.0%
Römerquelle Liegenschaftsverwaltungs GmbH	Austria	100.0%	100.0%
SIA Coca-Cola HBC Latvia	Latvia	100.0%	100.0%
Socib S.p.A(7).	Italy	—	100.0%
Softbev Investments Limited	Cyprus	100.0%	100.0%
Softbul Investments Limited(8)	Cyprus	—	100.0%
Star Bottling Limited	Cyprus	100.0%	100.0%
Star Bottling Services Corp.	British Virgin Islands	100.0%	100.0%
Tsakiris S.A.	Greece	100.0%	100.0%
UAB Coca-Cola HBC Lietuva	Lithuania	100.0%	100.0%
Valser Mineralquellen GmbH (1)	Switzerland	50.0%	50.0%
Vendit Ltd	Republic of Ireland	100.0%	100.0%
Vlasinka d.o.o., Surdulica(1)	Serbia	50.0%	50.0%
Yoppi Hungary Kft.	Hungary	100.0%	100.0%

(1) Joint venture.

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

(3) On 25 June 2010, the Group initiated a tender offer to purchase all remaining shares of the non-controlling interest in Coca-Cola HBC – Srbija A.D., Zenum (''CCH Serbia''). The tender offer was completed on 2 August 2010 and resulted in the Group increasing its stake in CCH Serbia to 90.9%. Subsequently, the Group has made additional purchases in the market bringing its stake in CCH Serbia to 91.2% as at 31 December 2010.

(4) In 2010, Jayce Enterprises Limited was put into liquidation.

(5) In 2010, Killarney Mineral Water Manufacturing Company Limited was put into liquidation.

(6) On December 14, 2010 the board of directors of the Company's subsidiary Nigerian Bottling Company plc ("NBC") announced a proposed scheme of arrangement between NBC and its minority shareholders, involving the cancellation of part of the share capital of NBC, such that it would become a wholly-owned subsidiary of the Group. The Group currently owns 66.4% of the total share capital of NBC. The transaction is subject to final approval by the board of directors and a general meeting of shareholders of NBC. If approved, this transaction is expected to be completed during the second quarter of 2011, at which time NBC would be de-listed from the Nigerian Stock Exchange. The value of this transaction is approximately €94 million and it will result in cost savings, reduce complexity and allow NBC to fully leverage the financial strength and resources of the Group.

(7) During 2010, Socib S.p.A. was absorbed by Coca-Cola HBC Italia S.r.l.

(8) In October 2010, Softbul Investments Limited was liquidated.

36. Joint ventures

The Group has a 50% interest in four joint ventures, Brewinvest S.A., a group of companies engaged in the bottling and distribution of beer in Bulgaria and beer and soft drinks in FYROM, the Multon Z.A.O. Group of companies, which is engaged in the production and distribution of juices in Russia, Fresh & Co. d.o.o., which is engaged in the production and distribution of juices in Serbia, and the Römerquelle group, which is engaged in the bottling and distribution of water in Austria, which are accounted for as either jointly controlled operations or jointly controlled assets, depending on their structure, whereby the Group's proportional share of related assets, liabilities, revenues and expenses are recognised in the consolidated financial statements.

On 26 June 2008, the Group sold to TCCC a legal entity containing the trademarks for the Römerquelle group and 50% of a legal entity that acts as the operating entity, and that holds the rights to the water source, for the Römerquelle group. The Group has formed a joint venture with TCCC in respect of the production, sale and distribution of the Römerquelle group.

The following amounts are recognised in the consolidated financial statements as a result of its interests in these joint ventures at 31 December and for the years then ended:

	2010 € million	**2009 € million**	**2008 € million**
Balance sheet			
Non-current assets	**317.5**	298.6	315.2
Current assets	**147.4**	149.1	148.7
Total assets	**464.9**	**447.7**	**463.9**
Non-current liabilities	**(10.9)**	(37.1)	(35.6)
Current liabilities	**(91.3)**	(82.0)	(73.8)
Total liabilities	**(102.2)**	**(119.1)**	**(109.4)**
Net assets	**362.7**	**328.6**	**354.5**
Income statement			
Income	**256.2**	243.2	309.8
Expenses	**(232.8)**	(235.5)	(323.1)
Net profit/(loss)	**23.4**	**7.7**	**(13.3)**

In addition, the Group has an interest in six jointly controlled entities, which are accounted for using the equity method (refer to Note 6). Concerning the commitments from joint ventures please refer to Note 32.

37. Post balance sheet events

In February 2011, we sold all our interests in Eurmatik S.r.l., the vending operator in Italy. The fair value of the consideration is €13.5m. The disposal resulted in the Group derecognizing €10.6m of goodwill and €21.5m of assets in its established segment.

During the first months of 2011 the Group incurred €8.3m of restructuring costs before tax, €7.0m in its established, €0.4m in its developing and €0.9m in its emerging countries.

The Board of Directors decided to propose to the shareholders, in the Annual General Meeting to be held on 6 May 2011, an increase of the share capital by approximately €550m, through the capitalization of share premium and an increase in the nominal value of each share by €1.50 per share. As a result, the nominal value of each share will be increased from €0.50 to €2.00. At the same time the share capital will be decreased by approximately €183m, through a reduction of the nominal value of the shares by €0.50 per share. As a result, the nominal value of the shares will be decreased from €2.00 to €1.50 per share, and an equal amount of capital will be proposed to be returned to the shareholders in cash. The capital return will be financed through accumulated cash and is subject to shareholder and regulatory approval.

On 28 February 2011 the Group announced the successful offering by Coca-Cola HBC Finance B.V. (the "Issuer") of an additional €300m 4.25% fixed rate notes due 16 November 2016 and guaranteed by the Group (the "New Notes"). The New Notes shall be consolidated and form a single series with the existing €300m 4.25% fixed rate notes due 16 November 2016 issued on 16 November 2009. The proceeds of the issue will be used to repay the outstanding balance of the €500m 4.375% fixed rate guaranteed notes issued by the Issuer and guaranteed by the Group, which mature on 15 July 2011, and thereby extend the Group's overall debt maturity profile. The transaction was settled on 2 March 2011.