AB InBev Harmony Limited (formerly SABMiller Harmony Limited)

Annual report and unaudited financial statements

Year ended

31 December 2017

Company Number 08296561

AB InBev Harmony Limited (formerly SABMiller Harmony Limited)

Company information

Directors	J E Dobbie M Kocaoglu P A Meuller M H Zorlu
Registered number	08296561
Registered office	AB Inbev House Church Street West Woking GU21 6HT
Accountants	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX

AB InBev Harmony Limited (formerly SABMiller Harmony Limited)

Contents

AB InBev Harmony Limited (formerly SABMiller Harmony Limited)

Directors' report
for the year ended 31 December 2017

The directors present their report and unaudited financial statements of AB InBev Harmony Limited (formerly SABMiller Harmony Limited) (the "Company") for the year ended 31 December 2017.

Review of activities and future developments

The Company was established to hold an investment in Anadolu Efes Biracilik ve Malt Sanayii A.S. and all other assets relating to this investment. In that respect, the Company may enter into any financial transactions with any member of the Anheuser-Busch InBev Group (the "Group").

On 28 September 2016, the shareholders of SABMiller plc, the then ultimate parent undertaking, approved an offer by Anheuser-Busch InBev SA/NV to acquire SABMiller plc (the "transaction"). Prior to the completion of the transaction, on 6 October 2016, SABMiller plc delisted from the London Stock Exchange and re-registered as a private limited company under the name SABMiller Limited. On 8 October 2016, Anheuser-Busch InBev SA/NV acquired SABMiller Limited and on 10 October 2016, control of the SABMiller Group transferred to Anheuser-Busch InBev SA/NV and the SABMiller Group became part of the Anheuser-Busch InBev Group. As a result of the transaction there may be an impact on the activities of the Company in the future.

With effect from 1 June 2017 the Company's name changed from SABMiller Harmony Limited to AB InBev Harmony Limited.

No significant change in the business of the Company is expected in the foreseeable future.

Results and dividends

The Company recorded a profit for the financial year ended 31 December 2017 of US$9,591,000 (period ended 31 December 2016: loss of US$547,320,000). The detailed results are set out in the profit and loss account and other comprehensive income on page 5.

During the year, the Company received income from shares in associated undertakings US$9,883,000 (period ended 31 December 2016: US$11,850,000). The Company also recorded an impairment provision of US$nil (period ended 31 December 2016: US$560,624,000) against its associate investment Anadolu Efes Biracilik ve Malt Sanayii A.S. Details of movements during the year in investments, debtors and creditors can be found in notes 9 to 12 of the financial statements.

No interim dividends were declared and paid for the financial year ended 31 December 2017 (period ended 31 December 2016: US$nil). The directors do not propose a final dividend (period ended 31 December 2016: US$nil).

Financial risk management

The Company is a subsidiary undertaking within the Group. Cash funds of the Group are managed at a group level. Interest is received and paid by the Company on certain loans with other Group companies.

Liquidity and interest rate risk

The Company's arrangements with the Group, as described above, ensure it can access the funds needed to meet its liquidity requirements as cash can be obtained through group funding. Interest receivable and payable on loans with other Group companies are calculated at either fixed or at floating rates of interest. The Group's liquidity requirements and interest rate risks are managed at a group level.

Currency risk

The Company's functional currency is US Dollar and it also presents its financial statements in US Dollar. Some transactions undertaken by the Company are denominated in currencies other than US Dollar.

Directors

The following directors held office during the year and up to the date of signing the financial statements:

P A Meuller
M H Zorlu
J E Dobbie (appointed 30 August 2017)
M Kocaoglu (appointed 20 February 2018)
N J Lee (resigned 20 February 2018)
R Hornung (resigned 27 January 2017)

Directors' insurance and indemnity

Anheuser-Busch InBev SA/NV maintains directors' and officers' liability insurance in respect of its directors and those directors of its subsidiary companies.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

As a result of the Company taking the exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act"), Pricewaterhouse Coopers LLP are not deemed to be reappointed as auditors, and thus, have resigned as auditors of the Company.

The Directors' report has been prepared in accordance with the provision applicable to companies entitled to the small companies exemption.

The directors' approval of the financial statements appears on page 6.

This report was approved by the board and signed on its behalf.

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J E Dobbie
Director

Date: 14 JANUARY 2019

AB InBev Harmony Limited (formerly SABMiller Harmony Limited)

Chartered accountants' report to the board of directors on the unaudited financial statements of AB InBev Harmony Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of AB InBev Harmony Limited for the year ended 31 December 2017 which comprise the Profit and loss account and other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practicing member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at http://www.icaew.com/en/members/regulations-standards-and-guidance/.

This report is made solely to the board of directors of AB InBev Harmony Limited, as a body, in accordance with the terms of our engagement letter dated 11 September 2017. Our work has been undertaken solely to prepare for your approval the accounts of AB InBev Harmony Limited and state those matters that we have agreed to state to the board of directors of AB InBev Harmony Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than AB InBev Harmony Limited and its board of directors as a body for our work or for this report.

It is your duty to ensure that AB InBev Harmony Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of AB InBev Harmony Limited. You consider that AB InBev Harmony Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of AB InBev Harmony Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

BDO LLP

BDO LLP
Chartered Accountants
Reading
UK

Date: 14 JANUARY 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AB InBev Harmony Limited (formerly SABMiller Harmony Limited)

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

	Note	**1 January 2017 to 31 December 2017 US$('000s)**	1 April 2016 to 31 December 2016 US$('000s)
Income from shares in associate undertakings		**9,883**	11,850
Capital taxes due on equity		**(22)**	(175)
Other operating expenses	4	**(13)**	(34)
Impairment provision on associate investment	9	**-**	(560,624)
Profit / (loss) on ordinary activities before interest and taxation		**9,848**	(548,983)
Finance income	6	**237**	266
Finance expense	7	**-**	(2)
Profit / (loss) on ordinary activities before taxation		**10,085**	(548,719)
Taxation on profit / (loss) on ordinary activities	8	**(494)**	1,399
Profit / (loss) for the financial year / period		**9,591**	(547,320)
Total comprehensive income / (expense) for the financial year / period		**9,591**	(547,320)

All activities during the year / period are in respect of continuing activities.

The notes on pages 8 to 18 form part of these financial statements.

AB InBev Harmony Limited (formerly SABMiller Harmony Limited)

Registered number: 08296561

Balance sheet
As at 31 December 2017

	Note		2017 US$('000s)		2016 US$('000s)
Fixed assets					
Investments	9		**895,000**		895,000
Current assets					
Debtors: amounts falling due within one year	10	**47,044**		37,921	
Current liabilities					
Creditors: amounts falling due within one year	11	-		(468)	
Net current assets			**47,044**		37,453
Total assets less current liabilities			**942,044**		932,453
Creditors: amounts falling due after more than one year	12		**(3,563)**		(3,563)
Net assets			**938,481**		928,890
Capital and reserves					
Called up share capital	13,14		-		-
Share premium account	14		**1,825,624**		1,825,624
Profit and loss account	14		**(887,143)**		(896,734)
Total shareholders' funds			**938,481**		928,890

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:

J E Dobbie
Director

Date: 14 JANUARY 2019

The notes on pages 8 to 18 form part of these financial statements.

AB InBev Harmony Limited (formerly SABMiller Harmony Limited)

Statement of changes in equity
for the year ended 31 December 2017

	Called up share capital US$('000s)	Share premium account US$('000s)	Profit and loss account US$('000s)	Total shareholders' funds US$('000s)
At 1 April 2016	-	1,825,624	(349,414)	1,476,210
Comprehensive loss for the period				
Loss for the financial period	-	-	(547,320)	(547,320)
Total comprehensive loss for the period	-	-	(547,320)	(547,320)
At 31 December 2016	-	1,825,624	(896,734)	928,890
Comprehensive income for the year				
Profit for the financial year	-	-	9,591	9,591
Total comprehensive income for the year	-	-	9,591	9,591
At 31 December 2017	-	1,825,624	(887,143)	938,481

The notes on pages 8 to 18 form part of these financial statements.

1. Presentation of financial statements

The Company's financial statements are prepared using the US Dollar as the presentational currency. The US Dollar is also the Company's functional currency, representing the currency of the primary economic environment in which the Company operates.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is: AB Inbev House, Church Street West, Woking, Surrey, GU21 6HT, United Kingdom.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with *Financial Reporting Standard 101 Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14, 2014/15 and 2015/2016 cycle) issued in July 2014, July 2015 and July 2016 effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company's ultimate parent undertaking, Anheuser-Busch InBev SA/NV includes the Company in its consolidated financial statements. The consolidated financial statements of Anheuser-Busch InBev SA/NV are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Corporate Secretary at Anheuser-Busch InBev SA/NV, Brouwerijplein 1, B-3000 Leuven, Belgium.

The preparation of financial statements in conformity with FRS 101 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. 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 3.

The following exemptions from the requirements of EU adopted IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 111 (cash flow statement information)
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

2. Accounting policies (continued)

Basis of preparation (continued)

As the consolidated financial statements of Anheuser-Busch InBev SA/NV include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 'Impairment of assets' in respect of the impairment of goodwill and indefinite life intangible assets; and
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not held as part of a trading portfolio or as derivatives.

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the fair valuation of financial instruments. The accounting policies, which have been applied consistently throughout the year, are set out below.

Exemption from preparation of consolidated financial statements

The financial statements contain information about AB InBev Harmony Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA accounts of a larger group.

Dividend income from group undertakings

Dividends receivable from associate undertakings are recognised in profit or loss when the right to the dividend income has been established. Interim dividends are recognised when paid and any final dividends receivable are recognised when declared at a general meeting.

Interest income

Interest income is recognised on an accruals basis using the effective interest method.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

Foreign exchange

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses are recognised within profit or loss.

Interest expense on loans from fellow group undertakings

Interest expense on loans in respect of borrowings from other subsidiaries within the Group is recognised on an amortised cost basis using the effective interest rate method.

2. Accounting policies (continued)

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. The Company's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values, except where the temporary difference arises from goodwill (in the case of deferred tax liabilities) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. This includes taxation in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future years has been entered into by the subsidiary. Deferred income tax is also recognised in respect of the unremitted retained earnings of overseas associates and joint ventures as the Company is not able to determine when such earnings will be remitted and when such additional tax such as withholding taxes might be payable.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is expected that sufficient existing taxable temporary differences will reverse in the future or there will be sufficient taxable profit available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

Fixed asset investments

Investments in associates are stated at cost, together with subsequent capital contributions, less provisions for impairment.

2. **Accounting policies (continued)**

Impairment of investments

The carrying amounts of the Company's investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment reviews are performed by comparing the carrying value of the non-current asset with its recoverable amount, being the higher of the fair value less costs of disposal and value in use. The fair value less costs of disposal is considered to be the amount that could be obtained on disposal of the asset based on the listed share price. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the asset using a post-tax discount rate, as this closely approximates applying pre-tax discount rates to pre-tax cash flows. Where a potential impairment is identified using post-tax cash flows and post-tax discount rates, the impairment review is re-performed on a pre-tax basis in order to determine the impairment loss to be recorded.

Financial instruments

Financial instruments comprise investments in equity and debt securities, loans receivable and borrowings.

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs except in the case of those classified at fair value through profit or loss). For those financial instruments that are not subsequently held at fair value, the Company assesses whether there is any objective evidence of impairment at each balance sheet date.

Financial assets are recognised when the Company has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired. If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

2. Accounting policies (continued)

Financial instruments (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Investments in associates
Investments in associates are stated at costs, together with subsequent capital contributions, less provisions for impairment.

Loans receivable and borrowings
Loans receivable and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend payable

Dividend distributions to equity shareholders are recognised as a liability in the financial statements of the Company in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Dividends declared after the balance sheet date are not recognised, as there is no present obligation at the balance sheet date.

3. Key estimates and judgements

In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported results or net position of the Company, should it later be determined that a different choice be more appropriate.

Management considers the following to be the areas of significant judgement and estimation for the Company due to greater complexity and/or particularly subject to the exercise of judgement.

Impairment reviews
Impairment reviews in respect of investments in associates are performed if events indicate that this is necessary. Impairment reviews are based on comparing the carrying value of the non-current asset with its recoverable amount, being the higher of the fair value less costs of disposal and value in use. The fair value less costs of disposal is considered to be the amount that could be obtained on disposal of the asset based on the listed share price. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the asset using a post-tax discount rate. The future cash flows which are based on business forecasts, the long-term growth rates and the discount rates used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change with a consequent impact on the results and net position of the Company.

4. Other operating expenses

	1 January 2017 to 31 December 2017 US$('000s)	1 April 2016 to 31 December 2016 US$('000s)
Other operating expenses	**13**	34

5. Key management compensation and employees

Key management personnel are considered to be the directors of the Company. The Company had no employees in the year (period ended 31 December 2016: none). None of the key management personnel received any remuneration for their services as key management personnel of the Company and are not employed by the Company.

During the year, no (period ended 31 December 2016: four) key management personnel exercised options over US 10 cent shares in ABI SAB Group Holding Limited. This is accounted for by the employing company within the Group. No (period ended 31 December 2016: none) key management personnel exercised options in Anheuser-Busch InBev SA/NV.

Pension contributions, on behalf of the key management personnel, were made by their employing companies within the Group.

6. Finance income

	1 January 2017 to 31 December 2017 US$('000s)	1 April 2016 to 31 December 2016 US$('000s)
Interest receivable from fellow Group undertakings	954	167
Fair value gain on derivative financial instruments	-	77
Foreign exchange (loss) / gain	(717)	22
Total finance income	**237**	266

7. Finance expense

	1 January 2017 to 31 December 2017 US$('000s)	1 April 2016 to 31 December 2016 US$('000s)
Interest payable to fellow Group undertakings	-	(2)

8. Taxation on profit / (loss) on ordinary activities

Analysis of charge / (credit) in year / period

	1 January 2017 to 31 December 2017 US$('000s)	1 April 2016 to 31 December 2016 US$('000s)
Current taxation		
Adjustments in respect of prior periods	-	1
Withholding taxes and other remittance taxes	494	593
Total current taxation expense	**494**	594
Deferred taxation		
Charge / (credit) for the year / period	-	(1,993)
Total taxation expense / (credit)	**494**	(1,399)

8. Taxation on profit / (loss) on ordinary activities (continued)

Factors affecting taxation expense / (credit) for the year / period

AB InBev Harmony Limited was incorporated in the United Kingdom, however the central management and control is vested in the board of directors who are based in Switzerland. As a result of this, the tax residency is deemed to be in Switzerland.

The tax assessed for the year is lower than (period ended 31 December 2016: higher than) the Switzerland standard rate of corporation tax for the year ended 31 December 2017 of 7.83% (period ended 31 December 2016: 7.83%). The differences are explained below:

	1 January 2017 to 31 December 2017 US$('000s)	1 April 2016 to 31 December 2016 US$('000s)
Profit / (loss) on ordinary activities before taxation	**10,085**	(548,719)
Tax charge / (credit) at the Switzerland standard rate of corporation tax of 7.83% (period ended 31 December 2016: 7.83%)	**790**	(42,965)
Effects of:		
Withholding taxes and other remittance taxes	**494**	593
Unrecognised tax losses	**-**	42,965
Unremitted profits of associates	**-**	(1,993)
Adjustments in respect of prior periods	**-**	1
Utilisation of previously unrecognised tax losses	**(790)**	-
Total taxation expense / (credit)	**494**	(1,399)

Deferred taxation is recognised in respect of the unremitted earnings of overseas associates and joint ventures as the AB InBev Group is not able to determine when such earnings will be remitted and when such additional tax, such as withholding taxes, might be payable.

Unremitted earnings of subsidiaries do not result in a deferred taxation liability where the reporting entity is able to control the timing of the reversal of temporary difference and it is probable that they will not reverse in the foreseeable future.

A deferred tax liability of US$nil has been reversed during the year (period ended 31 December 2016: US$1,993,000 reversal of a deferred tax liability) in respect of unremitted earnings in the associate Anadolu Efes Biracilik ve Malt Sanayii A.S.

9. Fixed asset investments

	Investments in associate undertakings US$('000s)
Cost	
At 1 January 2017	**1,825,624**
At 31 December 2017	**1,825,624**
Accumulated impairment	
At 1 January 2017	**930,624**
At 31 December 2017	**930,624**
Net book value	
At 31 December 2017	**895,000**
At 31 December 2016	895,000

The directors believe that the carrying value of the investment is supported by its recoverable amount.

Associate undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
Anadolu Efes Biracilik ve Malt Sanayii A.S.	Turkey	Common shares	24 %	Holding company

The registered address of Anadolu Efes Biracilik ve Malt Sanayii A.S. is Bahçelievler Mahallesi, Sehit Ibrahim Koparir Caddesi No. 4, Bahçelievler, Istanbul, Turkey.

There are no directly or indirectly held subsidiary or associated undertakings other than as shown above.

10. Debtors: amounts falling due within one year

	2017 US$('000s)	2016 US$('000s)
Loans owed by fellow Group undertakings	**46,839**	37,733
Amounts owed by fellow Group undertakings	**148**	17
Other debtors	**43**	-
Prepayments and accrued income	**14**	-
Corporation tax	-	171
	47,044	37,921

Loans owed by fellow Group undertakings bear interest at LIBOR minus 12.5 basis points (period ended 31 December 2016: minus 12.5 basis points) and are unsecured and repayable on demand.

Amounts owed by fellow Group undertakings are interest free, unsecured and repayable on demand.

11. Creditors: amounts falling due within one year

	2017 US$('000s)	2016 US$('000s)
Loans owed to fellow Group undertakings	-	274
Amounts owed to fellow Group undertakings	-	8
Capital tax due on equity	-	175
Accruals and deferred income	-	11
	-	468

Loans owed to fellow Group undertakings bear interest at a floating rate of one month LIBOR plus 110 basis points (period ended 31 December 2016: minus 12.5 basis points to plus 110 basis points) and are unsecured and repayable on demand.

Amounts owed to fellow Group undertakings are interest free, unsecured and repayable on demand.

12. Creditors: amounts falling due after more than one year

	2017 US$('000s)	2016 US$('000s)
Deferred taxation provision	**3,563**	3,563

The deferred taxation liability arises wholly in respect of the tax liability that may arise on the unremitted earnings of associates. The Company has no control over these earnings which are not expected to be distributed in the next twelve months.

13. Called up share capital

	2017 US$	2016 US$
Allotted and fully paid		
1 ordinary share of £0.01 each (31 December 2016: 1 share)	-	-
99 ordinary shares of £0.01 each (31 December 2016: 99 shares)	1	1
	1	1

During the year, the Company had two classes of ordinary shares which carry no right to fixed income and are entitled to one vote per share at meetings of the Company.

14. Reserves

Reserves are comprised of the following:

Called up share capital represents the nominal value of shares subscribed for.

Share premium account represents amounts subscribed for share capital in excess of nominal value, net of issue costs.

The Company's profit and loss account represents cumulative profits or losses net of transactions with owners (e.g. dividends) not recognised elsewhere.

15. Capital commitments and contingent liabilities

There were no capital commitments or material contingent liabilities at 31 December 2017 (period ended 31 December 2016: US$nil).

16. Ultimate parent undertaking

The immediate parent undertaking as at 31 December 2017 was AB InBev Harmony Holdings Limited (formerly SABMiller Harmony Holdings Limited), a company incorporated in England and Wales.

At 31 December 2017 the ultimate parent and controlling party was Anheuser-Busch InBev SA/NV, a company incorporated in Leuven, Belgium. Anheuser-Busch InBev SA/NV is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Anheuser-Busch InBev SA/NV consolidated financial statements can be obtained from Anheuser-Busch InBev SA/NV, Brouwerijplein 1, B-3000 Leuven, Belgium.