

Bevco Lux S.à r.l.

Société à responsabilité limitée

Interim financial statements for the six months ended June 30, 2018

Bevco Lux S.à r.l.
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L-1855 Luxembourg
RCS B209913

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Report on Review of Interim Financial Statements

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

We have reviewed the accompanying interim financial statements of Bevco Lux S.à r.l. (the “Company”), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers’ responsibility for the interim financial statements

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

Responsibility of the “Réviseur d’entreprises agréé”

Our responsibility is to express a conclusion on these interim financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410) as adopted for Luxembourg by the “Institut des Réviseurs d’Entreprises”. This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. The “Réviseur d’entreprises agréé” performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of Bevco Lux S.à r.l. as at 30 June 2018, and of its financial performance and its cash flows for the six months ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Restriction on Distribution and Use

Our report on the interim financial statements is prepared in the context of a contractual review requested by management to submit it to their shareholder, lenders and Bonds holders. Our report is intended solely for the Board of Managers who may communicate it to the applicable lenders and Bonds Holders if required. We are not responsible to any recipient other than the Board of Managers.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 August 2018

A handwritten signature in black ink, appearing to read 'Malik Lekehal'.

Malik Lekehal

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

	Notes	June 30, 2018 <i>unaudited</i> EUR	December 31, 2017 EUR
ASSETS			
Non-current assets			
Financial assets			
Investment securities	5	7,270,496,111	8,009,981,390
Loans granted	6	75,978,701	-
Total non-current assets		7,346,474,812	8,009,981,390
Current assets			
Loans granted	6	356,253,886	126,342,497
Other current assets	7	417,808	846,047
Cash and cash equivalents	8	6,734,812	4,516,871
Total current assets		363,406,506	131,705,415
TOTAL ASSETS		7,709,881,318	8,141,686,805
EQUITY			
Share capital	9a	76,706,354	76,706,354
Share premium	9b	6,446,428,384	6,446,428,384
Legal reserve	9c	7,670,636	7,368,268
Special reserve account	9d	1,436,475,699	1,436,475,699
Revaluation reserve		(1,417,492,648)	(678,007,369)
Currency translation adjustment	9e	690,302,868	690,302,868
Retained earnings	9f	(553,122,434)	(727,644,971)
Total equity		6,686,968,859	7,251,629,233
LIABILITIES			
Non-current liabilities			
Debt securities in issue	10a	790,402,950	-
Total non-current liabilities		790,402,950	-
Current liabilities			
Short term borrowings	10b	225,375,930	889,239,284
Interest on debt securities in issue	10a	6,974,666	-
Other current liabilities	11	158,913	818,288
Total current liabilities		232,509,509	890,057,572
Total liabilities		1,022,912,459	890,057,572
TOTAL EQUITY AND LIABILITIES		7,709,881,318	8,141,686,805

The accounting policies and notes on pages 10 to 49 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)

for six months ended June 30:

	Notes	<u>2018</u>	<u>2017</u>
		<i>unaudited</i>	<i>unaudited</i>
Income		EUR	EUR
Interest income	12	2,272,553	1,042,588
Dividend income	5.4	205,725,436	205,725,436
Net result on foreign currency operations		(1,882)	30,436
Total net income		<u>207,996,107</u>	<u>206,798,460</u>
Expenses			
Administrative expenses	13	(611,637)	(899,899)
Operating income		<u>207,384,470</u>	<u>205,898,561</u>
Finance cost	14	(14,413,895)	(7,455,404)
Other losses	2.4	(46,005)	-
Profit before tax		<u>192,924,570</u>	<u>198,443,157</u>
Withholding tax on dividend income	15	-	(3,496,304)
Other taxes	15	(4,815)	(4,815)
Profit for the period		<u><u>192,919,755</u></u>	<u><u>194,942,038</u></u>

The accounting policies and notes on pages 10 to 49 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)

for six months ended June 30:

	Notes	<u>2018</u>	<u>2017</u>
		<i>unaudited</i>	<i>unaudited</i>
		EUR	EUR
Profit for the period		<u>192,919,755</u>	<u>194,942,038</u>
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Net gains on investments in available for sale assets	5.3	-	43,580,643
<i>Items that will not be reclassified to profit or loss</i>			
Net loss on equity instruments at fair value through other comprehensive income	5.3	(739,485,279)	-
Other comprehensive (loss)/income for the period		<u>(739,485,279)</u>	<u>43,580,643</u>
Total comprehensive (loss)/income for the period		<u>(546,565,524)</u>	<u>238,522,681</u>

The accounting policies and notes on pages 10 to 49 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	Revaluation reserve	Currency translation reserve	Retained earnings	Total equity
Balance as at January 1, 2017		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 period		-	-	-	-	-	-	194,942,038	194,942,038
Other comprehensive income	5.3	-	-	-	-	43,580,643	-	-	43,580,643
Transactions with owners in their capacity as owners:									
Share premium reimbursement	9b	-	(12,349,371)	-	-	-	-	12,349,371	-
Contribution to special reserve	9d	-	-	-	298,994,848	-	-	-	298,994,848
Balance as at June 30, 2017 (unaudited)		76,706,354	6,446,428,384	-	1,436,475,699	(866,579,016)	690,302,868	(549,724,789)	7,233,609,500
Balance as at January 1, 2018		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
Changes on initial application of IFRS 9	2.4	-	-	-	-	-	-	(94,850)	(94,850)
Restated balance at January 1, 2018		76,706,354	6,446,428,384	7,368,268	1,436,475,699	(678,007,369)	690,302,868	(727,739,821)	7,251,534,383
Profit for the period		-	-	-	-	-	-	192,919,755	192,919,755
Other comprehensive income	5.3	-	-	-	-	(739,485,279)	-	-	(739,485,279)
Allocation to legal reserve	9c	-	-	302,368	-	-	-	(302,368)	-
Transactions with owners in their capacity as owners:									
Distributions for the period	9f	-	-	-	-	-	-	(18,000,000)	(18,000,000)
Balance as at June 30, 2018 (unaudited)		76,706,354	6,446,428,384	7,670,636	1,436,475,699	(1,417,492,648)	690,302,868	(553,122,434)	6,686,968,859

The accounting policies and notes on pages 10 to 49 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)

for six months ended June 30:

	Notes	2018	2017
		<i>unaudited</i> EUR	<i>unaudited</i> EUR
Cash flows from operating activities			
Profit before tax for the period		192,924,570	198,443,157
<i>Adjustments for:</i>			
Interest income	12	(2,272,553)	(1,042,588)
Dividend income	5.4	(205,725,436)	(205,725,436)
Finance costs	14	14,413,895	7,455,404
Other losses	2.4	46,005	-
		<u>(613,519)</u>	<u>(869,463)</u>
<i>Changes in:</i>			
Other current assets		428,874	(738,461)
Other current liabilities		(615,992)	(776,252)
Cash generated used in operating activities		<u>(800,637)</u>	<u>(2,384,176)</u>
Other taxes paid	7	(713)	(713)
Net cash generated used in operating activities		<u>(801,350)</u>	<u>(2,384,889)</u>
Cash flows from investing activities			
Acquisition of financial assets	5.2	-	(343,773,756)
Loans granted	6	(305,000,000)	(225,000,000)
Interest received		1,292,313	112
Dividend received	5.4	205,725,436	202,229,132
Net cash used in investing activities		<u>(97,982,251)</u>	<u>(366,544,512)</u>
Cash flows from financing activities			
Contributions to special reserve	9d	-	298,994,848
Distributions for the period	9f	(18,000,000)	-
Proceeds from bond issuance	10a	791,928,000	-
Proceeds from borrowings - credit institutions	10b	100,000,000	200,000,000
Proceeds from borrowings - related parties	10b	-	120,000,000
Repayment of borrowings - credit institutions	10b	(763,796,757)	(163,133,007)
Repayment of borrowings - related parties	10b	-	(220,000,000)
Finance costs paid		(9,131,573)	(10,185,376)
Net cash generated from financing activities		<u>100,999,670</u>	<u>225,676,465</u>
Net increase/(decrease) in cash and cash equivalents		2,216,069	(143,252,936)
Cash and cash equivalents at the beginning of the period	8	4,516,871	154,028,360
Effects of foreign currency translation differences		1,872	(30,436)
Cash and cash equivalents at the end of the period	8	<u>6,734,812</u>	<u>10,744,988</u>

The accounting policies and notes on pages 10 to 49 form part of, and should be read in conjunction with, these financial statements.

Bevco Lux S.à r.l.
Notes to the financial statements
For the six months ended June 30, 2018
(in EUR)

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 100% held direct subsidiary of Aguila Ltd. 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 a 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.

These interim financial statements have been prepared for the six months ended June 30, 2018 and were authorised for issue by the Board of Managers on August 28, 2018.

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2. Basis of preparation and summary of significant accounting policies

2.1 Basis of accounting and going concern

These interim financial statements for the six months ended June 30, 2018 (the “period”) have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and contain a full set of financial statements in accordance with IAS 1 as of June 30, 2018 and for the six months period then ended.

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.

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 interim financial statements. The following standards and amendments have been adopted by the Company for the first time for the financial period beginning on January 1, 2018:

- IFRS 9 Financial Instruments (refer to note 2.4 for more details);
- IFRS 15 Revenue from Contracts with Customers;
- Annual Improvements to IFRSs 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28); and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

Except for IFRS 9 Financial Instruments, none of the accounting pronouncements effective after December 31, 2017 and as of the date of these interim financial statements have a material effect on the Company’s financial condition or result of operations.

The adoption of IFRS 9 which replaced IAS 39 for annual periods beginning on or after January 1, 2018, required the Company to change 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 designated at initial recognition at fair value through other comprehensive income (“FVOCI”) with only dividend income recognised through the statement of profit or loss. The major difference is that, under IFRS 9, there is no recycling of amounts from other comprehensive income to the statement of 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 continue to be measured at amortised cost with no material impact 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.

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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 statements are listed below. The Company intends to adopt these standards when they become effective.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Based on initial assessment and given the absence of leases entered into by the Company, management expects that the application of IFRS 16 will not have significant impact on the Company's financial statements upon adoption.

Below are new standards, amendments and interpretations that are issued, but not yet effective and not yet endorsed by the European Financial Reporting Advisory Group (EFRAG) to be adopted by the EU:

- IFRS 17 Insurance Contracts (issued on May 18, 2017) with IASB effective date January 1, 2021;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on June 7, 2017) with IASB effective date January 1, 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on October 12, 2017) with IASB effective date January 1, 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on December 12, 2017) with IASB effective date January 1, 2019;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on February 7, 2018) with IASB effective date January 1, 2019; and
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on March 29, 2018) with IASB effective date January 1, 2020.

2.4 Changes in significant accounting policies

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. This standard replaces IAS 39 Financial Instruments: Recognition and measurement. The Company did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amount of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current period. The Company does not apply hedge accounting.

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Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have only been applied to the current period.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

The following table summarises the impact of transition to IFRS 9 on the opening balance of retained earnings. The transition to IFRS 9 did not impact the opening balance of other reserves.

Retained earnings	Recognition of expected credit losses under IFRS 9 (EUR)
Impact at January 1, 2018	94,850
Expected credit losses recognised during the period	46,005
Total impact at June 30, 2018	140,855

The effect of adopting IFRS 9 on the carrying amounts of financial assets from January 1, 2018 to June 30, 2018 relates solely to the new impairment requirements.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

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i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of the financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets as at January 1, 2018, as well as the original and new carrying amounts. Differences in the carrying amounts only result from the expected credit losses.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 EUR	New carrying amount under IFRS 9 EUR
Financial assets				
Investment securities (a)	Available for sale	FVOCI - equity instrument	8,009,981,390	8,009,981,390
Advances (b)	Loans and receivables	Amortized Cost	845,334	845,176
Loans granted (b)	Loans and receivables	Amortized Cost	126,342,497	126,316,193
Cash and cash equivalents (c)	Loans and receivables	Amortized Cost	4,516,871	4,516,867
Total Financial assets			8,141,686,092	8,141,659,626

(a) The investment securities represent equity investments in AB InBev shares that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as Financial instruments measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Loans granted, including facilities and advances, that were classified as loans and receivables under IAS 39 are now classified as Financial instruments measured at amortised cost. The company considered that these financial instruments, whose cash flows are consistent with those of a basic lending arrangement, are held within a business model whose objective is achieved by collecting contractual cash flows. The Company has no intention to sell these loans before maturity.

(c) Cash and cash equivalents is only composed of cash balances with banks. These are considered solely payments of principal and interest ("SPPI") by nature and held within a business model whose objective is achieved by collecting contractual cash flows. These instruments are classified as Financial instruments measured at amortized cost.

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(d) Provisions arising from the expected credit losses on financial guarantee contracts and loan commitments (Refer to Note 17) were remeasured as EUR 49,750 and EUR 18,634, respectively as at January 1, 2018.

ii. Impairment of financial assets

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at June 30, 2018 results in an additional impairment allowance as follows:

	Expected credit losses recognised during the period (EUR)
Impairment loss allowance as at December 31, 2017 under IAS 39	-
Impact of IFRS 9 adoption at January 1, 2018	94,850
Additional impairment (or reversals) recognised during the period on:	
- Loans granted	63,846
- Loan commitments	(12,618)
- Financial guarantee contracts	(5,148)
- Other assets	(80)
- Cash and cash equivalents	5
Impairment loss allowance as at June 30, 2018 under IFRS 9	140,855

2.5 Foreign currency translation

These interim financial statements are presented in Euro ("EUR"), which is the functional and presentation currency of the Company as at June 30, 2018.

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.

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).

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.

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

	<u>Average rate - EUR</u>		<u>Spot rate - EUR</u>		
	June 30, 2018	June 30, 2017	June 30, 2018	December 31, 2017	June 30, 2017
USD	0.8267	0.9234	0.8578	0.8338	0.8763
GBP	1.1367	1.1622	1.1286	1.1271	1.1372

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

2.6 Financial assets

2.6.1 Accounting policies under IFRS 9 (current period)

(i) Classification and subsequent measurement

From January 1, 2018, the Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost (AC).

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset.

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Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost (AC):** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described below and in Note 3.1b. Interest income from these financial assets are included in 'Interest income' using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The Company does not hold such financial assets as of June 30, 2018.
- **Fair value through profit or loss (FVPL):** Financial assets that do not meet the conditions to be measured at AC or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at FVPL is presented in the statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The Company does not hold such financial assets as of June 30, 2018.

Business model

The business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model reflects how the Company manages the assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Consequently, this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The business model for managing financial assets is a matter of fact and not merely an assertion. It is typically observable through the activities that the Company undertakes to achieve the objective of the business model.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest on the principal amount outstanding (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with those of a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting following the change. Such changes are expected to be very infrequent and none occurred during the period.

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Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to deliver cash or another financial instrument and that evidence a residual interest in the issuer's net assets. An example of an equity instrument is a basic ordinary share.

The Company subsequently measures all equity instruments at FVPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI. The Company's policy is to designate equity investments at FVOCI when those investment are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as 'Dividend income' when the Company's right to receive payments is established.

Gains and losses on equity instruments at FVPL are recognised in profit or loss in the period in which they arise.

(ii) Derecognition

A financial asset, or a portion thereof, is derecognised when the contractual rights to receive cash flows from that asset have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

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.

(iii) Impairment

Where credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses (ECLs), the Company considers reasonable and supportable information that is relevant and available without undue cost effort. This includes both quantitative and qualitative information and analysis, based on the Company historical experience and informed credit assessment including forward-looking information, and based on impairment model requirement of IFRS 9 which replaces the "incurred loss" model in IAS 39 with its ECL model.

For the Company, the financial assets at amortised cost consist of loans granted, advances and cash and cash equivalents.

In addition, ECL are also calculated on loan commitments and financial guarantee contracts.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within 12 months of the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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The Company measures loss allowances at an amount equal to lifetime ECLs, except for the exposures where the credit risk has not increased significantly since initial recognition, when determining whether the Company historical experience and informed credit assessment and including forward-looking information.

3 Stage allocation

For the Company to comply with IFRS 9 expected credit loss estimation, it is required to appropriately allocate financial assets measured at amortised cost or at fair value through other comprehensive income into stages, where:

- Stage 1 – To this stage the Company will allocate all exposures for which the Company concludes that no significant increase in credit risk occurred since inception of the loan;
- Stage 2 – To this stage the Company would classify financial assets which exhibited significant increases in credit risk since initial recognition;
- Stage 3 – To this stage the Company would classify assets which are considered to be credit impaired.

For financial instruments in stage 1, the adoption of a one (1) year maximum maturity would be appropriate considering that any longer period would still not affect the outcome of the ECL calculation since in stage 1 the Company established ECL based on default events expected to occur in the following 12 months (12 month ECLs).

In stages 2 and 3, the Company will base its calculation on the contractual maturity (Lifetime ECLs).

ECL determined using estimated default probability rates and loss rates for groups of similar credit risk characteristics. Due to the Company's size and very limited data, groups are defined by product type, counterparty credit and product type. Long run average parameters are then estimated for each group. Those average parameters are then adjusted for each exposure taking into account specific idiosyncratic forward-looking information. The adjustment is based on an expert assessment of the counterparty's reaction under plausible scenarios in the forecasted economic environment.

ECLs are discounted at the original effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company considers a financial instrument to be in default which is fully aligned with the definition of credit-impaired, when:

- The borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

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Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to loans granted are presented separately in the statement of profit or loss.

2.6.2 Accounting policies under IAS 39 (comparative figures)

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 "revaluation reserve"). When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss statement.

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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 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.

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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.

2.7 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.

2.7.1 Accounting policies under IFRS 9 (current period)

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the expected credit loss allowance calculated in accordance with the principles of IFRS 9; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

IFRS 9.B2.5(a) specifies that the fair value of a financial guarantee contract at inception is likely to be equal to the premium received, unless there is evidence of the contrary. The Standard does not consider however the case where the premiums are paid over the life of the guarantee. An accounting policy choice is hence required in this regard. Considering the above statement, the Company considered that when no upfront premium is received, the fair value of the financial guarantee contract at inception is nil.

The company considers that the initial recognition of a financial guarantee contract occurs when the guarantee is signed, even if not drawn.

The loss allowance in relation to financial guarantee contracts is presented as a provision on the liability side.

2.7.2 Accounting policies under IAS 39 (comparative figures)

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 initially less cumulative amortisation.

2.8 Loan commitments

Accounting policies under IFRS 9 (current period)

Loan commitments provided by the Company are measured as the amount of the expected credit loss allowance determined in accordance with the principles of IFRS 9 for the undrawn part.

The loss allowance in relation to loan commitments is presented as a provision on the liability side, except for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment from those on the loan component, in which case the expected credit loss on the undrawn commitment are recognised together with loss allowance on the loan. To the extent that the combined expected credit losses exceed the carrying amount of the loan, the expected credit losses are recognised as a provision.

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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.

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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 debt securities issued, borrowings and other current liabilities.

b) Subsequent measurement

Financial liabilities 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.

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.

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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 Revaluation reserve

Accounting policy under IFRS 9 (current period)

The reserve comprises the cumulative net change in the fair value of financial assets measured at FVOCI. This reserve may or may not be subsequently reclassified to profit or loss when the assets are derecognised or impaired, depending on whether the financial asset is a debt or an equity instrument, respectively.

Accounting policy under IAS 39 (comparative figures)

The 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

Currency risk

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.

	June 30, 2018*	December 31, 2017*
	<i>unaudited</i>	
	USD	USD
Assets		
Cash and cash equivalents	5,165	2,919
Foreign currency exposure	5,165	2,919

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

As at June 30, 2018, 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 517 as at June 30, 2018 (December 31, 2017: EUR 292). This is mainly the result of foreign exchange gains/losses on translation of USD denominated transactions as shown above.

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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 June 30, 2018 Bevco Lux has investment securities and outstanding loan facilities denominated only in EUR which limits the Company's exposure to foreign currency risk.

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. The exposures are presented in the following table:

	June 30, 2018	December 31, 2017
	<i>unaudited</i>	
	EUR	EUR
Financial assets		
Fair value through OCI	7,270,496,111	-
Available-for-sale	-	8,009,981,390
	<u>7,270,496,111</u>	<u>8,009,981,390</u>

As at June 30, 2018, management estimates by taking an implied short-term volatility of the AB InBev shares based on market data at 18.73% (December 31, 2017: 13.46%), the increase or decrease in the value of the Company's investment securities as at June 30, 2018 would have increased or decreased equity by EUR 1,361,763,922 (December 31, 2017: EUR 1,078,143,495).

The Company has only one type of investment in an entity which, except for the restricted shares (refer to Note 5), is regulated and listed in the Euronext Brussels. In addition, the performance of this investment 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.

	June 30, 2018	December 31, 2017
	<i>unaudited</i>	
	EUR	EUR
Non-derivative financial assets		
Loans granted (Refer to Note 6)	432,232,587	126,342,497
Non-derivative financial liabilities		
Debt securities in issue (Refer to Note 10a)	797,377,616	-
Short term borrowings (Refer to Note 10b)	225,375,930	889,239,284

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

Sensitivity parameter	<u>Impact on the profit or loss and equity</u>		
	for the six months ended June 30, 2018	for the twelve months ended December 31, 2017	for the six months ended June 30, 2017
	<i>unaudited</i>		<i>unaudited</i>
	EUR	EUR	EUR
+15 basis points would result to a decrease in the statement of profit or loss	(885,781)	(1,144,345)	(1,235,339)
-15 basis points would result to an increase in the statement of profit or loss	885,781	1,144,345	1,235,339
+5 basis points would result to a decrease in the statement of profit or loss	(295,260)	(381,448)	(411,780)
-5 basis points would result to an increase in the statement of profit or loss	295,260	381,448	411,780

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 June 30, 2018 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 following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial instruments below also represents the Company's maximum exposure to credit risk on these instruments.

	June 30, 2018	December 31, 2017
	(unaudited)	
	EUR	EUR
Loans granted (Refer to Note 6)	432,322,737	126,342,497
Unused credit facilities (Refer to Note 6)	144,000,000	449,000,000
Financial guarantee contracts (Refer to Note 17)	124,613,267	157,213,755
Other current assets (Refer to Note 7)	417,886	846,047
Cash and cash equivalents (Refer to Note 8)	6,734,822	4,516,871
Total	708,088,712	737,919,170

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

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

	2018					2017
	ECL Staging					
	Stage 1 12-month ECL EUR	Stage 2 Lifetime ECL EUR	Stage 3 Lifetime ECL EUR	Purchased credit impaired EUR	Total EUR	Total EUR
Credit rating						
A+	-	-	-	-	-	-
A	6,734,822	-	-	-	6,734,822	4,514,776
A-	-	-	-	-	-	2,095
Not rated	701,353,890	-	-	-	701,353,890	733,402,299
Gross carrying amount	708,088,712	-	-	-	708,088,712	737,919,170
Impairment loss allowance	(140,855)	-	-	-	(140,855)	-
Carrying amount	707,947,857	-	-	-	707,947,857	737,919,170

The Company, has opted for the low credit risk exemption for all assets in the scope of IFRS 9 impairment. If the financial instrument is investment grade, then all the positions shall be allocated in Stage 1, and if the financial instrument is non-investment grade, further analysis shall be performed.

Not rated financial instruments by Standard & Poor's credit agency are represented by credit exposures with related parties which are neither past due nor impaired at the period end. As per the Company's internal rating policy, these credit exposures were rated to credit risk rating that is equivalent to the globally understood definition of "investment grade".

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.

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

	Carrying amount	Contractual cash flows*				Total
		1 - 3 months	4 - 6 months	7 - 12 months	> 12 months	
As at June 30, 2018 (in EUR) (unaudited)						
Debt securities in issue	797,377,616	-	-	14,000,000	856,000,000	870,000,000
Short term borrowings	225,375,930	231,043,300	-	-	-	231,043,300
Other current liabilities	158,913	158,913	-	-	-	158,913
	1,022,912,459	231,202,213	-	14,000,000	856,000,000	1,101,202,213
Guarantee	-	5,624,682	-	118,988,585	-	124,613,267
Fees for unused credit facilities	-	1,826,683	2,077,145	1,842,076	37,055,160	42,801,065
Irrevocable commitment**	-	144,000,000	-	-	-	144,000,000
Total	1,022,912,459	382,653,578	2,077,145	134,830,661	893,055,160	1,412,616,544

	Carrying amount	Contractual cash flows*				Total
		1 - 3 months	4 - 6 months	7 - 12 months	> 12 months	
As at December 31, 2017 (in EUR)						
Short term 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 flow amounts are gross and undiscounted until maturity

**As at June 30, 2018 and December 31, 2017, irrevocable commitment represents not used credit limit of a loan facility to Aguila Ltd. which has no specified maturity date, and is disclosed under 1-3 months maturity time band, it can be draw down or withdrawn by either party at any time.

For financial guarantee contracts, the maximum amount of the guarantees was allocated to the earliest period in which the guarantee could be called.

As at June 30, 2018, the Company and its parent USD Bevco S.à r.l., maintain various multi-currency credit lines denominated in USD and EUR and an Eurobond issued, having a total credit capacity of EUR 3,051,150,000, of which EUR 2,821,150,000 was undrawn (December 31, 2017: EUR 3,175,910,000, of which EUR 2,252,762,243 was undrawn).

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.

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 June 30, 2018 and December 31, 2017 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;

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- 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 June 30, 2018 and December 31, 2017);
- 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 board significant influence given all the points above and the fact that the Company has right to appoint only one out of fifteen members of the Board of Directors.

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.

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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.

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The following table analyses financial and non-financial assets and liabilities which are measured at fair value upon initial recognition on a recurring and non-recurring basis. Financial and non-financial assets and liabilities are grouped into categories depending on the level in fair value hierarchy based on the inputs.

June 30, 2018 (in EUR) (unaudited)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through OCI				
- Equity securities	519,000,000	-	6,751,496,111	7,270,496,111
Total assets measured at fair value	519,000,000	-	6,751,496,111	7,270,496,111

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

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

	June 30, 2018 <i>unaudited</i> EUR	December 31, 2017 EUR
Opening net book amount	7,451,201,390	7,178,045,620
Net change in fair value - OCI	(699,705,279)	273,155,770
Closing net book amount	6,751,496,111	7,451,201,390

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

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 restricted shares of AB InBev. 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 June 30, 2018 for the restricted shares was obtained by applying a revised DLOM of 19.42% or EUR 1,627,128,996 discount on the trading price of the unrestricted shares at the end of the period (December 31, 2017: DLOM of 17.4% or EUR 1,569,623,537 discount).

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For purposes of the valuation, in determining the fair value as at June 30, 2018 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 18.73% was implied (December 31, 2017: 13.46%);
- (vi) a risk free rate of 0.02% was used (December 31, 2017: (0.04)%);
- (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 3.86% was assumed (December 31, 2017: 3.56%).

Had the DLOM increased or decreased by 1% pp. as at June 30, 2018 compared to the actual discount used (June 30, 2018: to 20.42% or 18.42%, respectively and December 31, 2017: to 18.4% or 16.4%, respectively), with all other variables held constant, the increase or decrease in equity would amount to EUR 83,786,251 (December 31, 2017: EUR 90,208,249).

Financial instruments not measured at fair value

Except for the information stated in the table below, management believes that the carrying amount of financial assets and financial liabilities recognized in the consolidated financial statements approximated their fair values:

June 30, 2018 (in EUR) (unaudited)	Fair value			Carrying value
	Level 1	Level 2	Level 3	
Financial liability				
- Debt securities in issue	798,824,000	-	-	797,377,616

d) Estimation uncertainty

Except for the fair values of 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.

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5. Investment securities

5.1 Measurement category

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

	June 30, 2018	December 31, 2017
	<i>unaudited</i>	
	EUR	EUR
Fair value through OCI - equity instruments	7,270,496,111	-
Available-for-sale	-	8,009,981,390
	<u>7,270,496,111</u>	<u>8,009,981,390</u>

As at June 30, 2018 financial assets measured at FVOCI are represented as illustrated below:

	June 30, 2018	December 31, 2017
	<i>unaudited</i>	
No. of restricted AB InBev shares	96,862,718	96,862,718
No. of AB InBev common shares	6,000,000	6,000,000
% of AB InBev share capital	5.09%	5.09%
Fair value in EUR of restricted shares*	6,751,496,111	7,451,201,390
Fair value in EUR of common shares	519,000,000	558,780,000

*Fair value includes a discount for lack of marketability (DLOM) in respect of the restricted shares in AB InBev (Refer Note 4c).

**As at December 31, 2017, these assets were presented as Financial assets available-for-sale.

Part of shares held in AB InBev are pledged to secure existing credit facilities with financial institutions, please refer to Note 10b for more details.

5.2 Investment securities transactions

There were no additional acquisitions of AB InBev shares during the six months period ended June 30, 2018 compared to the six months period ended June 30, 2017 when an acquisition amounted to EUR 343,773,756.

5.3 Changes in fair value of investment securities

During the financial period, the share price in AB InBev changed from EUR 93.13 at December 31, 2017, to EUR 86.5 at June 30, 2018, which equates to a total market value decrease of EUR 681,979,820. In addition, the decrease can be further attributed to the increase on the applicable DLOM rate from 17.4% at December 31, 2017 to 19.42% at June 30, 2018. The amount of DLOM increased by EUR 57,505,459. The resulting net effect was recorded in other comprehensive income as net loss on equity instruments at fair value through other comprehensive income of which amounted to EUR (739,485,279). Net gains on investments in available for sale financial assets for the six months period ended June 30, 2017 amounted to EUR 43,580,643.

Changes in fair value of AB InBev shares have been recorded in the statement of other comprehensive income designated as financial assets at fair value through OCI.

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5.4 Dividends received

During the six months period ended June 30, 2018, the Company received dividends from AB InBev as follows:

	<u>for six months ended June 30:</u>	
	2018	2017
	<i>unaudited</i>	
	EUR	EUR
AB InBev dividend at EUR 2.00 per share	205,725,436	205,725,436
Withholding tax at 0% (June 30, 2017: 1.6995%)*	-	(3,496,304)
	<u>205,725,436</u>	<u>202,229,132</u>

*Please refer to Note 15

6. Loans granted

Details of loans granted as at June 30, 2018 and December 31, 2017 are as follows:

	June 30, 2018	December 31, 2017
	EUR	EUR
Non-current portion of loans granted*	75,978,701	-
Current portion of loans granted	356,253,886	126,342,497
	<u>432,232,587</u>	<u>126,342,497</u>

*As at June 30, 2018, the loan granted to Park S.à r.l. was classified as non-current asset as Management do not expect to call this debt before 2023.

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As at June 30, 2018 and December 31, 2017 the total commitments, unused credit facilities, drawdowns, repayments, expected credit loss allowance and carrying amount of loans granted are disclosed in the tables below:

Borrower	Aguila Ltd.* <i>undetermined period</i>	Park S.à r.l. <i>undetermined period</i>	Total
Facility termination date			
Interest rate	EURIBOR + margin	Base interest rate + margin	
Currency	EUR	EUR	EUR
Total committed facility at December 31, 2017	500,000,000	75,000,000	575,000,000
Total committed facility at June 30, 2018 (unaudited)	500,000,000	75,000,000	575,000,000
Principal amount outstanding at December 31, 2017	51,000,000	75,000,000	126,000,000
Drawdowns / Loans granted	305,000,000	-	305,000,000
Total principal drawn amount at June 30, 2018 (unaudited)	356,000,000	75,000,000	431,000,000
Total unused credit facilities at June 30, 2018 (unaudited)	144,000,000	-	144,000,000
Impairment loss allowance	(74,341)	(15,809)	(90,150)
Carrying amount at June 30, 2018 (unaudited)	356,253,886	75,978,701	432,232,587

Borrower	Aguila Ltd.* <i>undetermined period</i>	SNI Luxembourg S.à r.l. 22/08/2017	Park S.à r.l. <i>undetermined period</i>	Total
Facility termination date				
Interest rate	EURIBOR + margin	Fixed rate	Base interest rate + margin	
Currency	EUR	EUR	EUR	EUR
Total committed facility at January 1, 2017	-	-	-	-
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 January 1, 2017	-	-	-	-
Drawdowns / Loans granted	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

*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).

**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.

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7. Other current assets

As at June 30, 2018, and December 31, 2017 other current assets are composed as follow:

	June 30, 2018 <i>unaudited</i> EUR	December 31, 2017 EUR
Advances to Park S.à r.l. (See Note 18)	416,460	845,334
Luxembourg wealth tax advances	1,426	713
Gross carrying amount	417,886	846,047
Less: Impairment loss allowance	(78)	-
	417,808	846,047

8. Cash and cash equivalents

The cash and cash equivalents are composed of cash at bank in an amount of EUR 6,734,812 as at June 30, 2018 (December 31, 2017: EUR 4,516,871).

As a result of the adoption of IFRS 9, an impairment loss allowance was recognised as at June 30, 2018 which amounted to EUR 10 (December 31, 2017: nil).

9. Equity

a) Share capital

As at June 30, 2018, the share capital of the Company amounted to EUR 76,706,354 (December 31, 2017: EUR 76,706,354) and is composed of 76,706,354 shares (December 31, 2017: 76,706,354) all issued.

All issued shares are fully subscribed and paid as at June 30, 2018 and December 31, 2017.

b) Share premium

	EUR
As at January 1, 2017	6,458,777,755
Share premium reimbursement*	(12,349,371)
As at June 30, 2017 (unaudited)	6,446,428,384
As at December 31, 2017	6,446,428,384
As at June 30, 2018 (unaudited)	6,446,428,384

*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 period ended June 30, 2017.

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c) Legal reserve

	EUR
As at January 1, 2017	-
As at June 30, 2017 (unaudited)	-
Allocation to legal reserve	7,368,268
As at December 31, 2017	7,368,268
Allocation to legal reserve	302,368
As at June 30, 2018 (unaudited)	7,670,636

d) Special reserve account

	EUR
As at January 1, 2017	1,137,480,851
Capital contribution for the period	298,994,848
As at June 30, 2017 (unaudited)	1,436,475,699
As at December 31, 2017	1,436,475,699
As at June 30, 2018 (unaudited)	1,436,475,699

e) Currency translation reserve

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. Please refer to Note 2.5 for further information.

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f) Retained earnings

	EUR
As at January 1, 2017	(757,016,198)
Profit for the period	194,942,038
Share premium reimbursement	12,349,371
As at June 30, 2017 (unaudited)	(549,724,789)
Profit for the period	155,499,621
Distributions for the period	(326,051,535)
Allocation to legal reserve	(7,368,268)
As at December 31, 2017	(727,644,971)
Changes on initial application of IFRS 9	(94,850)
Restated balance as at January 1, 2018	(727,739,821)
Profit for the period	192,919,755
Distributions for the period	(18,000,000)
Allocation to legal reserve	(302,368)
As at June 30, 2018 (unaudited)	(553,122,434)

On February 27, 2018, the Board of Managers approved the distribution of an interim dividend amounting to EUR 18,000,000 to USD Bevco (financial year ended December 31, 2017: EUR 326,051,535), refer to Note 18.

On April 25, 2018, it was decided to allocate EUR 302,368 to legal reserve.

10. Borrowings

a) Debt securities in issue

Nature	Currency	Interest rate	Maturity date	Principal amount EUR	Carrying amount as at June 30, 2018 EUR	Carrying amount as at December 31, 2017 EUR
Eurobond	EUR	1.75%	09/02/2023	800,000,000	797,377,616	-

On February 9, 2018, the Company issued an unsecured Eurobond with a principal amount of EUR 800,000,000, an interest coupon of 1.75% payable annually in arrears at an issue price of 99.366%, maturing on February 9, 2023.

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 Euro MTF segment. The Eurobond Security Code is ISIN: XS1767050351.

The split between current and non-current portion of debt securities in issue is presented below:

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	June 30, 2018	December 31, 2017
	<i>unaudited</i>	
	EUR	EUR
Non-current portion of debt securities in issue	790,402,950	
Current portion of debt securities in issue	6,974,666	-
	797,377,616	-

b) Financial institutions and related party loans

The balances of short-term borrowings were as follows:

	June 30, 2018		December 31, 2017	
	Principal amount	Carrying amount	Principal amount	Carrying amount
	<i>unaudited</i>	<i>unaudited</i>		
	EUR	EUR	EUR	EUR
Borrowings with financial institutions	230,000,000	225,375,930	893,796,757	889,239,284
	230,000,000	225,375,930	893,796,757	889,239,284

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Terms and conditions on the short-term borrowings and movements in principal amounts are shown in the tables below:

June 30, 2018 (in EUR)	Currency of drawdown	Interest rate	Roll-over date	Termination date	Date of the Agreement	Principal amount January 1, 2018	Drawdowns	Repayments	Principal amount June 30, 2018
<u>Borrowings with financial institution</u>									
Financial institution 1	EUR	Fixed rate	N/A	16/08/2018	30/09/2016	200,000,000	-	(70,000,000)	130,000,000
Financial institution 2	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	75,000,000	-	(75,000,000)	-
Financial institution 3	EUR	EURIBOR + margin	-	11/10/2019	07/03/2016	300,000,000	-	(300,000,000)	-
Financial institution 4 - Facility A	EUR	EURIBOR + margin	19/09/2018	27/08/2019	07/10/2016	300,000,000	100,000,000	(300,000,000)	100,000,000
Financial institution 4 - Facility B	EUR	EURIBOR + margin	-	26/08/2021	07/10/2016	18,796,757	-	(18,796,757)	-
Total						893,796,757	100,000,000	(763,796,757)	230,000,000
December 31, 2017 (in EUR)	Currency	Interest rate	Roll-over date	Termination date	Date of the Agreement	Principal amount January 1, 2017	Drawdowns	Repayments	Principal amount December 31, 2017
<u>Borrowings with financial institution</u>									
Financial institution 1	EUR	Fixed rate	N/A	16/08/2018	30/09/2016	145,463,638	200,000,000	(145,463,638)	200,000,000
Financial institution 2	EUR	EURIBOR + margin	28/02/2018	21/12/2024	21/12/2017	-	75,000,000	-	75,000,000
Financial institution 3	EUR	EURIBOR + margin	04/03/2018	11/10/2019	07/03/2016	300,000,000	-	-	300,000,000
Financial institution 4 - Facility A	EUR	EURIBOR + margin	30/03/2018	27/08/2019	07/10/2016	300,000,000	-	-	300,000,000
Financial institution 4 - Facility B	EUR	EURIBOR + margin	30/03/2018	26/08/2021	07/10/2016	40,000,000	-	(21,203,243)	18,796,757
Financial institution 5	EUR	LIBOR + margin	N/A	31/03/2018	07/10/2016	-	-	-	-
						785,463,638	275,000,000	(166,666,881)	893,796,757
<u>Borrowings with related parties</u>	EUR	EURIBOR + margin	N/A	undetermined period	02/05/2017	100,000,000	120,000,000	(220,000,000)	-
Total						885,463,638	395,000,000	(386,666,881)	893,796,757

The facility agreements with financial institutions are cross-guaranteed by Bevco Lux and its parent, USD Bevco and from a legal perspective the credit facilities denominated in EUR and USD can be drawdown by both or any of the companies in either functional currency.

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Total amount of the commitment and its undrawn amount with financial institutions and related parties are disclosed in the table below:

June 30, 2018	Total Commitment (EUR)	Credit facilities drawdown by USD Bevco (EUR)*	Guarantees (EUR)	Credit facilities drawdown by Bevco Lux (EUR)**	Unused Credit facilities (EUR)
Financial institutions	2,122,250,000	-	-	230,000,000	1,892,250,000
Related parties***	500,000,000	-	-	-	500,000,000
Total	2,622,250,000	-	-	230,000,000	2,392,250,000

December 31, 2017	Total Commitment (EUR)	Credit facilities drawdown by USD Bevco (EUR)*	Guarantees (EUR)	Credit facilities drawdown by Bevco Lux (EUR)**	Unused Credit facilities (EUR)
Financial institutions	2,059,010,000	32,518,200	5,002,800	693,796,757	1,335,862,243
Related parties***	500,000,000	-	-	-	500,000,000
Total	2,559,010,000	32,518,200	5,002,800	693,796,757	1,835,862,243

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

**Credit facilities drawdown 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 USD 500,000,000 or equivalent of EUR 428,900,000 as at June 30, 2018 (December 31, 2017: EUR 416,900,000). From a Group perspective, the Company can indirectly benefit from this loan facility.

There has been no changes in the total commitment except for the currency translation effect and termination of the commitment granted by the Financial Institution 5 as at June 30, 2018.

Pledged shares

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

June 30, 2018 (unaudited)		December 31, 2017	
Number	Fair value* EUR	Number	Fair value* EUR
38,720,558	2,698,888,718	42,420,219	3,263,191,466

* 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.

Financial institution 5 was terminated which resulted to the release of some of the pledged shares from December 31, 2017 to June 30, 2018.

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11. Other current liabilities

As at June 30, 2018 and December 31, 2017, other current liabilities are composed as follow:

	June 30, 2018	December 31, 2017
	<i>unaudited</i>	
	EUR	EUR
Suppliers	45,990	346,763
Audit fees	50,000	103,334
Bond issuance fees	-	330,114
Taxes (Refer to Note 15)	9,630	4,815
Provisions	50,617	-
Others	2,676	33,262
	158,913	818,288

12. Interest income

Interest income for the period ended June 30, 2018 and June 30, 2017 are presented in the table below:

for six months ended June 30:

	2018	2017
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Interest income from related party loans (Refer to Note 18)	2,272,551	1,042,476
Other interest income	2	112
	2,272,553	1,042,588

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13. Administrative expenses

Administrative expenses for the period ended June 30, 2018 and June 30, 2017 are presented in the table below:

	<u>for six months ended June 30:</u>	
	2018	2017
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Service agreement*	222,713	427,104
Accountant fees	231,600	18,018
Audit fees	79,679	79,216
Legal and other professional fees	47,383	354,373
Custody and bank fees	23,697	21,188
Other expenses	6,565	-
	611,637	899,899

**In 2016, a service agreement (SA) was entered into between the Company, its Parent company, other related entities and SNI International Holding 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 Holding 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.*

14. Finance cost

Finance costs for the period ended June 30, 2018 and June 30, 2017 are presented in the table below:

	<u>for six months ended June 30:</u>	
	2018	2017
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Interest expenses on bonds*	7,061,185	-
Interest expenses on borrowing from credit institutions	2,086,353	5,462,398
Interest expenses on treasury bills	38,092	-
Interest expenses on borrowing from related party	-	11,997
Current account interests expenses	41,042	76,398
Fees for unused credit facilities	4,964,402	1,721,038
Borrowings early repayments fees	170,959	-
Other fees	51,862	183,573
	14,413,895	7,455,404

**Includes amortisation of the capitalised Eurobond issue fees.*

The increase in finance cost is primarily due to the financial restructuring undertaken by the Company. Fees for unused credit facilities have increased following the repayment of most of the credit facilities, which have been replaced by a Eurobond issued by the Company on February 9, 2018 (Please refer to Note 10 a).

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15. Taxes

Up to 2017, the Company incurred withholding tax imposed by the country where AB InBev was principally located and registered. In 2017 dividend income was recorded on a gross basis with withholding tax being shown as a separate item in the statement of profit or loss. In 2018, due to a tax reform in the country where AB InBev is principally located, the withholding tax rate was adjusted to 0%.

Withholding tax on dividends received amounted to nil for the six months ended June 30, 2018 (six months ended June 30, 2017: withholding tax amounted to EUR 3,496,304). The withholding tax was paid in the period of receipt.

The Company is subject to Luxembourg taxation as from the migration date of October 14, 2016. For the six months period ended June 30, 2018, the Company has accrued net wealth tax of EUR 4,815 bringing total accrued net wealth tax to EUR 9,630 at June 30, 2018 (six months ended June 30, 2017: EUR 4,815).

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

Part of AB InBev shares are pledged in favour of international financial institutions (Please refer to Note 10b). 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. At this date, no margin-call was ever received by the Company.

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Guarantees

"SBLC 1"

In order to secure an acquisition initially 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 in April 2019.

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 was signed on February 16, 2017, in which, its parent, USD Bevco was added as guarantor of the Company.

"SBLC 2"

Bevco Lux acts as a guarantor for USD Bevco as it holds the AB InBev shares which are pledged as guarantee on the credit facility agreements. As at June 30, 2018 and December 31, 2017, the maximum exposure which the Company could potentially become liable for an amount of EUR 5,624,682 (consisting of accrued commitment fees of EUR 477,882 and guarantee fees of EUR 5,146,800) as of June 30, 2018 and EUR 38,225,170 (consisting of principal drawdown of EUR 32,518,200, accrued interest of EUR 47,505, accrued commitment fees of EUR 656,665 and guarantee fees of EUR 5,002,800) as of December 31, 2017 respectively.

Irrevocable commitments

As at June 30, 2018 the outstanding commitments with Aguila Ltd. amounted to EUR 144,000,000 (December 31, 2017: EUR 449,000,000) as outlined in Note 6.

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18. Related party transactions

Major transactions and balances with related parties are summarised below:

	Aguila Ltd	SNI International Holdings S.à r.l.	USD Bevco S.à r.l.	Park S.à r.l.	Note reference
	<i>Ultimate parent</i>	<i>Direct parent of USD Bevco</i>	<i>Direct parent</i>	<i>Related party</i>	
As at June 30, 2018					
Financial position items					
Loans to related parties	356,253,886	-	-	75,978,701	6
Other current assets	-	-	-	416,460	7
Off balance sheet items					
Guarantees issued	-	-	5,624,682	118,988,585	17
Guarantees received	118,988,585	-	-	-	17
Irrevocable unused commitment issued	144,000,000	-	-	-	17
Irrevocable unused commitment received	500,000,000	-	-	-	10b
6 months period ended June 30, 2018					
Profit or loss statement items					
Interest income	546,903	-	-	1,725,648	12
Administrative expenses	-	222,713	-	-	13
	Aguila Ltd	SNI International Holdings S.à r.l.	USD Bevco S.à r.l.	Park S.à r.l.	Note reference
	<i>Ultimate parent</i>	<i>Direct parent of USD Bevco</i>	<i>Direct parent</i>	<i>Related party</i>	
As at December 31, 2017					
Financial position items					
Loans to related parties	51,215,887	-	-	75,126,610	6
Other current assets	-	-	-	845,334	7
Off balance sheet items					
Guarantees issued	-	-	38,225,170	118,988,585	17
Guarantees received	118,988,585	-	-	-	17
Irrevocable unused commitment issued	449,000,000	-	-	-	17
Irrevocable unused commitment received	500,000,000	-	-	-	10b
6 months period ended June 30, 2017					
Profit or loss statement items					
Interest income	49,272	-	-	857,748	12
Interest expense	11,997	-	-	-	14
Administrative expenses	-	427,104	-	-	13

Transactions with related parties are based on normal commercial terms and conditions.

Dividend distribution

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.

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.

Transaction with employees

As at June 30, 2018, the average number of employees directly employed by the Company was nil (2017: nil).

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Key management personnel

No compensation has been paid or is payable to key management personnel for the six months ended June 30, 2018 or for the six months ended June 30, 2017.

For six months ended June 30, 2018 and June 30, 2017, the members of the Board of managers have not received any form of remuneration for their services to the Company.

19. Subsequent events

a) Financing activity

On July 10, 2018, after the announcement by the shareholder of the contribution of additional assets, as described under corporate restructuring, S&P Global Ratings upgraded the Company's long-term issuer credit rating from "BBB-", with a negative outlook to "BBB", with a stable outlook. Moreover, the rating of its senior unsecured Eurobond was upgraded from "BBB-" to "BBB".

From credit institutions

"Financial institution 1"

On August 10, 2018, the Company and its direct parent (USD Bevco) entered into a new multi-currency credit facility agreement with financial institution 1 for a total loan commitment of EUR 260,000,000 (EUR 130,000,000 Tranche Secured and EUR 130,000,000 Tranche Unsecured) with a two-year tenor and bearing interests (i.e. EURIBOR or LIBOR + margin).

On the same date, the Company made a drawdown request to financial institution 1 (the "lender") amounting to EUR 130,000,000 (EUR 65,000,000 Tranche Secured and EUR 65,000,000 Tranche Unsecured) with rollover date on November 16, 2018. Furthermore, 3,982,180 of AB InBev shares continue to be pledged in favour of the lender.

"SBLC 1"

On July 30, 2018, the purchase agreement entered into by Park S.à r.l. was subsequently transferred to a related entity, thus, the SBLC was amended and reissued to replace Park with the new related entity and still in effect the same terms and conditions of SBLC 1.

b) Investing activity

Related party loans

On August 3, 2018, the Company (the "lender") has approved to roll over the loan granted to Aguila Ltd. (the "borrower") of EUR 205,000,000 under the same terms and conditions with a new maturity date on December 3, 2018.

Furthermore, on August 22, 2018, the Company approved to roll over the existing loan granted to Aguila Ltd. of EUR 51,000,000 under the same terms and conditions with a new maturity date on December 3, 2018.

c) Corporate restructuring

On July 10, 2018, the Board of Managers announced a plan to diversify the assets of the Company's via the transfer of additional assets currently owned by Santo Domingo Group (SDG) as additional equity contribution to the Company. The assets contributed to the Company include minority interests in Kraft Heinz Company (held via 3G investment vehicles), Acorn Holdings B.V., Inmobiliaria Colonial SOCIMI, S.A. and Flora Food Group (held via KKR investment vehicles).

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A brief description of the assets contributed as equity to the Company and the dates in which the contributions were made are as follows:

- Two 3G Limited Partnerships which indirectly hold interests in the Kraft Heinz Company, the fifth-largest food and beverage company in the world, contributed by Sierra Nevada Bermuda LP to Bevco Lux for an amount of EUR 59,739,118 contributed on July 13, 2018;
- Quercus BV's which holds a minority interest in Acorn Holdings B.V., the holding company of Jacobs Douwe Egberts (JDE) and Keurig Green Mountain, the largest pure-play FMCG coffee company in the world and the leading single serve coffee platform in the US respectively, contributed by Robles Illinois Co-Invest (Cayman) LP down the chain to Bevco Lux for an amount of EUR 982,000,000 on July 18, 2018;
- Park S.à r.l. which holds a minority interest in Inmobiliaria Colonial SOCIMI, S.A., a leading Eurozone real estate company with over 1.8 million square meters of primarily central business district office spaces in Madrid, Paris and Barcelona, contributed by SNI International Holdings S.à r.l. to Bevco Lux on August 1, 2018. The fair market value of Park which is attributable to the minority interest in Inmobiliaria Colonial SOCIMI, S.A. amounted to EUR 352,988,739; and
- KKR Limited Partnership which indirectly holds an interest in Flora Food Group, the global spread business sold by Unilever, contributed by Sierra Nevada Bermuda LP to Bevco Lux for an amount of EUR 100,000,000 on August 1, 2018.