Bevco Lux S.à r.l.

Société à responsabilité limitée

Financial statements as at and for the year ended December 31, 2017

Bevco Lux S.à r.l.
37 A, Avenue J.F. Kennedy,
L-1855 Luxembourg
RCS B209913

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Audit report

To the Board of Managers of
Bevco Lux S.à r.l.

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Bevco Lux S.à r.l. (the "Company") as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

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

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Responsibilities of the Board of Managers for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit 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 Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Restriction on Distribution and Use

Our audit report on the financial statements is prepared in the context of a contractual audit requested by management to submit it to their shareholders and to satisfy bonds listing needs. Our report is intended solely for the Board of Managers, Shareholders and Bonds Holders. We do not accept responsibility to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 26 April 2018

Malik Lekehal

Bevco Lux S.à r.l.
Statement of financial position
(in EUR)

	Notes	December 31, 2017	December 31, 2016
		EUR	EUR
ASSETS			
Non-current assets			
Financial assets			
Investment securities	5	8,009,981,390	7,481,715,468
Total non-current assets		**8,009,981,390**	**7,481,715,468**
Current assets			
Loans granted	6	126,342,497	-
Other current assets	7	846,047	396,385
Cash and cash equivalents	8	4,516,871	154,028,360
Total current assets		**131,705,415**	**154,424,745**
TOTAL ASSETS		**8,141,686,805**	**7,636,140,213**
EQUITY			
Share capital	9a	76,706,354	76,706,354
Share premium	9b	6,446,428,384	6,458,777,755
Legal reserve	9c	7,368,268	-
Special reserve account	9d	1,436,475,699	1,137,480,851
Available-for-sale revaluation reserve	5	(678,007,369)	(910,159,659)
Currency translation adjustment	9e	690,302,868	690,302,868
Retained earnings	9f	(727,644,971)	(757,016,198)
Total equity		**7,251,629,233**	**6,696,091,971**
Current liabilities			
Loans and borrowings	10	889,239,284	890,138,045
Other current liabilities	11	818,288	49,910,197
Total current liabilities		**890,057,572**	**940,048,242**
Total liabilities		**890,057,572**	**940,048,242**
TOTAL EQUITY AND LIABILITIES		**8,141,686,805**	**7,636,140,213**

The accounting policies and notes on pages 11 to 41 form part of, and should be read in conjunction with, these financial statements.

Bevco Lux S.à r.l.
Statement of profit or loss
(in EUR)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
Income		**EUR**	**EUR**
Interest income	12	2,625,812	2,863
Dividend income	5	370,305,785	344,348,785
Change in fair value of derivative financial instruments		-	7,565,319
Realised loss on investment securities disposal	5	-	(897,884,128)
Change in fair value of investment securities	5	-	(839,901,840)
Net result on foreign currency operations	3.1a	86,143	5,284,176
Total net income/(loss)		**373,017,740**	**(1,380,584,825)**
Expenses			
Administrative expenses	13	(1,746,736)	(3,976,687)
Operating income/(loss)		**371,271,004**	**(1,384,561,512)**
Finance cost	14	(14,531,183)	(38,843,990)
Profit/(loss) before tax		**356,739,821**	**(1,423,405,502)**
Withholding tax on dividend income	15	(6,293,347)	(2,633,891)
Other taxes	15	(4,815)	-
Profit/(loss) for the year		**350,441,659**	**(1,426,039,393)**

The accounting policies and notes on pages 11 to 41 form part of, and should be read in conjunction with, these financial statements.

Bevco Lux S.à r.l.
Statement of comprehensive income
(in EUR)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
		EUR	**EUR**
Profit/(loss) for the year		**350,441,659**	**(1,426,039,393)**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Available-for-sale financial assets - net change in fair value	5	232,152,290	(910,159,659)
Currency translation adjustment	9e	-	(276,589,232)
Other comprehensive income/(loss) for the year		**232,152,290**	**(1,186,748,891)**
Total comprehensive income/(loss) for the year		**582,593,949**	**(2,612,788,284)**

The accounting policies and notes on pages 11 to 41 form part of, and should be read in conjunction with, these financial statements.

Bevco Lux S.à r.l.
Statement of changes in equity
(in EUR)

	Notes	Share capital	Share premium	Legal reserve	Special reserve account	Available-for-sale revaluation reserve	Currency translation reserve	Retained earnings	Total equity
Balance as at January 1, 2016 *(unaudited)*		**8,680**	**262,151,246**	**-**	**-**	**-**	**966,892,100**	**9,753,254,526**	**10,982,306,552**
(Loss) for the year		-	-	-	-	-	-	(1,426,039,393)	**(1,426,039,393)**
Other comprehensive income	5,9e	-	-	-	-	(910,159,659)	(276,589,232)	-	**(1,186,748,891)**
Transactions with owners in their capacity as owners:									
Share capital increase	9a	76,697,674	-	-	(76,684,809)	-	-	(12,865)	**-**
Allocation to share premium upon company reorganisation	9b	-	6,069,958,953	-	-	-	-	(6,069,958,953)	**-**
Conversion of promissory note to special equity reserves	9d	-	-	-	1,214,165,660	-	-	-	**1,214,165,660**
Distributions for the period	9f	-	-	-	-	-	-	(3,014,259,513)	**(3,014,259,513)**
Contributions for the year	9b	-	126,667,556	-	-	-	-	-	**126,667,556**
Balance as at December 31, 2016		**76,706,354**	**6,458,777,755**	**-**	**1,137,480,851**	**(910,159,659)**	**690,302,868**	**(757,016,198)**	**6,696,091,971**
Profit for the year		-	-	-	-	-	-	350,441,659	**350,441,659**
Other comprehensive income	5	-	-	-	-	232,152,290	-	-	**232,152,290**
Transactions with owners in their capacity as owners:									
Allocation to legal reserve	9c	-	-	7,368,268	-	-	-	(7,368,268)	**-**
Share premium reimbursement	9b	-	(12,349,371)	-	-	-	-	12,349,371	**-**
Contribution to special reserve	9d	-	-	-	298,994,848	-	-	-	**298,994,848**
Distributions for the year	9f	-	-	-	-	-	-	(326,051,535)	**(326,051,535)**
Balance as at December 31, 2017		**76,706,354**	**6,446,428,384**	**7,368,268**	**1,436,475,699**	**(678,007,369)**	**690,302,868**	**(727,644,971)**	**7,251,629,233**

The accounting policies and notes on pages 11 to 41 form part of, and should be read in conjunction with, these financial statements.

Bevco Lux S.à r.l.
Statement of cash flows
(in EUR)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
Cash flows from operating activities		**EUR**	**EUR**
Profit/(loss) before tax for the year		356,739,821	(1,423,405,502)
Adjustments for:			
Interest income	12	(2,625,812)	(2,863)
Dividend income	5	(370,305,785)	(344,348,785)
Change in fair value of derivative financial instruments		-	(7,565,319)
Finance costs - net	14	14,531,183	38,843,990
Change in fair value of investment securities	5	-	839,901,840
Realised loss on investment securities disposal	5	-	897,884,128
Net result on foreign currency operations		(70,348)	-
Other non-cash transactions		-	(186,048)
		(1,730,941)	1,121,441
Changes in:			
Derivative financial instruments		-	28,832,334
Other current assets		(449,775)	(396,385)
Other current liabilities		(1,401,055)	49,910,197
Cash generated (used in)/from operating activities		(3,581,771)	79,467,587
Other taxes paid	7	(713)	-
Net cash generated (used in)/from operating activities		**(3,582,484)**	**79,467,587**
Cash flows from investing activities			
Acquisitions of financial assets	5	(343,773,756)	(247,883,797)
Loans granted	6	(502,000,000)	-
Reimbursement of loans	6	50,000,000	-
Interest received		2,283,203	2,863
Dividend received	5	364,012,438	341,714,894
Proceeds from sale of financial assets	5	-	2,281,893,900
Net cash (used in)/generated from investing activities		**(429,478,115)**	**2,375,727,860**
Cash flows from financing activities			
Contributions for the year	9d	298,994,848	126,667,556
Distributions for the year	9f	-	(3,014,259,513)
Proceeds from borrowings - credit institutions	10	275,000,000	1,248,826,343
Proceeds from borrowings - related parties	10	120,000,000	100,861,398
Repayment of borrowings - credit institutions	10	(166,666,881)	(755,467,726)
Repayment of borrowings - related parties	10	(220,000,000)	-
Finance costs paid		(23,763,062)	(33,983,535)
Net cash generated/(used in) financing activities		**283,564,905**	**(2,327,355,477)**
Net (decrease)/increase in cash and cash equivalents		**(149,495,694)**	**127,839,970**
Cash and cash equivalents at the beginning of the year	8	**154,028,360**	**33,574,578**
Effects of foreign currency translation differences		(15,795)	(7,386,188)
Cash and cash equivalents at the end of the year	8	**4,516,871**	**154,028,360**

The accounting policies and notes on pages 11 to 41 form part of, and should be read in conjunction with, these financial statements.

1. General information

Bevco Lux S.à r.l. (hereinafter the "Company"), is a Société à Responsabilité Limitée having its registered office at 37a, Avenue J.F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Trade Register and Companies of Luxembourg ("RCS") under the number B 209.913 after migration of its activities from Bermuda to Luxembourg on October 14, 2016.

Prior to re-domiciliation, the Company was registered as Bevco Ltd. (Company number 40536) in Bermuda and used to be a direct subsidiary of Aguila Ltd. by 100%. The Company was a holder of 225,000,000 equity shares in SABMiller plc ("SABMiller") representing 13.9% of share capital of SABMiller.

Starting from October 14, 2016 the Company's immediate 100% shareholder is USD Bevco S.à r.l. ("USD Bevco") that was incorporated on August 12, 2016 under Luxembourg law. The ultimate controlling party of the Company is Aguila Ltd.

The purpose of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. In particular, the Company may acquire by subscription, purchase, and exchange or in any other manner any securities, shares and other equity securities, bonds, debts, certificates of deposit and other debt instruments and more generally any securities or financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may also invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any kind or origin whatsoever.

The Company may also use its funds to invest in real estate, as well as the reinstatement, management, development and disposal of its assets according to their composition over time. In the course of its business, the Company may borrow in any form whatsoever. It may issue notes, bonds and any other representative security of borrowings and / or claims. However, the Company may not publicly proceed to the raising of equity capital in any form whatsoever.

In October 2016 as a result of business combination between SABMiller and AB InBev, the Company acquired restricted shares in Anheuser-Busch InBev SA/NV ("AB InBev") which are unlisted, not admitted to trading on any stock exchange, and are subject to, among other things, restrictions on transfer until converted into new ordinary shares. Subject to limited exceptions, the restricted shares will only be convertible at the election of the holder into new ordinary shares on a one-for-one basis with effect from the fifth anniversary of completion of the acquisition. From completion of the acquisition, such restricted shares rank equally with the new ordinary shares with respect to dividends and voting rights.

The financial year of the Company begins on January 1 and ends on December 31.

The Company is included in the consolidated accounts of USD Bevco (the "parent company") which is the undertaking that prepares the consolidated accounts of the smallest body of undertakings of which the Company forms part as a subsidiary undertaking. The registered office of this Company is located at 37a, avenue J.F. Kennedy, L-1855 Luxembourg and the consolidated accounts can be obtained at this registered office.

The financial statements were approved for issuance by the Board of Managers of the Company on April 25, 2018.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of accounting and going concern

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, issued and effective as of December 31, 2017.

The financial statements have been prepared under historical cost convention, except for the measurement of investment securities that have been measured at fair value.

These financial statements have been prepared under the going concern assumption and the Company is viewed as continuing in business for the foreseeable future. Although as at December 31, 2017 the Company's current liabilities exceed its current assets resulting in negative working capital, the Company is fully committed to meeting its current obligations by maintaining adequate cash flows through alternative means, such as sale of unrestricted investment securities and/or additional capital contribution from its sole shareholder.

The Company maintains a strong credit standing with various credit institutions and has a credit line from the ultimate parent Aguila Ltd., having facilities denominated in both USD and EUR, with unused capacity of EUR 1,835,862,243 at December 31, 2017 (Please refer to Note 10). Termination dates of the credit facilities are staggered from 2018 to 2024.

2.2 Use of judgments, estimates, and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.3 Adoption of new and revised IFRSs

New and amended standards and interpretations issued, effective and adopted by the Company
The Company has adopted all of the new or amended standards in preparing these financial statements. The following standards and amendments have been adopted by the Company for the first time for the financial year beginning on January 1, 2017:

- Annual improvements to IFRSs 2014-2016 cycle; and
- Disclosure initiative: Amendments to IAS 7 and IAS 12.

None of the accounting pronouncements issued after December 31, 2016 and as of the date of these financial statements have a material effect on the Company's financial condition or result of operations.

New and amended standards and interpretations issued but not effective for the date of issuance of the Company's financial statements
Relevant Standards issued but not yet effective up to the date of issuance of the Company's financial report are listed below. The Company intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments.

IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Further, the new standard will require the Company to revise its current accounting policies, i.e. classification and impairment methodologies.

The main financial assets, namely equity investments in AB InBev shares, classified as available-for-sale under IAS 39 are expected to be designated at initial recognition at fair value through other comprehensive income ("FVOCI") with only dividend income recognised in profit or loss. The major difference would be that there is no recycling of amounts from other comprehensive income to profit or loss (for example, on sale of an equity instrument), nor are there any impairment requirements. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 has no material impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

Based on the assessment and given the nature of the Company's activity, management expects that the application of IFRS 15 will not have significant impact on the Company's financial statements.

2.4 Foreign currency translation

These financial statements are presented in Euro ("EUR"), which is the functional and presentation currency of the Company as at December 31, 2017.

Change of functional and presentation currency:

Prior to migration Bevco Ltd. had USD as its functional currency and had transactions in multiple currencies. Afterwards, the functional currency changed to EUR with the majority of transactions denominated in EUR. The investment strategy currently adopted by the Company is to compound capital on a long-term basis with absolute returns over inflation, through investment in businesses that benefit from industry fundamentals of branded products on a global basis or in selected industries such as infrastructure or real estate. Such investments are intended to be denominated in EUR. The Company is intended to act as the wider European financing centre to fund investing activities. Moreover, Euro is the currency in which funds from financing activity are generated.

Considering above circumstances, functional and presentation currency of the Company were changed from US Dollars ("USD") to Euro ("EUR") on October 14, 2016. All items in the primary statements were translated as at October 14, 2016 into new functional currency using the rate determined on that date (EUR/USD 1.1139).

For the purpose of presenting comparative figures, the results and financial position of the Company for the period prior to change of functional and presentation currency were translated into EUR using the following procedures:

- assets and liabilities for each statement of financial position presented were translated at the closing rate at the date of that statement of financial position;
- income and expenses were translated at average exchange rate for the year; and
- all resulting exchange differences were recognised as currency translation adjustment in other comprehensive income.

Translation of foreign currency transactions and balances:

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the date of the transactions which might comprise:

- the spot exchange rate for a given currency as at the date preceding the date of transaction – in case of settlements of receivables and payables and other transactions,

- the actual spot rate applied as at this date resulting from the type of transaction - in case of foreign currency purchases and sales.

At the end of the reporting year monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate determined at that date:

	Average rate - EUR		**Spot rate - EUR**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
USD 1	0.8870	0.9037	0.8338	0.9487
GBP 1	1.1413	1.2245	1.1271	1.1680

The foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of profit or loss.

2.5 Financial assets

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; or
- Available-for-sale financial assets (“AFS”).

The Company’s financial assets include mainly equity instruments that are initially recognised at fair value. These are classified as either financial assets at fair value through profit or loss or available-for-sale.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated at fair value through profit or loss at inception.

Derivatives are categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. They are subsequently measured at fair value with gains or losses recognised in the profit or loss statement.

Available-for-sale financial assets:

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets are subsequently measured at fair value with changes in fair value, other than impairment losses, recognised directly in other comprehensive income (in “available-for-sale revaluation reserve”). When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss statement.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Available-for-sale financial assets

The Company assesses at each reporting date whether there is objective evidence that an AFS financial asset is impaired. If any such evidence exists, impairment losses on AFS financial assets are recognised by reclassifying the losses accumulated in the AFS revaluation reserve to profit or loss. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as AFS are not reversed through profit or loss.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the Statement of profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of profit or loss.

2.6 Derivative financial instruments and hedging

The Company might uses derivative financial instruments, such as GBP Put/USD Call options and FX forward contracts to hedge its currency risk. Without qualifying for hedge accounting, such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The fair value of such contracts is determined by reference to market values for similar instruments.

At the purchase of Put/Call options and FX forward contract, the premium paid is accounted for as an asset and remeasured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in the statement of profit or loss as unrealised gains or losses.

2.7 Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank, short-term deposits with original maturities of three months or less and restricted cash.

Cash and cash equivalents are carried at nominal value in the statement of financial position.

2.9 Offsetting of financial instruments

Financial assets and financial liabilities are offset against each other with the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.10 Taxation

a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the relevant taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

b) Deferred tax

Deferred tax is derived using the statement of financial position liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary and associates, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused taxable tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The exemption on the initial recognition of the deferred tax may need to be revised ("eroded") in the subsequent periods.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

2.11 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved until such time as they are distributed.

2.12 Financial liabilities

a) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include loans and borrowings and other current liabilities.

b) Subsequent measurement

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (except for future losses related to loan granting) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

This category generally applies to loans and borrowings and other current liabilities. For more information, please refer to Note 10 and 11, respectively.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.13 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

2.14 Legal reserve

In accordance with Luxembourg Company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This transfer is made following approval of its statutory accounts by the sole shareholder. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

2.15 Interest income

Interest income or expense is recognised using the effective interest method.

2.16 Dividend income

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

2.17 Available-for-sale revaluation reserve

The available-for-sale revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

3. Financial risk management

3.1 Financial risk factors

The Company's overall risk management program focuses on minimizing the potential adverse effects of the financial risks on the performance of the Company. The financial risk is managed under policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

<u>*Currency risk*</u>

Currency risk management is aimed at managing within acceptable limits both the volatility of cash flows arising from fluctuations in the exchange rate of the functional currency against other currencies, and the adverse effect of movements in exchange rates on the earnings.

Table below summarises the Company's monetary assets and liabilities which are denominated in currencies other than the current functional currency.

	December 31, 2017*	December 31, 2016*
	USD	USD
Assets		
Cash and cash equivalents	2,919	12,498
Foreign currency exposure	**2,919**	**12,498**

** The amounts represented in the above table are the converted exposure in base currency i.e. EUR*

As at December 31, 2017, had the exchange rate between the USD to EUR increased or decreased by 10% compared to actual rate with all other variables held constant, the increase or decrease respectively in profit or loss/equity would amount to approximately EUR 292 (2016: EUR 1,250). This is mainly the result of foreign exchange gains/losses on translation of USD denominated transactions as shown above.

Currency risk of the Company is regularly monitored by the Company. The following instruments may be used to minimize the currency risk relating to the Company's foreign exchange transactions:

- forward foreign exchange contracts (also Non Delivery Forwards);
- foreign currency swaps;
- foreign currency options with an approved currency option hedging plan.

At December 31, 2017 Bevco Lux has investment securities and outstanding loan facilities denominated only in EUR which limits the Company's exposure to foreign currency risk.

As the investment currency of the shares of AB InBev and the functional currency of the Company are the same, foreign currency exposure risk is deemed as minor.

In line with the accounting policy 2.4, the foreign exchange gains or losses resulting from the settlement of transactions in foreign currency and from the translation at year-end foreign exchange rates of any monetary assets and liabilities denominated in foreign currency are recognised in the Statement of profit or loss and can be summarised as follows:

	2017	2016
	EUR	EUR
Net result on foreign currency operations	**86,143**	**5,284,176**

In 2016, the amounts of net result on foreign currency operations was high due to loans denominated in foreign currency which were subsequently reimbursed with the proceeds received from various sources of cash inflows during the period after migration date (Please refer to Note 18 a). In 2017, the net result on foreign currency operations is mainly due to transactions with suppliers.

Price risk

The Company's exposure to equity securities price risk arises from investment securities held by the Company and classified in the financial position as available for sale. The exposures are presented in the following table:

	Fair value December 31, 2017	Fair value December 31, 2016
Investment securities	**8,009,981,390**	**7,481,715,468**

As at December 31, 2017, management estimates by taking an implied short-term volatility of the AB InBev shares based on market data at 13.46% (2016: 22.00%), the increase or decrease in the value of the Company's available-for-sale securities as at December 31, 2017 would have increased or decreased equity by EUR 1,078,143,495 (2016: EUR 1,645,977,403).

The Company has only one type of investment which is being regulated and listed in the Euronext Brussels. In addition, its performance is being reviewed by management on a regular basis. Results are reported to the Board of Managers to take necessary actions and/or decisions in order to mitigate any shift in market prices.

Interest rate risk

The Company is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Loans and borrowings have floating interest rates on top of the agreed margins of the drawn amounts. Most of the loans and borrowings have floating interest rates, however, these are being closely monitored by the Company to determine and remedy financial impact due to sudden changes in applicable rates. In addition, changes in basis points with all other variables remain constant are not expected to have a material impact.

	December 31, 2017	December 31, 2016
Non-derivative financial assets	**EUR**	**EUR**
Loans granted (Refer to Note 6)	**126,342,497**	**-**
Non-derivative financial liabilities		
Loans and borrowings (Refer to Note 10)	**895,148,250**	**890,138,045**

The table below summarises the Company's exposure to interest rate risks, measuring rollover interest rate volatility using the below sensitivity parameters:

	Impact on the profit or loss and equity	
	December 31, 2017	**December 31, 2016**
Sensitivity parameter	**EUR**	**EUR**
+15 basis points would result to a decrease in the statement of profit or loss	(1,144,345)	(1,335,207)
-15 basis points would result to an increase in the statement of profit or loss	1,144,345	1,335,207
+5 basis points would result to a decrease in the statement of profit or loss	(381,448)	(445,069)
-5 basis points would result to an increase in the statement of profit or loss	381,448	445,069

The above reflects the last movements of the European Central Bank ("ECB") rates and can be assumed to be the most likely maximum interest change within a 12 month time period.

b) Credit risk

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to Bevco Lux in relation to lending, hedging, settlement and other financial activities. The company has a credit policy in place and the exposure to counterparty credit risk is monitored.

Bevco Lux mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties and working within agreed counterparty limits.

Bevco Lux has established minimum counterparty credit ratings and enters into transactions only with financial institutions of investment grade. The company monitors counterparty credit exposures closely and reviews any downgrade in credit rating immediately.

Based on these factors, the Company considers the risk of counterparty default as at December 31, 2017 to be limited.

Furthermore, the Company's financial assets are placed with a number of quality financial institutions, thereby reducing the concentration of counterparty credit risk to an acceptable level. None of these were in default at the reporting date.

The total assets bearing credit risk are the following:

	December 31, 2017	December 31, 2016
	EUR	EUR
Loans granted (Refer to Note 6)	126,342,497	-
Other current assets (Refer to Note 7)	846,047	396,385
Cash and cash equivalents (Refer to Note 8)	4,516,871	154,028,360
Total	**131,705,415**	**154,424,745**

The carrying amounts disclosed above represents the maximum exposure to credit risk.

These assets are analysed in the table below using Standard & Poor's rating:

	December 31, 2017	December 31, 2016
	EUR	EUR
A+	-	2,698,717
A	4,514,776	151,329,643
A-	2,095	-
Not rated	127,188,544	396,385
Total	**131,705,415**	**154,424,745**

Not rated financial assets are mainly composed of loans granted to related parties which are neither past due nor impaired.

c) Liquidity risk

Liquidity risk management primarily consists of maintaining sufficient cash as well as availability of funding through an adequate amount of committed debt facilities with financial institutions. The Company ensures to maintain the level of its cash and cash equivalents in excess of expected cash outflows on financial liabilities through a cash management policy.

The following are details of the contractual cash flows of non-derivative financial liabilities:

		Contractual cash flows*				
	Carrying amount	**1 - 3 months**	**4 - 6 months**	**7 - 12 months**	**> 12 months**	**Total**
As at December 31, 2017 (in EUR)						
Loans and borrowings	889,239,284	697,753,903	325,325	201,034,579	-	899,113,807
Other current liabilities	818,288	818,288	-	-	-	818,288
	890,057,572	**698,572,191**	**325,325**	**201,034,579**	**-**	**899,932,095**
Guarantee	-	38,225,170	-	-	118,988,585	157,213,755
Fees for unused credit facilities	-	1,652,386	2,256,635	5,085,181	39,263,954	48,258,156
Irrevocable commitment**	-	449,000,000	-	-	-	449,000,000
Total	**890,057,572**	**1,187,449,747**	**2,581,960**	**206,119,760**	**158,252,539**	**1,554,404,006**

		Contractual cash flows*				
	Carrying amount	**1 - 3 months**	**4 - 6 months**	**7 - 12 months**	**> 12 months**	**Total**
As at December 31, 2016 (in EUR)						
Loans and borrowings	890,138,045	559,176,894	358,983,149	-	-	918,160,043
Other current liabilities	49,910,197	49,910,197	-	-	-	49,910,197
	940,048,242	**609,087,091**	**358,983,149**	**-**	**-**	**968,070,240**
Guarantee	-	396,460,460	-	-	118,988,585	515,449,045
Irrevocable commitment**	-	296,113,632	-	-	-	296,113,632
Total	**940,048,242**	**1,301,661,183**	**358,983,149**	**-**	**118,988,585**	**1,779,632,917**

**Contractual cash flow amounts are gross and undiscounted until maturity*

***In December 31, 2017, irrevocable commitment represents not used credit limit of a loan facility to Aguila Ltd. which has no maturity, and is disclosed under 1-3 months maturity time band, it can be drawdown by either party at any time. In December 31, 2016, irrevocable commitment pertains to the commitment to purchase of up to 6,000,000 additional common shares in AB InBev at the market price per share on the date of actual purchase.*

For financial guarantee contracts, the maximum amount of the guarantees was allocated to the earliest period in which the guarantee could be called. Maturities of the loans and borrowings drawdowns are disclosed in Note 10 as at December 31, 2017 in the statement of financial position.

As at December 31, 2017, the Company and its parent USD Bevco S.à r.l., maintains various multi-currency credit lines denominated in USD and EUR, with a total capacity of EUR 3,175,910,000, out of which EUR 2,252,762,243 was undrawn (2016: EUR 2,810,486,132, out of which EUR 1,530,152,793 was undrawn).

In 2016, the Company along with its parent, USD Bevco S.à r.l., entered into “Amendment and restatement agreements” in respect of these credit facilities which was further amended in 2017, having new termination dates staggered from 2018 to 2024. The Company has pledged shares in AB InBev as collateral (Please refer to Note 10).

The facilities can be accessed to meet liquidity needs of both the Company and its parent in accordance with specific terms outlined in the agreements. There are no restrictions on the use of the facilities.

The Company does not foresee exposure to liquidity risk in the short to medium term given the amount of the collateralised committed credit in place.

In addition, the information in relation to guarantees and irrevocable commitments which are considered to have an impact to the gross and undiscounted contractual cash flows is disclosed in Note 17. Fees for unused credit facilities are calculated based on the future contractual cash flows (Refer to Note 10).

3.2 Capital risk management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for the sole shareholder and benefits for other stakeholders. The Company was not regulated for capital requirement purposes and the Company utilises debt provided by related parties and other financial institutions to fund its activities.

There were no covenant breaches as at December 31, 2017 and December 31, 2016 nor as of the date of approval of these financial statements.

Loan covenants being observed by the Company are:

1) submission of quarterly and/or annual primary financial statements to its lenders; and

2) If any of loan-to-value (LTV) ratios for each of the respective bank loan facilities are breached, the respective Lender may give notice (a "Margin Call Notice") to the Company, requiring the margin shortfall to be covered by:
   - depositing additional cash or cash equivalent collateral, to the relevant collateral accounts at the custodian bank;
   - providing additional securities collateral; or
   - prepaying loan principal so the outstanding financing amount no longer exceeds the borrowing base.

4. Critical accounting judgments and estimates

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

a) Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. When indicators of the primary economic environment are mixed, management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

b) Assessment of significant influence over investee

Management considers that the Company has no significant influence over AB InBev ("the investee") as defined in IAS 28, therefore the investee is not considered an associate.

Lack of significant influence is evidenced by the following:

- the Company owns less than 20% of the voting power of the investee (5.09% of total voting rights at December 31, 2017 and 4.94% at December 31, 2016);
- the Company does not participate in policy-making processes, including participation in decisions about dividends or other distributions;
- there are no material transactions between the Company and the investee;
- with the exception of the restricted shareholder's right to appoint a board member, there are no contractual arrangements or management contracts between the Company and the investee which could indicate the presence of significant influence over the investee;
- there is no interchange of managerial personnel or provision of essential technical information;
- the Company does not own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares of the investee which may give the Company additional voting power.

Although the Company is represented by one non-executive director in AB InBev Board of Directors, management believes this does not clearly establish significant influence given all the points above and the fact that the Company has only one out of fifteen total seats.

Management believes that the Company alone cannot absolutely or relatively, at a certain level, influence the financial and operating policy decisions to be taken by the investee. Moreover, the Company has no representatives in other Committees assisting the Board of Directors.

Estimates

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

c) Estimate of fair value

If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contractual terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and credit rating of a counterparty. Where market-based valuation parameters are not available, management makes a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools are used, including similar observable data, historical data and extrapolation techniques.

The Company considers that the accounting estimates and assumptions related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (a) they are highly susceptible to change from period to period because they require that management make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterpart, valuation adjustments and specific feature of the transactions and (b) the impact that recognising a change in the valuations would have on the assets reported in the statement of financial position as well as its income/(expense) could be material. Had management used different assumptions regarding interest rates, volatility, exchange rates, credit rating of a counterparty, offer date and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted in a material impact on the Company’s net profit and loss reported in the financial statements.

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making its judgement, the Company considers information from a variety of sources including:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data;
- Level 3 – Use of a model with inputs that are not based on observable market data.

December 31, 2017 (in EUR)	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale:				
- Equity securities	558,780,000	-	7,451,201,390	8,009,981,390
Total assets measured at fair value	**558,780,000**	**-**	**7,451,201,390**	**8,009,981,390**

December 31, 2016 (in EUR)	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale:				
- Equity securities	303,669,848	-	7,178,045,620	7,481,715,468
Total assets measured at fair value	**303,669,848**	**-**	**7,178,045,620**	**7,481,715,468**

Financial instruments	Level of fair value hierarchy	Valuation techniques and key inputs
AB InBev common shares	Level 1	Shares in AB InBev which are unrestricted and quoted in an active market (see Note 5).
AB InBev restricted shares *	Level 3	Restricted shares for a period of 5 years from the date of business combination between SABMiller and AB InBev are valued under the Black-Scholes Option Pricing Model. The restriction will cease to exist by October 2021.

** The Company is not able to sell these equity securities until expiry of the restriction i.e. October 2021. In addition, the Company is exposed to the volatility of the share price over the holding period to which it took into consideration the risk caused by this illiquidity in determining the fair market value of the restricted shares. On acquisition, the Company took the fair value of AB InBev shares which is the trading price of unrestricted shares adjusted by the discount due to lack of marketability. For each reporting period, a new discount rate for lack of marketability is determined to take the reduction for the restriction period and other market factors into account.*

The movements for Level 3 investments for the period are summarised as follows:

	December 31, 2017	December 31, 2016
	EUR	**EUR**
Opening net book amount	7,178,045,620	-
Additions	-	8,073,701,271
Net change in fair value - OCI	273,155,770	(895,655,651)
Closing net book amount	**7,451,201,390**	**7,178,045,620**

Bevco Lux received from AB InBev irrevocable consent to pledge their holding of restricted shares and any rights thereto as security in respect of any bona fide loan, credit facility, note, surety bond, letter of credit or other arrangement.

This letter of consent allowed the Company to pledged AB InBev shares as collateral for committed facilities against both its drawndown loans and committed borrowing facilities (Please refer to Note 10).

The Company used assumptions that are mainly based on market conditions existing at the reporting date.

The Company engaged an independent consultancy firm to determine the fair market value of investment in shares of AB InBev. They prepared an analysis comparing results from different valuation models (e.g. Black-Scholes, Finnerty) and historical records or studies to arrive at the most reasonable fair value of the shares. Based on their valuation report, the discount for lack of marketability (DLOM) arrived at using the Black-Scholes Option Pricing Model is the most appropriate. The indicative value as at December 31, 2017 for the restricted shares was obtained by applying a revised DLOM of 17.4% or EUR 1,569,623,537 discount on the trading price of the unrestricted shares at the end of the year (2016: DLOM of 26.3% or EUR 2,561,500,675 discount).

For purposes of the valuation, in determining the fair value as at December 31, 2017 the following assumptions were made:

(i) the hypothetical buyer is prudent but without synergistic benefit;

(ii) the business will continue as a going concern and not be liquidated;

(iii) the hypothetical sale will be for cash;

(iv) there is a readily available and willing buyer;

(v) volatility of 13.46% was implied (2016: 22.1%):

(vi) a risk free rate of (0.04)% was used (2016: 0.05%);

(vii) the time to expiration was based on the time remaining between the valuation date and the date of expiration of the restriction on the sale of the subject AB InBev shares; and

(viii) the dividend yield of 3.56% was assumed (2016: 3.58%).

Had the DLOM increased or decreased by 1% pp. as at December 31, 2017 compared to the actual discount used (2017: to 18.4% or 16.4%, respectively and 2016: to 27.3% or 25.3%, respectively), with all other variables held constant, the increase or decrease in equity would amount to EUR 90,208,249 (2016: EUR 97,395,463).

There are no indications that the investment in AB InBev is impaired based on management assessment as at December 31, 2017. Further, AB InBev has been consistently declaring and paying interim dividends to its investors (Please refer to Note 5).

Management believes that the carrying amount of financial assets and financial liabilities not measured at fair value recognised in the financial report approximated their fair values.

d) Estimation uncertainty

Except for the fair values of derivative financial instruments and equity investments, there are no other key assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

5. Investment securities

Investment securities are summarised by measurement category in the table below:

	December 31, 2017	December 31, 2016
	EUR	EUR
Financial assets		
Available-for-sale	8,009,981,390	7,481,715,468
	8,009,981,390	**7,481,715,468**

As at December 31, 2017 available-for-sale financial assets are represented by:

	December 31, 2017	December 31, 2016
No. of restricted AB InBev shares	96,862,718	96,862,718
AB InBev common shares	6,000,000	3,020,088
% of AB InBev share capital	5.09%	4.94%
Fair value in EUR of restricted shares*	7,451,201,390	7,178,045,620
Fair value in EUR of common shares	558,780,000	303,669,848

**Fair value includes a discount for lack of marketability (DLOM) in respect of the restricted shares in AB InBev.*

Investment securities transactions:

As at December 31, 2017, the acquisition program which the Company undertook during Q4 2016 in order to acquire 6 million of listed common shares in AB InBev was complete. Activity related to the program was as follows:

- On January 3, 2017, the amount of EUR 47,660,124 accrued during the financial year ended December 31, 2016 for the purchase of shares in AB InBev was settled and paid (Please refer to Note 11);

- From January 3 to January 31, 2017, the Company purchased 2,979,912 common shares of AB InBev with an acquisition value amounting to EUR 296,113,632;
- During December 2016, the Company acquired 3,020,088 common shares for a cost of EUR 295,543,921;
- In October 2016, according to the Combination and Partial Share Alternative scheme, the Company, in exchange of 225,000,000 shares of SABMiller with the fair value of EUR 11,250,982,273, has received 96,862,718 AB InBev restricted shares with the fair value of EUR 8,073,701,271 and the cash consideration of GBP 2,051,015,345 (EUR 2,281,893,900). The Company recognised a loss on this transaction in the amount of EUR 897,884,128, disclosed in line "Realised loss on investment securities disposal" in statement of profit and loss.

The total cash flow in respect of investment securities amounted to EUR 343,773,756 during the financial year ended December 31, 2017 (2016: EUR 247,883,797).

Changes in fair value of investment securities:

During the financial year, the share price in AB InBev changed from EUR 100.55 at December 31, 2016, to EUR 93.13 at December 31, 2017, which equates to a total market value decrease of EUR 759,724,848. This decrease was compensated by the reduction of the applicable DLOM rate from 26.3% at December 31, 2016 to 17.4% at December 31, 2017. The DLOM reduction amounted to an increase of EUR 991,877,138. The resulting net effect was recorded in other comprehensive income as available-for-sale - net change in fair value which amounted to EUR 232,152,290.

The negative changes in fair value of SABMiller shares were recorded in profit and loss as the shares were classified as financial assets at fair value through profit or loss. The impact on the result for the financial year ended December 31, 2016 amounted to a decrease of EUR 839,901,840. The impact for the financial year ended December 31, 2017 was nil since the shares were disposed in October 2016.

Changes in fair value of AB InBev shares have been recorded in the statement of other comprehensive income in available-for-sale revaluation reserve.

Dividends received:

During the financial year ended December 31, 2017, the Company received dividends from AB InBev of EUR 3.60 per share for a total gross amount of EUR 370,305,785 subject to withholding tax of 1.6995%.

During the financial year ended December 31, 2016 the Company received dividend of a total gross amount of EUR 344,348,785. This amount is made up by a SABMiller dividend for a total amount of EUR 189,368,436 and an AB InBev dividend of EUR 1.60 per share for a total gross amount of EUR 154,980,349 subject to a withholding tax of 1.6995% (Please refer to Note 15).

6. Loans granted

As at December 31, 2017 (as at December 31, 2016: nil), the total commitments, unused credit facilities and carrying amounts are disclosed in the table below:

Borrower	**Aguila Ltd.***	**SNI Luxembourg S.à r.l**	**Park S.à r.l.**	**Total**
Facility termination date	*undetermined period*	*22/08/2017*	*undetermined period*	
Interest rate	*EURIBOR + margin*	*Fixed rate*	*Base interest rate + margin*	
Currency	**EUR**	**EUR**	**EUR**	**EUR**
Total committed facility at December 31, 2016	**-**	**-**	**-**	**-**
Facility commitment granted	500,000,000	50,000,000	75,000,000	625,000,000
Facility commitment terminated	-	(50,000,000)	-	(50,000,000)
Total committed facility at December 31, 2017	**500,000,000**	**-**	**75,000,000**	**575,000,000**
Principal amount outstanding at December 31, 2016	**-**	**-**	**-**	**-**
Drawdowns	377,000,000	50,000,000	75,000,000	502,000,000
Repayments	-	(50,000,000)	-	(50,000,000)
Distributed as dividends in kind**	(326,000,000)	-	-	(326,000,000)
Total principal drawn amount at December 31, 2017	**51,000,000**	**-**	**75,000,000**	**126,000,000**
Total unused credit facilities at December 31, 2017	**449,000,000**	**-**	**-**	**449,000,000**
Carrying amount at December 31, 2017	**51,215,887**	**-**	**75,126,610**	**126,342,497**

In addition, on September 7, 2017, Bevco Lux's parent company, USD Bevco entered into an interest bearing loan facility agreement for an undetermined period with Aguila Ltd. amounting to EUR 416,900,000 (USD 500,000,000) which bears interest (i.e. LIBOR + margin). From a Group perspective, the Company can indirectly benefit from this loan facility. This facility was undrawn throughout 2017.

***On December 12, 2017, a portion of the loans granted were distributed by the Company as a dividend in kind to its parent, USD Bevco which amounted to EUR 326,000,000 and with interest of EUR 51,535. Subsequently, this was set-off against the loans payable to Aguila Ltd. and the remaining balance was repaid by the latter.*

7. Other current assets

As at December 31, 2017, and December 31, 2016 other current assets are composed as follow:

	December 31, 2017	**December 31, 2016**
	EUR	**EUR**
Advances to Park S.à r.l. (See Note 18 c)	845,334	396,385
Luxembourg wealth tax advances	713	-
	846,047	**396,385**

8. Cash and cash equivalents

The cash and cash equivalents are composed of cash at bank and on hand in an amount of EUR 4,516,871 as at December 31, 2017 (2016: EUR 154,028,360).

9. Equity

a) Share capital

Before the migration, the initial share capital amounted to USD 12,000 represented by twelve thousand shares with a par value of USD 1 per share. After translation to euro, the initial share capital amounted to EUR 8,680. To comply with the Luxembourg law the Company issued additional 12,000 shares on October 14, 2016 (migration date). At the migration date, the outstanding shares of the Company amounted to 24,000 which were converted to 21,545 shares denominated in EUR with a par value of EUR 1 per share.

On October 20, 2016, the Company issued 76,684,809 new shares to the sole shareholder all having a nominal value of EUR 1 each, fully paid by way of conversion of part of the special reserve account in an amount of EUR 76,684,809.

As at December 31, 2017, the share capital of the Company amounted to EUR 76,706,354.

Ordinary shares issued and fully paid	**No. of shares**	**EUR**
Outstanding at January 1, 2016 *(unaudited)*	**12,000**	**8,680**
Additional issuance pursuant to increase in share capital (12,000 shares)	12,000	12,865
Outstanding at the migration date of October 14, 2016	**24,000**	**21,545**
Conversion of the outstanding 24,000 shares to 21,545 shares denominated in EUR	**21,545**	**21,545**
Conversion of other reserve to new shares on October 20, 2016	76,684,809	76,684,809
Outstanding at December 31, 2016	**76,706,354**	**76,706,354**
Outstanding at December 31, 2017	**76,706,354**	**76,706,354**

Authorised shares are fully subscribed and paid as at December 31, 2017 and December 31, 2016.

b) Share premium

	EUR
As at January 1, 2016 *(unaudited)*	**262,151,246**
Capital contributions for the year	126,667,556
Allocation to share premium upon company migration	6,069,958,953
As at December 31, 2016	**6,458,777,755**
Share premium reimbursement	(12,349,371)
As at December 31, 2017	**6,446,428,384**

As at October 14, 2016, migration date, the total retained earnings of the Company was capitalised and allocated to share premium account which amounted to EUR 6,069,958,953.

The sole shareholder of the Company resolved to make a distribution by way of share premium reimbursement which amounted to EUR 12,349,371 for the financial year ended December 31, 2017 (2016: nil).

c) Legal reserve

	EUR
As at December 31, 2016	**-**
Allocation to legal reserve	7,368,268
As at December 31, 2017	**7,368,268**

In accordance with Luxembourg company law, the Company is required to allocate a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital.

d) Special reserve account

	EUR
As at January 1, 2016 *(unaudited)*	**-**
Conversion of promissory note to special equity reserves	1,214,165,660
Share capital increase	(76,684,809)
As at December 31, 2016	**1,137,480,851**
Capital contribution for the year	298,994,848
As at December 31, 2017	**1,436,475,699**

The Special reserve account is an alternative way of making or increasing equity contribution. This involves a contribution of value to a special reserve account in the Company's books which is characterised as equity but which does not involve the issuance of shares.

On October 14, 2016, Bevco Lux, upon receiving approval from lenders, transferred all USD denominated bank loans of net book value EUR 1,214,165,660 to its parent, USD Bevco. Further agreed between both parties that the sole shareholder will hold an interest free receivable from the Company as a consideration for the assumed USD debt.

As evidence of the transaction, the parties involved signed a promissory note whereas, USD Bevco held a receivable from Bevco Lux amounting to EUR 1,214,165,660. Thereafter, the sole shareholder opted to make a contribution in kind for the same amount it holds as a receivable from the Company which is the consideration recognised for the assumed USD debt. The promissory note was immediately cancelled and fully contributed to the special reserve account.

As at February 6, 2017 it was resolved to approve a contribution in cash by USD Bevco, the sole shareholder, of EUR 298,007,078, to be transferred to the special reserve account without issuance of new shares.

As at April 10, 2017 it was resolved to approve a contribution in cash by USD Bevco, the sole shareholder, of EUR 987,770, to be transferred to the special reserve account of the Company without issuance of new shares.

e) Currency translation reserve

	EUR
As at January 1, 2016 *(unaudited)*	**966,892,100**
Currency translation adjustment in Other Comprehensive Income	(276,589,232)
As at December 31, 2016	**690,302,868**
Currency translation adjustment in Other Comprehensive Income	-
As at December 31, 2017	**690,302,868**

Currency translation adjustment pertains to foreign currency exchange differences of translating USD balances (which was the previous functional and presentation currency of the Company) including comparative information to EUR, please refer to Note 2.4 for further information. Exchange differences arising in the process are recognised in other comprehensive income. Currency translation adjustment at the date of the Company's change in functional currency, on October 14, 2016, amounted to EUR 690,302,868. No such currency translation adjustments arose since October 14, 2016.

f) Retained earnings

	EUR
As at January 1, 2016 *(unaudited)*	**9,753,254,526**
Loss for the year	(1,426,039,393)
Distributions for the year	(3,014,259,513)
Allocation to share premium upon company reorganisation	(6,069,958,953)
Allocation to share capital due to issuance of new shares	(12,865)
As at December 31, 2016	**(757,016,198)**
Profit for the year	350,441,659
Share premium reimbursement	12,349,371
Distributions for the year	(326,051,535)
Allocation to legal reserve	(7,368,268)
As at December 31, 2017	**(727,644,971)**

During the financial year ended December 31, 2016, EUR 3,014,259,513 of interim dividends were distributed to the shareholder. Interim dividends declared and distributed during the financial year ended December 31, 2017 amounted to EUR 326,051,535 (Refer to Note 18, a). In addition, EUR 7,368,268 were allocated to the legal reserve.

At migration date, the total retained earnings of the Company were capitalised and allocated to share premium account which amounted to EUR 6,069,958,953. In addition, EUR 12,865 were allocated to increase share capital in form of newly issued shares to comply with the laws of Luxembourg.

10. Loans and borrowings

As at December 31, 2017, the terms and conditions on the loans and borrowings drawdown are shown in the table below:

December 31, 2017

	Currency	Interest rate	Roll-over date*	Termination date	Principal amount	Carrying amount**
					EUR	EUR
Third parties						
Financial Institution 1	EUR	Fixed rate	N/A	16/08/2018	200,000,000	200,739,688
Financial Institution 2	EUR	EURIBOR + margin	28/02/2018	21/12/2024	75,000,000	69,406,643
Financial Institution 3	EUR	EURIBOR + margin	04/03/2018	11/10/2019	300,000,000	300,274,725
Financial Institution 4 - Facility A	EUR	EURIBOR + margin	30/03/2018	27/08/2019	300,000,000	300,019,517
Financial Institution 4 - Facility B	EUR	EURIBOR + margin	30/03/2018	26/08/2021	18,796,757	18,798,711
Total Loans and borrowings					**893,796,757**	**889,239,284**

December 31, 2016

	Currency	Interest rate	Roll-over date*	Termination date	Principal amount	Carrying amount**
					EUR	EUR
Third parties						
Financial Institution 1	EUR	EURIBOR + margin	24/02/2017	30/09/2017	145,463,638	146,233,575
Financial Institution 2	EUR	EURIBOR + margin	N/A	05/08/2018	-	203,123
Financial Institution 3	EUR	EURIBOR + margin	02/03/2017	11/10/2019	300,000,000	300,298,700
Financial Institution 4 - Facility A	EUR	EURIBOR + margin	18/05/2017	27/08/2019	300,000,000	302,837,500
Financial Institution 4 - Facility B	EUR	EURIBOR + margin	18/05/2017	26/08/2021	40,000,000	40,554,889
					785,463,638	**790,127,787**
Related Party Transactions						
Aguila Ltd.	EUR	EURIBOR + margin	N/A	23/03/2017	100,000,000	100,010,258
					100,000,000	**100,010,258**
Total Loans and borrowings					**885,463,638**	**890,138,045**

**Roll-over date represents the next date on which the revolving loans could be renewed upon meeting certain conditions*

***The carrying value of debt include accrued interests and commitment fees. The Company is required to pay these commitment fees until maturity of the credit facilities.*

a) Transactions with third parties are disclosed below:

Financial institution 1

Total repayments and drawdowns for financial year ended December 31, 2017 amounted to EUR 145,463,638 (excluding EUR 1,078,855 interest and EUR 68,196 commitment fees) and EUR 200,000,000, respectively.

On February 15, 2018, the facility has been partially repaid (Please refer to Note 19).

Financial institution 2

Total drawdown for the financial year ended December 31, 2017 amounted to EUR 75,000,000. Repaid on February 9, 2018 (Please refer to Note 19).

On December 21, 2017, the Company signed an addendum to the facility agreement with financial institution 2. As a result, the bank's commitment was increased to EUR 850,000,000 and the availability period of the commitment was extended to December 21, 2024.

Financial institution 3

On December 4, 2017, the Company rolled over the loan related to the acquisition of AB InBev shares in 2016 of EUR 300,000,000 (Please refer to Note 19).

On February 21, 2018, the facility has been fully repaid (Please refer to Note 19).

Financial institution 4

Total repayments for financial year ended December 31, 2017 amounted to EUR 21,203,243.

On December 29, 2017, the Company rolled over both facilities A and B for the total commitments of EUR 300,000,000 and EUR 18,796,757, respectively, under the same terms and conditions. Both facilities have been repaid earlier on February 14, 2018.

b) Transactions with a related party are disclosed below:

Aguila Ltd. - Interest Bearing Loan Facility

On September 13, 2017, Aguila Ltd. (the "lender") entered into an interest bearing loan facility agreement, with effect as of September 7, 2017, for an undetermined period with the Company (the "borrower") with total commitment of EUR 500,000,000 which bears interest (i.e. EURIBOR + margin).

Total repayment and drawdown for financial year ended December 31, 2017 amounted to EUR 220,000,000 and EUR 120,000,000, respectively.

As at December 31, 2017, the Company has no outstanding exposure with Aguila Ltd (December 31, 2016: EUR 100,000,000).

c) Unused credit facilities

The facility agreements with lenders are cross-guaranteed by Bevco Lux and its parent, USD Bevco (Please refer to Note 17), thus, from a legal perspective the credit facilities denominated in EUR and USD can be drawndown by both companies in either currency.

As at December 31, 2017, the unused credit facilities are disclosed in the table below:

	Total Commitment (in EUR)	Guarantees (in EUR)	Current USD Principal amount drawdown* (in EUR)	Current EUR Principal amount drawdown** (in EUR)	Total Principal amount drawdown (in EUR)	Unused Credit facilities (in EUR)
Third parties						
Financial Institution 1	200,000,000	-	-	200,000,000	200,000,000	-
Financial institution 2	850,000,000	-	-	75,000,000	75,000,000	775,000,000
Financial Institution 3	625,350,000	-	32,518,200	300,000,000	332,518,200	292,831,800
Financial Institution 4 - Facility A	291,830,000	-	-	300,000,000	300,000,000	-
Financial Institution 4 - Facility B	125,070,000	-	-	18,796,757	18,796,757	106,273,243
Financial Institution 5	166,760,000	5,002,800	-	-	-	161,757,200
	2,259,010,000	5,002,800	32,518,200	893,796,757	926,314,957	1,335,862,243
Related Party Transactions						
Aguila Ltd.	500,000,000	-	-	-	-	500,000,000
	500,000,000	-	-	-	-	500,000,000
Total Loans and borrowings	2,759,010,000	5,002,800	32,518,200	893,796,757	926,314,957	1,835,862,243

**Credit facilities drawndown by USD Bevco, original currency of this drawdown is in USD.*
***Credit facilities drawndown by Bevco Lux, original currency of this drawdown is in EUR.*

In addition, Aguila Ltd. entered into an interest bearing loan facility agreement for an undetermined period with Bevco Lux's parent company, USD Bevco, amounting to EUR 416,900,000 (USD 500,000,000) which bears interest (i.e. LIBOR + margin). From a Group perspective, the Company can indirectly benefit from this loan facility.

As at December 31, 2016, the unused credit facilities are disclosed in the table below:

	Total Commitment (in EUR)	Guarantees (in EUR)	Current USD Principal amount drawdown* (in EUR)	Current EUR Principal amount drawdown** (in EUR)	Total Principal amount drawdown (in EUR)	Unused Credit facilities (in EUR)
Third parties						
Financial Institution 1	200,000,000	-	-	145,463,638	145,463,638	54,536,362
Financial Institution 2 - 1st Tranche	474,338,298	-	104,354,426	-	104,354,426	369,983,872
Financial Institution 2 - 2nd Tranche	270,831,450	-	-	-	-	270,831,450
Financial Institution 2 - Facility C	189,735,319	-	-	-	-	189,735,319
Financial Institution 3	711,507,447	-	284,602,979	300,000,000	584,602,979	126,904,468
Financial Institution 4 - Facility A	332,036,809	-	-	300,000,000	300,000,000	32,036,809
Financial Institution 4 - Facility B	142,301,489	-	-	40,000,000	40,000,000	102,301,489
Financial Institution 5	189,735,319	5,912,297	-	-	-	183,823,022
	2,510,486,132	5,912,297	388,957,404	785,463,638	1,174,421,042	1,330,152,793
Related Party Transactions						
Aguila Ltd.	300,000,000	-	-	100,000,000	100,000,000	200,000,000
	300,000,000	-	-	100,000,000	100,000,000	200,000,000
Total Loans and borrowings	2,810,486,132	5,912,297	388,957,404	885,463,638	1,274,421,042	1,530,152,793

**Credit facilities drawndown by USD Bevco, original currency of this drawdown is in USD.*
***Credit facilities drawndown by Bevco Lux, original currency of this drawdown is in EUR.*

Unused credit facilities are subject to commitment fees which are calculated based on the undrawn amount and paid until maturity of the loan facilities.

Financial institution 5

On December 15, 2017, the Company and its parent, USD Bevco have extended the termination date of the existing facility agreement to March 31, 2018 (Please refer to Note 19).

Pledged shares

Bank Loan facilities are secured by the pledge of shares in AB InBev presented in the table below:

December 31, 2017		December 31, 2016	
Number	**Fair value* EUR**	**Number**	**Fair value* EUR**
42,420,219	3,263,191,466	42,420,219	3,143,565,176

** Fair value includes a discount for lack of marketability (DLOM) in respect of shares in AB InBev since the Company cannot sell its shares before the end of the restriction period. In the event a lender commences an enforcement action the restriction on the shares will not apply.*

11. Other current liabilities

As at December 31, 2017 and December 31, 2016, other current liabilities are composed as follow:

	December 31, 2017	December 31, 2016
	EUR	EUR
Suppliers	346,763	1,334,175
Bond issuance fees	330,114	-
Audit fees	103,334	54,500
Accrued costs of AB InBev shares*	-	47,660,124
Taxes**	4,815	-
Cash advance from Parent Company	-	861,398
Others	33,262	-
	818,288	**49,910,197**

**As at December 31, 2016, EUR 47,660,124 of purchase costs were accrued in relation to the acquisition of 476,598 shares of AB InBev. These costs were paid in January 2017, and there is no accrued costs in relation to the purchase of AB InBev shares as at December 31, 2017.*

***No taxes were recognised in 2016 due to the local taxation of the Company prior to the migration date.*

12. Interest income

Interest income for the years ended December 31, 2017 and December 31, 2016 are presented in the table below:

	2017	2016
	EUR	EUR
Interest income from related party loans (Refer to Note 18)	2,625,700	-
Other interest income	112	2,863
	2,625,812	**2,863**

13. Administrative expenses

Administrative expenses for the years ended December 31, 2017 and 2016 are presented in the table below:

	2017	**2016**
	EUR	**EUR**
Legal and other professional fees*	357,763	3,682,658
Service agreement**	710,225	-
Accountant fees	341,094	-
Audit fees	257,219	54,500
Custody and bank	80,085	133,671
Travel expenses	-	105,858
Other expenses	350	-
	1,746,736	**3,976,687**

**The significant decrease in legal and other professional fees is due to a one-time 2016 cost incurred in relation to the migration of the Company from Bermuda to Luxembourg in 2016*

***Refer to Note 18 e, for further details on the Service agreement with SNI International Holdings S.à r.l.*

14. Finance Cost

Finance costs for the years ended December 31, 2017 and 2016 are presented in the table below:

	2017	**2016**
	EUR	**EUR**
Interest expenses	10,747,002	30,148,008
Fees for unused credit facilities	3,304,294	8,509,934
Bond issuance fees	296,314	-
Other fees	183,573	186,048
	14,531,183	**38,843,990**

Decrease in interest expenses is due to the total amounts of loans drawdowns during 2016 which was much higher than 2017, most of these drawdowns were reimbursed with the proceeds received from various sources of cash inflows during the period after migration date (Please refer to Note 18 a).

15. Taxes

The Company incurs withholding tax imposed by the country where AB InBev is principally located and registered. Dividend income is recorded at gross of withholding tax with withholding tax being shown as a separate item in the statement of profit or loss.

Withholding tax paid on dividends received amounted to EUR 6,293,347 for the financial year ended December 31, 2017 (2016: EUR 2,633,891), refer to Note 5. The withholding tax was paid in the year of receipt.

The Company is subject to Luxembourg taxation as from the migration date of October 14, 2016. For the year ended December 31, 2017, the Company has accrued EUR 4,815 (2016: nil) for net wealth tax. Net wealth tax paid for the financial year ended December 31, 2017 amounted to EUR 713 (December 31, 2016: nil).

16. Segment information

Bevco Lux S.à r.l. is a company which invest in securities and mainly derives its revenues and profits from the dividends received and appreciation of its shares in AB InBev. Thus, only one reportable segment has been identified for the Company which consists of its investment activity in AB InBev. Measures of profit or loss, total assets and liabilities for the reportable segment that are regularly provided to the management are presented in the primary financial statements.

There are no reconciling items between the amounts in the statement of financial position for the reportable segment and the amounts in the Company's statement of financial position.

Management monitors the operation and on a regular basis, reports to the Board of Managers, which take necessary actions and/or decisions with the intention to further develop or expand the business. AB InBev is listed in several major Stock Exchanges including the Euronext Brussels and New York Stock Exchange (NYSE) hence, financial information are readily available and accessible to Management.

Management takes a long-term perspective when assessing its investment portfolio and as of the date hereof it has no plans to materially divest its investment in the near future. Management is not only analysing the performance of investment in the company but is also monitoring the underlying performance of the fundamental value of the industry and the company.

The investment in AB InBev is viewed as a stable and growing business, thus, management expects dividend income to grow over time, although growth in the short term is expected to be modest.

17. Commitments

Pledge

Some AB InBev shares are pledged in favour of international financial institutions (Please refer to Note 10). The pledges secure each lender's amount of committed credit facility in favour of the Company, and require lender consent prior to encumbering or selling any of the pledged shares. The Company may request a release of pledged securities to the lender with a Margin Return Notice, subject to meeting required loan to values and lender consent.

The Company opened several margin security accounts with the respective financial institutions. Some of these accounts are subject to pledge agreements granted in favour of financial institutions with which the Company has entered into borrowing facility agreements. The purpose of such security accounts places an obligation on the Company to lodge securities or cash whenever margin-calls are issued by financial institutions in order to secure the obligations of the Company (Please refer to Note 3.2.). At this date, no margin-call was ever received by the Company.

Guarantee

"SBLC 1"

In order to secure an acquisition made by Park S.à r.l. ("Park"), and more precisely the second payment of EUR 118,988,585 due in April 2019, the Company agreed to issue a stand-by letter of credit ("SBLC") from a financial institution in favour of the seller by which it engages to settle the second installment of the purchase price for EUR 118,988,585 on behalf of Park S.à r.l. in the case the latter is not able to meet its obligations. This SBLC bears interest at 1.40% plus implementation fees of EUR 120,000 charged to the Company. The Company will potentially become liable if Park is not able to meet its obligation by April 2019, thus, the guarantee is due on a long term basis.

In order to protect the Company from any disbursements made in connection with the guarantee, there is separate guarantee provided by Aguila Ltd., for the benefit of the Company, which will allow the Company to recover any payments made in favour of the seller.

The Company will recharge all the fees incurred plus a margin in compliance with the applicable transfer pricing rules and regulations.

The amendment to facility agreement with financial institution 1 signed on February 16, 2017, in which, its parent, USD Bevco was added as guarantor of the Company.

In 2016, the Company opened several margin security accounts with a segregated depository subsidiary of a financial institution, to enable posting collateral, if needed under the pledge agreements granted in favour of secured lenders. These segregated custody accounts enable the Company to pledge cash or other securities whenever margin-calls are issued by financial institutions. As of this date, no margin-call has ever been received by the Company.

"SBLC 2"

As of December 31, 2016, the Company together with its parent, USD Bevco had a standing arrangement with financial institution 5 whereby the institution issued two (2) Letter of Credits ("SBLCs") to secure the working capital loans of a related investment entity for EUR 3,547,465 (USD 3,739,291) and EUR 2,364,977 (USD 2,492,861) which were intended to mature on December 10, 2017. However, on July 31, 2017, both SBLCs were cancelled and replaced by a new one which amounted to EUR 5,002,800 (USD 6,000,000) ("new SBLC") having maturity date on December 20, 2017. On December 15, 2017, the new SBLC was extended up to March 20, 2018.

Bevco Lux acts as a guarantor for USD Bevco as it holds the AB InBev shares which are pledged as guarantee on the loans. As at December 31, 2017 and 2016, the maximum exposure which the Company could potentially become liable amounted to EUR 38,225,170 (consist of principal drawdown of EUR 32,518,200, accrued interests of 704,170 and guarantee of EUR 5,002,800) and EUR 396,460,460 (consist of principal drawdown of EUR 388,957,404, accrued interest of EUR 1,590,759 and guarantee of EUR 5,912,297), respectively. Refer to Note 18 for more information.

Irrevocable commitments

"Commitment as at December 31, 2017"

During the year, the Company entered into commitments to make available to Aguila Ltd. revolving loan facilities in accordance with loan agreements as outlined in Note 6.

"Commitment as at December 31, 2016"

In November 2016, the Company entered into an irrevocable commitment to purchase of up to 6,000,000 additional common shares in AB InBev at the market price per share on the date of actual purchase. As at December 31, 2016, the Company purchased 3,020,088 common shares for a cost of EUR 295,543,921, refer to Note 5.

In January 2017, the Company purchased the remaining common shares for EUR 296,113,632, refer to Note 5 for further details.

18. Related party transactions

Major transactions and balances with related parties are summarised below:

a) Transactions with USD Bevco (direct parent)

In 2016, after the migration of the Company, USD Bevco became the Company's immediate sole shareholder on October 14, 2016 (Please refer to Note 1).

“Secured Loans”

Prior to migration, Bevco Ltd. had five (5) UK law governed credit facilities in both USD and EUR currency. Subsequent to migration those credit facilities have been converted into single and multi-currency committed revolving loan facilities allowing Bevco Lux and USD Bevco to drawdown on the same credit facilities. The multi-currency facilities are subject to a cross-guarantee pursuant to which Bevco Lux and USD Bevco provide reciprocal guarantees for each other’s liabilities, fulfilment of promises or obligations.

Bevco Lux acts as a guarantor for USD Bevco as it holds the AB InBev shares which are pledged as guarantee for the secured loans. The maximum exposure which the Company could potentially become liable amounted to EUR 38,225,170 as at December 31, 2017 (2016: EUR 396,460,460).

Advances received from the sole shareholder, USD Bevco, have been fully paid as at December 31, 2017 (2016: EUR 861,398).

During the financial year ended December 31, 2017, the Company made a distribution in kind to USD Bevco consisting of a loan receivable from Aguila Ltd. (refer to Note 6) which amounted to EUR 326,051,535.

During the financial year ended December 31, 2016, dividends were declared and distributed to USD Bevco which amounted to EUR 152,346,458.

b) Transaction with Aguila Ltd. (ultimate parent)

Related party transactions with Aguila Ltd. for the years ended December 31, 2017 and 2016 are presented in the table below:

	Nature of transaction	**Currency**	**Exposure amount December 31, 2017 (in EUR)**	**Exposure amount December 31, 2016 (in EUR)**
Company as borrower	Loans received*	USD	-	100,010,258
Company as lender	Loans granted**	EUR	51,215,887	-

**The interest expenses for the financial year ended December 31, 2017 amounted to EUR 11,997 (for the financial year ended December 31, 2016: EUR 10,258). Loans and borrowings drawn by the Company from Aguila Ltd. are disclosed in Note 10.*

***The interest income for the financial year ended December 31, 2017 amounted to EUR 525,209 (for the financial year ended December 31, 2016: nil). Loans granted by the Company to Aguila Ltd. are disclosed in Note 6.*

“Parent guarantee”

Also, a parent guarantee has been provided by Aguila Ltd. in connection with the SBLC by which Aguila Ltd. guarantees the obligations, if any, of Park S.à r.l. in favour of the Company (Please refer to Note 17).

c) Transaction with Park S.à r.l. (related party)

The Company has guarantee with Park S.à r.l. amounting to EUR 118,988,585 (Please Refer to Note 17).

Park S.à r.l. whose main purpose is the acquisition of participations, in Luxembourg or abroad is a sister entity of the Company. In order to secure acquisitions, a request was made by the Company to a financial institution to issue a Stand-By Letter of Credit (“SBLC”) to facilitate an acquisition by Park S.à r.l. in 2016 (Please refer to Note 17). The Company has a receivable of EUR 845,334 (December 31, 2016: EUR 396,385) from Park S.à r.l. which consists of SBLC fees advanced to the latter. The interest income in relation to SBLC fees for the financial year ended December 31, 2017 amounted to EUR 1,715,495 (2016: nil).

Management assess on a regular basis such exposure and so far there is no indication that Park will default on its obligation, hence, making the Company liable and requiring it to pay the second payment (Please refer to Note 17).

As at December 31, 2017, the outstanding loan to Park S.à r.l. amounted to EUR 75,126,610 (December 31, 2016: nil) (Please refer to Note 6). The interest income for the financial year ended December 31, 2017 amounted to EUR 126,610 (2016: nil).

d) Transaction with SNI Luxembourg S.à r.l. (related party)

During the year, the Company (as "lender") granted a loan of EUR 50,000,000 to SNI Luxembourg S.à r.l. (as "borrower"). On August 22, 2017 the loan has been fully reimbursed by SNI Luxembourg S.à r.l.. The interest income for the financial year ended December 31, 2017 amounted to EUR 258,386 (2016: nil).

e) Transaction with SNI International Holdings S.à r.l. (direct parent of USD Bevco)

In 2016, a services agreement (SA) was entered into between the Company, its Parent company, other related entities and SNI International Holdings S.à r.l., wherein the latter will provide services to its affiliated companies such as consultancy and/or advisory services to be procured by SNI International Holdings S.à r.l. through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to SNI International Holdings S.à r.l. by each affiliated company shall be determined on a pro-rata basis in accordance with the terms outlined in the SA.

The Company has incurred administrative expenses of EUR 710,225 (2016: nil) for the year ended December 31, 2017 with respect to the above consultancy and/or advisory services provided by SNI International Holdings S.à r.l.

f) Transaction with employees

As at December 31, 2017, the average number of employees directly employed by the Company was nil (2016: nil).

g) Key management personnel

No compensation has been paid or is payable to key management personnel for the year ended December 31, 2017, or in the year ended December 31, 2016.

As at December 31, 2017 and 2016, the members of the Board of managers had not received any form of remuneration for their services to the Company.

19. Subsequent events

a) *Financing activity*

On January 23, 2018, the Company received from S&P a BBB- credit rating with a negative outlook.

On February 2, 2018, the Company issued a Eurobond with a principal amount of EUR 800,000,000, an interest coupon of 1.75% at an issue price of 99.366% which represent an effective interest rate of 1.884% p.a.

The proceeds of the bond have been used to pay back drawdowns on the margin loan facilities. The bond is rated with an S&P: BBB- rating. Furthermore, the bond is officially listed on the Luxembourg Stock Exchange with trading on the exchange regulated Euro MTF segment. The Eurobond Security Code is ISIN: XS1767050351.

From credit institutions

The Company made the following repayments on the margin loans with the proceeds of the Eurobond issuance:

"Financial institution 1"

On February 15, 2018, the facility has been partially repaid for the principal amount of EUR 70,000,000.

"Financial institution 2"

On February 9, 2018, the facility has been fully repaid for the principal amount of EUR 75,000,000.

"Financial institution 3"

On February 21, 2018, the facility has been fully repaid for the principal amount of EUR 300,000,000.

On March 15, 2018, a new stand-by letter of credit (SBLC) was entered into by the Company together with its parent, USD Bevco for a total amount of EUR 5,002,800 (USD 6,000,000) having maturity on September 30, 2019.

USD Bevco (the "Parent company")
On March 7, 2018, USD Bevco fully repaid financial institution 3 for the principal amount of EUR 32,518,200 (USD 39,000,000).

"Financial institution 4"

On February 14, 2018, the facility "A" and "B" have been fully repaid for the total principal amount of EUR 318,796,757.

"Financial institution 5"

The SBLC matured on March 20, 2018 and the credit facility was terminated effective March 31, 2018. A total of 3,699,661 of the pledged restricted shares were released.

b) Investing activity

Related party loans

On February 22, 2018, the Company (the "lender") has approved to roll over the loan granted to Aguila Ltd. (the "borrower") of EUR 51,000,000 having the same terms and new maturity date on May 22, 2018.

On March 6, 2018, USD Bevco (the "borrower" and "parent company"), made a drawdown request to Aguila Ltd. (the "lender") amounting to EUR 14,591,500 (USD 17,500,000).

Investment securities

On March 1, 2018, the AB InBev Board proposed a final dividend of EUR 2.00 per share, subject to shareholder approval at the AGM on April 25, 2018. The final gross dividend approximates to EUR 205,725,436.

Treasury Bills

Proceeds from the bond issuance were used to invest and purchase French discount T-Bills (BTF) which the Company paid a total consideration of EUR 416,021,047. Upon maturity, the Company redeemed the BTF and received a total amount of EUR 416,000,000.

c) Distributions

On February 27, 2018, the Board of Managers approved the distribution of a 2017 interim dividend amounting to EUR 18,000,000 to USD Bevco.