(c.2) Labor

The Company and its subsidiaries are involved in labor proceedings with former employees or former employees of service providers. The main issues involve overtime and related effects and respective charges.

(c.3) Civil

The Company is involved in civil lawsuits considered with probable likelihood of loss. The most relevant portion of these lawsuits refers to former distributors, mainly in Brazil, which are mostly claiming damages resulting from the termination of their contracts.

The processes with possible probabilities are disclosed in Note 30 - *Contingent liabilities*.

27. FINANCIAL INSTRUMENTS AND RISKS

Risk factors

The Company is exposed to foreign currency, interest rate, commodity price, liquidity and credit risk in the ordinary course of business. The Company analyzes each of these risks both individually and as a whole to define strategies to manage the economic impact on Company’s performance consistent with its Financial Risk Management Policy.

The Company’s use of derivatives strictly follows its Financial Risk Management Policy approved by the Board of Directors. The purpose of the policy is to provide guidelines for the management of financial risks inherent to the capital markets in which Ambev carries out its operations. The policy comprises four main aspects: (i) capital structure, financing and liquidity, (ii) transactional risks related to the business, (iii) financial statements translation risks and (iv) credit risks of financial counterparties.

The policy establishes that all the financial assets and liabilities in each country where Ambev operates must be denominated in their respective local currencies. The policy also sets forth the procedures and controls needed for identifying, measuring and minimizing market risks, such as variations in foreign exchange rates, interest rates and commodities (mainly aluminum, wheat, corn and sugar) that may affect Ambev’s revenues, costs and/or investment amounts. The policy states that all the known risks (e.g. foreign currency and interest) shall be hedged by contracting derivative financial instruments. Existing risks not yet recorded (e.g. future contracts for the purchase of raw material or property, plant and equipment) shall be mitigated using projections for the period necessary for the Company to adapt to the new costs scenario that may vary from ten to fourteen months, also through the use of derivative financial instruments. Most of the translation risks are not hedged. Any exception to the policy must be approved by the Board of Directors.

Derivative financial Instruments

Derivative financial instruments authorized by the Financial Risk Management Policy are futures contracts traded on exchanges, Full deliverable forwards, Non-deliverable forwards, Swaps and Options. At December 31, 2018, the Company and its subsidiaries had no target forward, swaps with currency verification or any other derivative operations representing a risk level above the nominal value of their contracts. The derivative operations are managed on a consolidated basis and classified by strategies according to their purposes, as follows:

i) Cash flow hedge derivative instruments – The highly probable forecast transactions contracted in order to minimize the Company's exposure to fluctuations of exchange rates and prices of raw materials, investments, equipment and services to be procured, protected by cash flow hedges that shall occur at various different dates during the next fourteen months. Gains and losses classified as hedging reserve in equity are recognized in the income statement in the period or periods when the forecast and hedged transaction affects the income statement.

ii) Fair value hedge derivative instruments – operations contracted with the purpose of mitigating the Company’s net indebtedness against foreign exchange and interest rate risk. Cash net positions and foreign currency debts are continually assessed for identification of new exposures.

The results of these operations, measured according to their fair value, are recognized in financial results.

iii) Net investment hedge derivative instruments – transactions entered into in order to minimize exposure of the exchange differences arising from conversion of net investment in the Company's subsidiaries located abroad for translation account balance. The effective portion of the hedge is allocated to equity and the ineffectiveness portion is recorded directly in financial results.

The following tables summarize the exposure of the Company that were identified and protected in accordance with the Company's Risk Policy. The following denominations have been applied:

Operational Hedge: Refers to the exposures arising from the core business of Ambev, such as: purchase of inputs, purchase of fixed assets and service contracts linked to foreign currency, which is protected through the use of derivatives.

Financial Hedge: Refers to the exposures arising from cash and financing activities, such as: foreign currency cash and foreign currency debt, which is protected through the use of derivatives.

Investment hedge abroad: Refers mainly to exposures arising from cash hold in foreign currency in foreign subsidiaries whose functional currency is different from the consolidation currency.

Investment hedge - Put option granted on subsidiary: As detailed in Note 21 (d.4) the Company constituted a liability related to acquisition of Non-controlling interest in the Dominican Republic operations. This financial instrument is denominated in Dominican Pesos and is recorded in a Company which functional currency is the Real. The Company assigned this financial instrument as a hedging instrument for part of its net assets located in the Dominican Republic, in such manner the hedge result can be recorded in other comprehensive income of the group, following the result of the hedged item.

Transactions protected by derivative financial instruments in accordance with the Financial Risk Management Policy

								2018
				Fair Value		**Gain / (Losses)**		
Exposure	**Risk**		**Notional**	**Assets**	**Liability**	**Finance Result**	**Operational Result**	**Equity**
Cost		**(11,793.2)**	**11,607.3**	**184.4**	**(394.2)**	**(784.4)**	**1,182.8**	**1,733.6**
	Commodity	(2,597.0)	2,411.1	14.9	(270.6)	(104.1)	78.4	(160.0)
	American Dollar	(8,774.3)	8,774.3	128.4	(119.9)	(681.5)	1,080.7	1,796.0
	Euro	(152.4)	152.4	2.2	(1.0)	(3.0)	4.6	2.8
	Mexican Pesos	(269.5)	269.5	38.9	(2.7)	4.2	19.1	94.8
Fixed Assets		**(890.0)**	**890.0**	**23.7**	**(29.3)**	**21.9**	**-**	**-**
	American Dollar	(890.0)	890.0	23.7	(29.1)	19.3	-	-
	Euro	-	-	-	(0.2)	2.6	-	-
Expenses		**(314.0)**	**314.0**	**11.4**	**(14.2)**	**(0.4)**	**17.7**	**(0.6)**
	American Dollar	(311.8)	311.8	11.4	(14.2)	(0.8)	18.5	-
	Rupee	(2.2)	2.2	-	-	0.4	(0.8)	(0.6)
Cash		**(15.0)**	**15.0**	**0.4**	**-**	**(347.4)**	**-**	**-**
	American Dollar	-	-	0.3	-	(347.3)	-	-
	Interest rate	(15.0)	15.0	0.1	-	(0.1)	-	-
Debts		**(1,010.6)**	**338.2**	**34.9**	**(1.1)**	**89.6**	**-**	**-**
	American Dollar	(672.4)	-	-	-	73.2	-	-
	Interest rate	(338.2)	338.2	34.9	(1.1)	16.4	-	-
Equity Instrument		**(1,535.4)**	**1,108.4**	**0.1**	**(243.0)**	**(378.2)**	**-**	**-**
	Stock Exchange Prices	(1,535.4)	1,108.4	0.1	(243.0)	(378.2)	-	-
Foreign Investments		**-**	**-**	**-**	**-**	**4.3**	**(57.0)**	**7.4**
	American Dollar	-	-	-	-	4.3	(57.0)	7.4
As of December 31, 2018		**(15,558.2)**	**14,272.9**	**254.9**	**(681.8)**	**(1,394.6)**	**1,143.5**	**1,740.4**

								2017
				Fair Value		Gain / (Losses)		
Exposure	Risk		Notional	Assets	Liability	Finance Result	Operational Result	Equity
Cost		**(9,742.3)**	**9,318.9**	**283.6**	**(190.0)**	**(563.5)**	**(200.2)**	**584.8**
	Commodity	(2,378.7)	1,955.3	166.5	(70.7)	(1.5)	103.6	(4.8)
	American Dollar	(6,879.1)	6,879.1	86.3	(93.4)	(556.1)	(331.5)	630.2
	Euro	(82.9)	82.9	3.5	(0.7)	(4.7)	0.4	6.6
	Mexican Pesos	(401.6)	401.6	27.3	(25.2)	(1.2)	27.3	(47.2)
Fixed Assets		**(579.5)**	**579.5**	**1.9**	**(10.8)**	**(1.9)**	**-**	**-**
	American Dollar	(531.9)	531.9	1.8	(10.8)	(2.8)	-	-
	Euro	(47.6)	47.6	0.1	-	0.9	-	-
Expenses		**(177.7)**	**177.7**	**0.5**	**(1.8)**	**(2.9)**	**3.9**	**1.8**
	American Dollar	(169.2)	169.2	0.3	(1.6)	(3.1)	3.5	2.4
	Rupee	(8.5)	8.5	0.2	(0.2)	0.2	0.4	(0.6)
Cash		**(1,328.3)**	**1,328.3**	**-**	**(13.1)**	**(266.0)**	**-**	**-**
	American Dollar	(1,313.3)	1,313.3	-	(13.1)	(266.0)	-	-
	Interest rate	(15.0)	15.0	-	-	-	-	-
Debts		**(919.5)**	**356.9**	**30.0**	**(1.8)**	**(67.5)**	**-**	**-**
	American Dollar	(562.6)	-	-	-	(76.2)	-	-
	Interest rate	(356.9)	356.9	30.0	(1.8)	8.7	-	-
Equity Instrument		**(2,347.9)**	**677.0**	**69.2**	**-**	**67.0**	**-**	**-**
	Stock Exchange Prices	(2,347.9)	677.0	69.2	-	67.0	-	-
As of December 31, 2017		**(15,095.2)**	**12,438.3**	**385.2**	**(217.5)**	**(834.8)**	**(196.3)**	**586.6**

I. Market risk

a.1) Foreign currency risk

The Company is exposed to foreign currency risk on borrowings, investments, purchases, dividends and/or interest expense/income whenever they are denominated in a currency other than the functional currency of the subsidiary. The main derivatives financial instruments used to manage foreign currency risk are futures contracts, swaps, options, non deliverable forwards and full deliverable forwards.

a.2) Commodity Risk

A significant portion of the Company inputs comprises commodities, which historically have experienced substantial price fluctuations. The Company therefore uses both fixed price purchasing contracts and derivative financial instruments to minimize its exposure to commodity price volatility. The Company has important exposures to the following commodities: aluminum, sugar, wheat and corn. These derivative financial instruments have been designated as cash flow hedges.

a.3) Interest rate risk

The Company applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. The purpose of the Company's policy is to achieve an optimal balance between cost of funding and volatility of financial results, taking into account market conditions as well as the Company's overall business strategy and this strategy is reviewed periodically.

The table below demonstrates the Company's exposure related to debts, before and after interest rates hedging strategy.

	2018			
	Pre - Hedge		**Post - Hedge**	
	Interest rate	**Amount**	**Interest rate**	**Amount**
Brazilian Real	9.1%	237.6	6.8%	516.0
American Dollar	3.6%	630.0	3.6%	630.0
Canadian Dollar	2.4%	753.2	2.4%	753.2
Interest rate post fixed		**1,620.8**		**1,899.2**
Brazilian Real	6.7%	536.0	5.8%	257.6
Dominican Peso	9.4%	212.1	9.4%	212.1
American Dollar	4.4%	42.4	4.4%	42.4
Guatemala´s Quetzal	7.8%	11.4	7.8%	11.4
Interest rate pre-set		**801.9**		**523.5**

	2017			
	Pre - Hedge		Post - Hedge	
	Interest rate	Amount	Interest rate	Amount
Brazilian Real	9.2%	402.3	7.6%	714.1
American Dollar	2.7%	555.3	2.7%	555.2
Canadian Dollar	2.0%	685.9	2.0%	685.9
Barbadian Dollar	2.3%	5.0	2.3%	5.0
Interest rate post fixed		**1,648.5**		**1,960.2**
Brazilian Real	6.4%	682.5	5.9%	370.8
Working Capital in Argentinean Peso	31.0%	1.8	31.0%	1.8
Dominican Peso	9.3%	188.8	9.3%	188.8
American Dollar	3.8%	22.9	3.8%	22.9
Guatemala´s Quetzal	7.8%	10.3	7.8%	10.3
Interest rate pre-set		**906.3**		**594.6**

Sensitivity analysis

The Company mitigates risks arising from non-derivative financial assets and liabilities substantially, through derivative financial instruments. In this context, the Company has identified the main risk factors that may generate losses from these derivative financial instruments and has developed a sensitivity analysis based on three scenarios, which may impact the Company’s future results and/or cash flow, as described below:

1 – Probable scenario: Management expectations of deterioration in each transaction’s main risk factor. To measure the possible effects on the results of derivative transactions, the Company uses parametric Value at Risk – VaR. is a statistical measure developed through estimates of standard deviation and correlation between the returns of several risk factors. This model results in the loss limit expected for an asset over a certain time period and confidence interval. Under this methodology, we used the potential exposure of each financial instrument, a range of 95% and horizon of 21 days after December 31, 2018 for the calculation, which are presented in the module.

2 – Adverse scenario: 25% deterioration in each transaction’s main risk factor as compared to the level observed on December 31, 2018.

3 – Remote scenario: 50% deterioration in each transaction’s main risk factor as compared to the level observed on December 31, 2018.

Transaction	Risk	Fair value	Probable scenario	Adverse scenario	Remote scenario
Commodities hedge	Decrease on commodities price	(255.7)	(335.1)	(858.5)	(1,461.2)
Input purchase		255.7	341.3	905.0	1,554.2
Foreign exchange hedge	Foreign currency decrease	45.9	(125.0)	(2,253.0)	(4,552.1)
Input purchase		(45.9)	125.0	2,253.0	4,552.1
Costs effects		**-**	**6.2**	**46.5**	**93.0**
Foreign exchange hedge	Foreign currency decrease	(5.6)	(29.7)	(228.1)	(450.6)
Capex Purchase		5.6	29.7	228.1	450.6
Fixed assets effects		-	-	-	-
Foreign exchange hedge	Foreign currency decrease	(2.8)	(10.1)	(81.2)	(159.7)
Expenses		2.8	10.1	81.2	159.7
Expenses effects		-	-	-	-
Foreign exchange hedge	Foreign currency increase	0.3	0.3	0.3	0.3
Cash		(0.3)	(0.3)	(0.3)	(0.3)
Interest Hedge	Decrease in interest rate	0.1	-	(1.1)	(1.3)
Interest revenue		(0.1)	-	1.1	1.3
Cash effects		-	-	-	-
Cash	Foreign currency decrease	-	12.8	168.1	336.2
Interest Hedge	Increase in interest rate	33.8	31.5	(92.6)	(109.1)
Interest expenses		(33.8)	(31.5)	92.6	109.1
Debt effects		**-**	**12.8**	**168.1**	**336.2**
Equity Instrument Hedge	Stock Exchange Price decrease	(242.9)	(273.7)	(520.0)	(797.1)
Expenses		242.9	285.1	626.7	1,010.6
Equity effects		**-**	**11.4**	**106.7**	**213.5**
		-	**30.4**	**321.3**	**642.7**

As of December 31, 2018 the Notional and Fair Value amounts per instrument and maturity were as follows:

		Notional Value					
Exposure	**Risk**	**2019**	**2020**	**2021**	**2022**	**>2022**	**Total**
Cost		**11,563.1**	**44.2**	**-**	**-**	**-**	**11,607.3**
	Commodity	2,366.9	44.2	-	-	-	2,411.1
	American Dollar	8,774.3	-	-	-	-	8,774.3
	Euro	152.4	-	-	-	-	152.4
	Mexican Peso	269.5	-	-	-	-	269.5
Fixed asset		**890.0**	**-**	**-**	**-**	**-**	**890.0**
	American Dollar	890.0	-	-	-	-	890.0
Expenses		**314.0**	**-**	**-**	**-**	**-**	**314.0**
	American Dollar	311.8	-	-	-	-	311.8
	Rupee	2.2	-	-	-	-	2.2
Cash		**15.0**	**-**	**-**	**-**	**-**	**15.0**
	Interest rate	15.0	-	-	-	-	15.0
Debt		**-**	**-**	**110.0**	**-**	**228.2**	**338.2**
	Interest rate	-	-	110.0	-	228.2	338.2
Equity Instrument		**1,108.4**	**-**	**-**	**-**	**-**	**1,108.4**
	Stock prices	1,108.4	-	-	-	-	1,108.4
		13,890.5	**44.2**	**110.0**	**-**	**228.2**	**14,272.9**

		Fair Value					
Exposure	**Risk**	**2019**	**2020**	**2021**	**2022**	**>2022**	**Total**
Cost		**(208.4)**	**(1.4)**	**-**	**-**	**-**	**(209.8)**
	Commodity	(254.3)	(1.4)	-	-	-	(255.7)
	American Dollar	8.5	-	-	-	-	8.5
	Euro	1.2	-	-	-	-	1.2
	Mexican Peso	36.2	-	-	-	-	36.2
Fixed asset		**(5.6)**	**-**	**-**	**-**	**-**	**(5.6)**
	American Dollar	(5.4)	-	-	-	-	(5.4)
	Euro	(0.2)	-	-	-	-	(0.2)
Expenses		**(2.8)**	**-**	**-**	**-**	**-**	**(2.8)**
	American Dollar	(2.8)	-	-	-	-	(2.8)
Cash		**0.4**	**-**	**-**	**-**	**-**	**0.4**
	American Dollar	0.3	-	-	-	-	0.3
	Interest rate	0.1	-	-	-	-	0.1
Debt		**-**	**-**	**20.4**	**-**	**13.4**	**33.8**
	Interest rate	-	-	20.4	-	13.4	33.8
Equity Instrument		**(242.9)**	**-**	**-**	**-**	**-**	**(242.9)**
	Stock prices	(242.9)	-	-	-	-	(242.9)
		(459.3)	**(1.4)**	**20.4**	**-**	**13.4**	**(426.9)**

II. Credit Risk

Concentration of credit risk on trade receivables

A substantial part of the Company’s sales is made to distributors, supermarkets and retailers, within a broad distribution network. Credit risk is reduced because of the widespread number of customers and control procedures used to monitor risk. Historically, the Company has not experienced significant losses on receivables from customers.

Concentration of credit risk on counterpart

In order to minimize the credit risk of its investments, the Company has adopted procedures for the allocation of cash and investments, taking into consideration limits and credit analysis of financial institutions, avoiding credit concentration, i.e., the credit risk is monitored and minimized to the extent that negotiations are carried out only with a select group of highly rated counterparties.

The selection process of financial institutions authorized to operate as the Company’s counterparty is set forth in our Credit Risk Policy. This Credit Risk Policy establishes maximum limits of exposure to each counterparty based on the risk rating and on each counterparty's capitalization.

In order to minimize the risk of credit with its counterparties on significant derivative transactions, the Company has adopted bilateral “trigger” clauses. According to these clauses, where the fair value of an operation exceeds a percentage of its notional value (generally between 10% and 15%), the debtor settles the difference in favor of the creditor.

As of December 31, 2018, the Company held its main short-term investments with the following financial institutions: Banco do Brasil, Bradesco, Bank Mendes Gans, Caixa Econômica Federal, Citibank, Itaú, JP Morgan Chase, Merrill Lynch, Santander e Toronto Dominion Bank. The Company had derivative agreements with the following financial institutions: Banco Bisa, Barclays, BNB, BNP Paribas, Bradesco, Citibank, Deutsche Bank, Itaú, Goldman Sachs, JP Morgan Chase, Macquarie, Merrill Lynch, Morgan Stanley, Santander, ScotiaBank e TD Securities.

The carrying amount of cash and cash equivalents, investment securities, trade receivables excluding prepaid expenses, recoverable taxes and derivative financial instruments are disclosed net of provisions for impairment and represents the maximum exposure of credit risk as of December 31, 2018. There was no concentration of credit risk with any counterparties as of December 31, 2018.

III. Liquidity Risk

The Company believes that cash flows from operating activities, cash and cash equivalents and short-term investments, together with the derivative financial instruments and access to loan facilities are sufficient to finance capital expenditures, financial liabilities and dividend payments in the future.

IV. Equity price risk

Through the equity swap transaction approved on May 16th, 2017, December 21,2017, May 15th, 2018 and December 20th, 2018 by the Board of Directors of Ambev (see Note 1 - *Corporate information*), the Company, or its controlled entity, will receive the price variation related to its shares traded on the stock exchange or ADRs, neutralizing the possible effects of the stock prices' oscillation in view of the share-based payment of the Company. As these derivative instruments are not characterized as hedge accounting they were not therefore designated to any hedge.

In December 2018, an exposure equivalent to R$1.5 billion in AmBev's shares (or ADR's) was partially hedged, resulting in a loss in income statement of R$378.2.

V. Capital management

Ambev is continuously optimizing its capital structure targeting to maximize shareholder value while keeping the desired financial flexibility to execute the strategic projects. Besides the statutory minimum equity funding requirements that apply to the Company's subsidiaries in the different countries, Ambev is not subject to any externally imposed capital requirements. When analyzing its capital structure, the Company uses the same debt ratings and capital classifications as applied in the Company's financial statements.

Financial instruments

(a) Financial instruments categories

Management of the financial instruments held by the Company is effected through operational strategies and internal controls to assure liquidity, profitability and transaction security. Financial instruments transactions are regularly reviewed for the effectiveness of the risk exposure that management intends to cover (foreign exchange, interest rate, etc.).

The table below shows all financial instruments recognized in the financial statements, segregated by category:

	2018			
	Fair value through other comprehensive income	Amortized cost	Fair value through profit or loss	Total
Financial assets				
Cash and cash equivalents	3,778.4	7,685.1	-	11,463.5
Trade receivables excluding prepaid expenses	-	6,874.3	-	6,874.3
Investment securities	-	147.3	13.4	160.7
Financial instruments derivatives	-	-	34.1	34.1
Derivatives hedge	-	-	220.8	220.8
Total	**3,778.4**	**14,706.7**	**268.3**	**18,753.4**
Financial liabilities				
Trade payables and put option granted on subsidiary and other liabilities	-	15,535.0	2,669.5	18,204.5
Financial instruments derivatives	-	-	243.4	243.4
Derivatives hedge	-	-	438.4	438.4
Interest-bearing loans and borrowings	-	2,422.7	-	2,422.7
Total	**-**	**17,957.7**	**3,351.3**	**21,309.0**

	2017			
	Fair value through other comprehensive income	Amortized cost	Fair value through profit or loss	Total
Financial assets				
Cash and cash equivalents	3,081.7	7,272.8	-	10,354.5
Trade receivables excluding prepaid expenses	-	7,505.0	-	7,505.0
Investment securities	-	122.0	11.9	133.9
Financial instruments derivatives	-	-	100.1	100.1
Derivatives hedge	-	-	285.1	285.1
Total	**3,081.7**	**14,899.8**	**397.1**	**18,378.6**
Financial liabilities				
Trade payables and put option granted on subsidiary and other liabilities	-	13,502.0	5,764.1	19,266.1
Financial instruments derivatives	-	-	16.1	16.1
Derivatives hedge	-	-	201.4	201.4
Interest-bearing loans and borrowings	-	2,553.0	-	2,553.0
Total	**-**	**16,055.0**	**5,981.6**	**22,036.6**

(b) Classification of financial instruments by type of fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Also pursuant to IFRS 13, financial instruments measured at fair value shall be classified within the following categories:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date valuation;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – unobservable inputs for the asset or liability.

	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial asset at fair value through other comprehensive income	3,778.4	-	-	3,778.4	3,081.8	-	-	3,081.8
Financial asset at fair value through profit or loss	13.4	-	-	13.4	11.9	-	-	11.9
Derivatives assets at fair value through profit or loss	0.1	34.0	-	34.1	0.1	100.0	-	100.1
Derivatives - operational hedge	1.6	219.2	-	220.8	4.8	280.3	-	285.1
	3,793.5	**253.2**	**-**	**4,046.7**	**3,098.6**	**380.3**	**-**	**3,478.9**
Financial liabilities								
Financial liabilities at fair value through profit and loss (i)	-	-	2,669.5	2,669.5	-	-	5,764.1	5,764.1
Derivatives liabilities at fair value through profit or loss	0.5	242.9	-	243.4	1.7	14.4	-	16.1
Derivatives - operational hedge	36.6	401.8	-	438.4	58.4	143.0	-	201.4
	37.1	**644.7**	**2,669.5**	**3,351.3**	**60.1**	**157.4**	**5,764.1**	**5,981.6**

(i) Refers to the put option granted on subsidiary as described in Note 21 d(4).

Reconciliation of changes in the categorization of Level 3

Financial liabilities at December 31, 2017	**5,764.1**
Acquisition of investments	(3,568.7)
Total gains and losses in the year	474.1
Losses/(gains) recognized in net income	340.1
Losses/(gains) recognized in equity	134.0
Financial liabilities at December 31, 2018 (i)	**2,669.5**

(i) The liability was recorded under “Trade payables and put option granted on subsidiary and other liabilities” on the balance sheet.

(c) Fair value of financial liabilities measured at amortized cost

The Company’s liabilities, interest-bearing loans and borrowings, trade payables excluding tax payables, are recorded at amortized cost according to the effective rate method, plus indexation and foreign exchange gains/losses, based on closing indices for each exercise.

The financial instruments recorded at amortized cost are similar to the fair value and are not material for disclosure.

Calculation of fair value of derivatives

The Company measures derivative financial instruments by calculating their present value, through the use of market curves that impact the instrument on the computation dates. In the case of swaps, both the asset and the liability positions are estimated independently and brought to present value, where the difference between the result of the asset and liability amount generates the swaps market value. For the traded derivative financial instruments, the fair value is calculated according to the adjusted exchange-listed price.

Margins given in guarantee

In order to comply with the guarantee requirements of the derivative exchanges and/or counterparties in certain operations with derivative financial instruments, as of December 31, 2018 the Company held R$653.8 in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (R$606.3 on December 31, 2017).

Offsetting of financial assets and liabilities

For financial assets and liabilities subject to settlement agreements by the net or similar agreements, each agreement between the Company and the counterparty allows this type of settlement when both parties make this option. In the absence of such election, the assets and liabilities will be settled by their amounts, but each party shall have the option to settle on net, in case of default by the counterparty.

28. OPERATING LEASES

The Company primarily leases vehicles, warehouses, commercial rooms and industrial equipments.

The future disbursement schedule, already discounted to present value, is presented below, by maturity:

	2018	**2017**
Less than 1 year	404.0	432.6
Between 1 and 5 years	941.3	1.085.1
More than 5 years	324.9	458.1
	1,670.2	**1,975.8**

In 2018, the operating lease expense in the income statement amounted to R$586.8 (R$600.7 and R$483.1 in 2017 and 2016, respectively).

On December 31, 2018, the Company reviewed the information included in this Note and identified the existence of contracts that contain operating lease commitments, substantially related to the arrangements in which the Company has control over the right-of-use asset. Accordingly, the information previously disclosed for the year ended December 31, 2017 was reviewed in accordance with the Company's assessment.

29. COLLATERAL AND CONTRACTUAL COMMITMENTS WITH SUPLLIERS, ADVANCES FROM CUSTOMERS AND OTHER

	2018	2017
Collateral given for own liabilities	653.8	606.3
Other commitments	1,338.9	842.7
	1,992.7	**1,449.0**
Commitments with suppliers	12,078.6	11,096.3
	12,078.6	**11,096.3**

The collateral provided for liabilities totaled approximately R$1,992.7 as at December 31, 2018 (R$1,449.0 as at December 31, 2017), including R$574.7 (R$551.0 as at December 31, 2017) of cash guarantees. The deposits in cash used as guarantees are presented as part of other assets. To meet the guarantees required by derivative exchanges and/or counterparties contracted in certain derivative financial instrument transactions, Ambev maintained as at December 31, 2018, R$653.8 (R$606.3 as at December 31, 2017) in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (Note 27 – *Financial instruments and risks*).

Most of the balance relates to commitments with suppliers of packaging.

Future contractual commitments as at December 31, 2018 and 2017 are as follows:

	2018	2017
Less than 1 year	4,827.0	3,812.8
Between 1 and 2 years	2,932.4	2,995.7
More than 2 years	4,319.2	4,287.8
	12,078.6	**11,096.3**

30. CONTINGENT LIABILITIES

The Company has contingent liabilities related to lawsuits arising from its normal course of business. Due to their nature, such legal proceedings involve certain uncertainties including, but not limited to, court and tribunals rulings, negotiations between affected parties and governmental actions, and as a consequence the Company’s management cannot estimate the likely timing of resolution of these matters at this stage.

Contingent liabilities probable are fully recorded as liabilities (Note 26 – *Provisions*).

Additionally, the Company has lawsuits related to tax, civil and labor for which the likelihood of loss is classified as possible by management, and for which there are no provisions, as the composition and estimates of amounts as follows:

	2018	2017
Income tax and social contribution	37,867.4	31,757.3
Value-added and excise taxes	23,891.4	19,805.5
PIS and COFINS	4,386.3	3,485.2
Labor	353.4	287.1
Civil	4,385.7	4,071.5
Others	1,171.3	1,113.4
	72,055.5	**60,520.0**

Principal lawsuits with a likelihood of possible loss:

Brazilian Federal Taxes

Goodwill InBev Holding

In December 2011, the Company received a tax assessment related to the goodwill amortization resulting from the InBev Holding Brasil S.A. merger with Ambev. The decision of the Lower Administrative Court ("CARF") was partially favorable to Ambev. Therefore, Ambev filed a judicial proceeding to discuss the unfavorable part and requested a motion of injunction, which was granted to the company. The favorable portion to Ambev will be reexamined by the Administrative Upper House.
,
In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization and filed a defense. In March 2017, Ambev was notified of the partially favorable first level administrative decision on this tax assessment and filed an appeal to CARF. In May 2018, Ambev received a partial favorable decision at the Lower Administrative Court and is currently awaiting to be notified of the decision to analyze the applicable appeals.

Ambev management estimates possible losses in December 2018 to be approximately R$9.3 billion (R$8.3 billion as of 31 December 2017), classified as possible loss, and, therefore, no provision was made in this matter. In the event Ambev is required to pay these amounts, AB Inbev will reimburse Ambev the amount proportional (70%) to the benefit received by the company pursuant to the merger protocol, as well as the related costs.

Goodwill BAH

In October 2013, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited (“BAH”) into Ambev. The decision from the first level administrative Court was unfavorable to Ambev. After analysis of a motion to clarify presented by the Company, the unfavorable decision was confirmed and Ambev filed an appeal to the Lower Administrative Court. In November 2018, the Company received a partial favorable decision at the Lower Administrative Court and is currently waiting to be notified of the decision to analyze the applicable appeals.

In April and August 2018, Ambev received new tax assessments charging the remaining value of the goodwill amortization and filed defenses, which are currently pending analysis by the first administrative level.

At December, 2018 the possible risk amount is approximately R$2.1 billion (R$ 1.6 billion as of December 31, 2017). There was no provision made on the matter.

Goodwill CND Holdings

In November 2017, Ambev received a tax assessment related to the amortized goodwill related to the merger of CND Holdings into Ambev. Ambev filed a defense. In November 2018, Ambev received an unfavorable decision from the first administrative level and filed an appeal to the Lower Administrative Court, which is currently pending analysis.

The possible risk amount is approximately R$ 1.1 billion (R$ 1.1 billion as of December 31, 2017). There was no provision made on the matter.

Profits earned abroad

During 2005, the Company and certain of its subsidiaries received assessments from the Brazilian Federal Tax Authorities relating to profits of its foreign subsidiaries. In December 2008, the Administrative Court rendered a partially favorable decision in one of the tax assessments, and in connection with the remaining part, the Company filed an appeal to the Upper House of the Administrative Court, which was denied in full in March 2017. In September 2017, Ambev filed a judicial proceeding for this tax assessment and requested a motion of injunction, which was granted to the Company.

In 2013, 2016, 2017 and 2018, Ambev received new tax assessments related to profits of its foreign subsidiaries.

In July and September 2018, the Upper House of the Administrative Court rendered unfavorable decisions to Ambev in two of the tax assessments. Regarding one of the cases, the Company filed a judicial proceeding and requested a motion of injunction, which was granted to the company. As to the other case, the Company is analyzing the applicable appeals.

In October 2018, the Lower Administrative Court rendered a partial favorable decision in one tax assessment. The Company is waiting to be notified of such decision in order to analyze applicable appeals. In addition, the Administrative Upper House rendered a partially favorable decision to Ambev in one of the assessments, and, with respect to another case, rendered an unfavorable decision to the company, by casting vote. Currently, Ambev is waiting to be notified of such decisions to analyze the applicable appeals.

In December, 2018 Ambev management estimates the exposure of approximately R$ 7.7 billion (R$6.1 billion at December 31, 2017) as possible losses and R$ 45.8 million as probable losses (R$44.2 million at December 31, 2017).

Utilization of tax loss on mergers

The Company and certain of its subsidiaries received tax assessments from the Brazilian Tax authorities relating to the offset of tax losses carry forward arising in the context of business combinations.

In February 2016 the Upper Administrative Court ruled unfavorably to Ambev in two cases. Ambev filed judicial proceedings to discuss the matter. In September 2016, Ambev received a favorable first level decision in one of the judicial claims. In March 2017, Ambev received an unfavorable first level decision in another case and filed an appeal to the judicial Court. Both cases are awaiting analysis by the judicial Court.

No provisions have been made for these cases as Ambev believes that there are no express legal grounds that limit the use of tax losses in cases where legal entities are extinguished (including in the case of mergers), and therefore the tax inspector’s interpretation in these tax assessments does not apply.

The Company estimates the possible exposure to losses on these assessments at approximately R$533.3 million (R$549.4 million at December 31, 2017).

Disallowance of Expenses and Deductible Losses

In 2015 and 2016, the Company received two tax assessment from the Brazilian Federal Tax Authorities related to the disallowance of alleged non-deductible expenses and the deduction of certain losses mainly associated to financial investments and loans. The Company is waiting for judgment in the first administrative level.

The Company estimates that the possible loss exposure of this lawsuit on December 31, 2018 is approximately R$4.6 billion (R$4.4 billion as of December 31, 2017).

Disallowance of taxes paid abroad

Since 2014, Ambev has been receiving tax assessments from the Brazilian Federal Tax Authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad. In September, 2017, Ambev decided to include part of those tax assessments in the Brazilian Federal Tax Regularization Program of the Provisional Measure nº 783. In June 2018, the Company was notified of a favorable first administrative level decision cancelling four of these assessments (offsets of 2015 and 2016). In August and September 2018, the Brazilian Federal Revenue Service issued new decisions reestablishing these assessments and issued new tax assessments related to the matter.

As of 31 December 2018, Ambev management estimates the exposure of approximately R$9.5 billion (R$7.2 billion as of December 31, 2017) as possible loss.

Presumed Profit

In April 2016, Arosuco (subsidiary of Ambev) received a tax assessment regarding the use of the “Presumed Profit” Method for the calculation of income tax and the social contribution on net profit method instead of Real Profit method. In September, 2017, Arosuco was notified of the unfavorable first level administrative decision and filed Voluntary Appeal. According to Note 36 – Subsequent Events, in January 2019, the case was judged by the Lower Administrative Court, which ruled favorably to the Company by majority of votes. The Company is waiting to be notified of such decision to analyze the applicable appeals. Arosuco management estimates the amount of possible losses in relation to this assessment in December 31, 2018 to be approximately R$645.1 million (R$616.1 billion as of December 31, 2017).

PIS and COFINS

PIS/COFINS over bonus products

Since 2015, Ambev has been receiving tax assessments issued by the Brazilian federal tax authorities, relating to amounts allegedly due under Integration Programme/Social Security Financing Levy (PIS/COFINS) over bonus products granted to its customers. These cases are now being discussed at the relevant judicial and administrative Courts. According to Note 36 - Subsequent Events, in January 2019, three cases were judged by the Lower Administrative Court, which ruled favorably to the Company by majority of votes in all three cases. Ambev is waiting to be notified of such decisions to analyze the applicable appeals. Ambev management estimates the possible losses related to these assessments to be approximately R$4.0 billion (R$3.1 billion as of 31 December 2017).

ICMS and IPI

ICMS-ST Unconditional Discounts

In 2013, 2014 and 2015, Ambev was assessed by the States of Pará and Piauí to charge the ICMS supposedly due with respect to unconditional discounts granted by Ambev The cases are being challenged at both the administrative and judicial levels of the Courts. Ambev management estimates the amount involved in these proceedings to be approximately R$623.2 million (R$599.7 million as of 31 December 2017), classified as possible loss.

ICMS tax war

Ambev, over the years, received tax assessments from the States of São Paulo, Rio de Janeiro, Minas Gerais and other States, regarding the legality of ICMS tax credits arising from transactions with companies that have tax incentives. The cases are being challenged at both the administrative and judicial levels of the Courts. Ambev management estimates the possible losses approximately R$2.1 billion (R$1.9 billion as of December 31, 2017) classified as possible loss.

ICMS-ST Trigger

Over the years, the Company received tax assessments relating to supposed ICMS differences considered due in the tax substitution system when the price of the products sold reaches levels close to or above the fixed price table basis established by certain States, in cases where tax authorities understand that the calculation basis should be based on a value-added percentage over the actual prices and not the fixed table price. The Company is challenging these assessments at administrative and judicial courts.

Among other similar cases, in 2016, the Company received three assessments issued by the State of Minas Gerais, in the original amount of R$1.4 billion. In the first quarter of 2018 these cases had unfavorable final administrative decision. The State of Minas Gerais filed tax foreclosures to charge values discussed in these three cases and the Company filed defenses in the judicial courts. In 2018, Ambev received tax assessments from the State of Rio de Janeiro in the original amount of R$0.9 billion related to this same issue. The Company presented defenses against such tax assessments and awaits judgment by the relevant administrative courts.

Ambev management estimates the total possible loss related to this issue, in December 2018, to be approximately R$7.7 billion (R$5.8 billion as of 31 December 2017). Ambev has recorded provisions in the total amount of R$7.8 million in relation to the proceedings for which it considers the chances of loss to be probable considering specific procedural issues.

ICMS – PRODEPE

In 2015, Ambev received a tax assessment issued by the State of Pernambuco to charge ICMS differences due to the alleged non-compliance with the State tax incentive Agreement "PRODEPE" as a result of the rectification of its monthly reports. The State tax authorities understood that Ambev was not able to use the incentive due to this rectification. In 2017, Ambev had a final favorable decision in the sense that such assessment was null due to formal mistakes of the tax auditor. However, in December 2018, Ambev received a new tax assessment to discuss the same matter. There are other assessments related to this same tax incentive agreement.

Ambev estimates the possible losses related to this issue is approximately R$603.5 million Brazilian real (R$146 million as of 31 December 2017). Ambev has recorded a provisions in the total amount of R$2.9 million in relation to one of the proceedings for which it considers the chances of loss to be probable.

Manaus Free Trade Zone – IPI

Goods manufactured within the Manaus Free Trade Zone – ZFM intended for remittance elsewhere in Brazil are exempt from the IPI Excise Tax. We have been registering IPI Excise Tax presumed credits upon the acquisition of exempted inputs manufactured in the Manaus Free Trade Zone. Since 2009 we have been receiving a number of tax assessments from the RFB relating to the disallowance of such presumed IPI excise tax credits, which are under discussion before the Brazilian Supreme Court (trial expected to April 2019). Ambev management estimates the possible loss in relation to these assessments to be R$3.8 billion (R$3.2 billion as of December 31, 2017).

In addition, over the years, the Company also received tax assessments from the Brazilian Federal Tax Authorities charging federal taxes considered unduly offset with the disallowed IPI excise tax credits which are under discussion in the abovementioned proceedings. Ambev is challenging these charges at Courts. Ambev management estimates the possible losses related to these assessments to be approximately R$1.1 billion (R$900 million as of 31 December 2017).

IPI Suspension

In 2014 and 2015, Ambev received tax assessments from the RFB relating to IPI excise tax allegedly due over remittances of manufactured goods to other related factories. The cases are being challenged at both administrative and judicial levels. Ambev estimates that the amount involved, in December 2018, is approximately R$1.6 billion (R$1.5 billion in December 2017), classified as a possible loss.

Civil

Lawsuit against Brewers Retail Inc.

On 12 December 2014, claimants in Canada brought a lawsuit against the Liquor Control Board of Ontario ("LCBO"), Brewers Retail Inc. ("The Beer Store") and the owners of The Beer Store (Molson Coors Canada, Sleeman Breweries Ltd. and Labatt Breweries of Canada LP). The lawsuit, brought pursuant to the Ontario Class Proceedings Act in the Ontario Superior Court of Justice, seeks a declaration that LCBO and The Beer Store agreed with each to allocate sales, territories, customers or markets for the supply of beer sold in Ontario since June 1, 2000, and a declaration that the owners of The Beer Store agreed to fix. The claimants are seeking damages not exceeding R$3.6 billion (R$3,7 billion as of December 31, 2017), for all mentioned parts. Considering that The Beer Store operates according to the rules established by the Government of Ontario and that prices at The Beer Store are independently set by each brewer, the Company believes that there are strong defenses and, accordingly, has not recorded any provision in connection therewith.

Contingent assets

In accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, the contingent assets not be recognized in consolidated financial statements, except when realization of income is virtually certain.

The Company and its subsidiaries are demanding the refund of the PIS and COFINS paid including the ICMS and/or ICMS-ST in their taxable basis for the period from 1990 onwards. For the period until 2009, as well as for the period in which the special regime for cold drinks was in place – i.e. from January 2009 to April 2015 (article 58-J of Law 10,833, of 2003, also known as REFRI), the amounts involved in the refund requests are still being calculated. For the period after the termination of the special regime for cold drinks and the introduction of Law 13,097, of 2015, the Company estimates that the contingent asset related to the matter is R$ 2 billion.

31. NON-CASH ITEMS

	2018	2017	2016
Acquisition of investments payables	-	-	208.7
Cash financing cost other than interests	(142.2)	42.3	37.7
PERT 2017	-	199.7	-
Fair value of options granted on subsidiary	(166.8)	221.8	205.1
Exchange transaction of shareholdings	36.5	-	-
Effect of application of IAS 29 (hyperinflation)	32.9	-	-
Others	0.8	-	-

32. RELATED PARTIES

Policies and practices regarding the realization of transactions with related parties

The Company adopts corporate governance practices recommended and/or required by the applicable law.

Under the Company's by laws the Board of Directors is responsible for approving any transaction or agreements between the Company and/or any of its subsidiaries (except those fully subsidiaries), directors and/or shareholders (including shareholders, direct or indirect shareholders of the Company). The Antitrust Compliance and Related Parties Committee of the Company is required to advise the Board of Directors of the Company in matters related to transactions with related parties.

Management is prohibited from interfering in any transaction in which conflict exists, even in theory, with the Company interests. It is also not permitted to interfere in decisions of any other management member, requiring documentation in the Minutes of Meeting of the Board any decision to abstain from the specific deliberation.

The Company's guidelines with related parties follow reasonable or commutative terms, similar to those prevailing in the market or under which the Company would contract similar transactions with third parties. These are clearly disclosed in the financial statements as formalized in written contracts.

Transactions with management members:

In addition to short-term benefits (primarily salaries), the management members are entitled to participate in Stock Option Plan (Note 24 – *Share-based payments*).

Total expenses related to the Company’s management members are as follows:

	2018	2017	2016
Short-term benefits (i)	24.1	33.4	21.7
Share-based payments (ii)	30.8	38.9	36.2
Total key management remuneration	**54.9**	**72.3**	**57.9**

(i) These correspond substantially to management’s salaries and profit sharing (including performance bonuses).

(ii) These correspond to the compensation cost of stock options and restricted stocks granted to management. These amounts exclude remuneration paid to members of the Fiscal Council.

Excluding the above mentioned plan (Note 24 – *Share-based payments*), the Company no longer has any type of transaction with the Management members or pending balances receivable or payable in its balance sheet.

Transactions with the Company's shareholders:

a) Medical, dental and other benefits

The Fundação Antonio e Helena Zerrenner Instituição Nacional de Beneficiência (“Fundação Zerrenner) is one of Ambev’s shareholders, and at December 31, 2018 held 10.2% of its total share capital. Fundação Zerrenner is also an independent legal entity whose main goal is to provide Ambev’s employees, both active and retirees, with health care and dental assistance, technical and superior education courses, facilities for assisting elderly people, through direct initiatives or through financial assistance agreements with other entities. On December 31, 2018 and December 31, 2017, actuarial responsibilities related to the benefits provided directly by Fundação Zerrenner are fully funded by plan assets, held for that purpose, which significantly exceeds the liabilities at these dates. Ambev recognizes the assets (prepaid expenses) of this plan to the extent of amounts from economic benefit available to the Company, arising from reimbursements or future contributions reduction.

The expenses incurred by Fundação Zerrenner in providing these benefits totaled R$273.2 (R$300.1 as of December 31, 2017), of which R$238.4 and R$34.8 related to active employees and retirees respectively (R$264.3 and R$35.8 as of December 31, 2017 related to active employees and retirees respectively).

b) Leasing

The Ambev, through its subsidiary BSA (labeling), has an asset leasing agreement with Fundação Zerrenner, for R$85.0 maturing on May 31, 2020 that can be extended for a further year.

c) Leasing – Ambev. head office

Ambev has a leasing agreement of two commercial sets with Fundação Zerrenner in the annual amount of R$3.3, maturing on January, 2020.

d) Licensing agreement

The Company maintains a licensing agreement with Anheuser-Busch, Inc., to produce, bottle, sell and distribute Budweiser products in Brazil, Canada and Argentina, and sales and distribution agreements of Budweiser products in Guatemala, in Dominican Republic, in Paraguay, in El Salvador, in Nicaragua, in Uruguay, in Chile, in Panama, in Costa Rica e in Puerto Rico. In addition, the Company produces and distributes Stella Artois products under license to ABI in Brazil and Canada and, by means of a license granted to ABI, it also distributes Brahma's product in the United States and several countries such as the United Kingdom, Spain, Sweden, Finland and Greece. The amount recorded was R$2.0 (R$2.8 on December 31, 2017 and R$2.0 on December 31, 2016) and R$431.6 (R$369.1 on December 31, 2017 and R$374.0 on December 31, 2016) as licensing income and expense, respectively.

Ambev has licensing agreements with the Group Modelo, subsidiaries of ABI, for to import, promote and sell products Corona (*Corona Extra*, *Corona Light*, *Coronita*, *Pacifico* and *Negra Modelo*) in countries of the Latin America and the Canada.

Transactions with related parties

				2018
Current	**Trade receivables (i)**	**Other Trade receivables (i)**	**Trade payables (i)**	**Other Trade payables (i)**
AB InBev	16.4	-	(19.7)	-
AB Procurement	1.1	-	-	-
AB Services	43.7	-	(1.7)	-
AB USA	27.8	3.8	(265.2)	-
Cervecería Modelo	135.1	-	(583.8)	-
Inbev	0.6	45.6	(14.3)	-
ITW International	-	-	(248.9)	(66.5)
Panamá Holding	41.1	-	(15.8)	-
Others	28.7	0.5	(126.4)	-
	294.5	**49.9**	**(1,275.8)**	**(66.5)**

(i) The amount represents the trade operations (purchase and sale) and the reimbursement between the companies of the group.

Current	Trade receivables (i)	Other Trade receivables (i)	Trade payables (i)	Other Trade payables (i)	Borrowings and interest payable	Dividends payables
						2017
AB InBev	1.2	33.6	(363.0)	(1.7)	-	-
AB Procurement	8.9	0.1	-	-	-	-
AB Services	0.8	29.1	-	(6.1)	-	-
AB USA	14.1	16.3	(375.7)	(8.7)	-	-
Ambrew	-	-	-	-	-	(89.9)
Cervecería Modelo	91.6	5.8	(589.3)	(59.7)	-	-
Inbev	0.1	23.8	(33.8)	-	-	-
ITW International	-	-	-	(212.5)	(48.3)	(590.9)
Panamá Holding	-	20.3	-	(4.0)	-	-
Others	13.9	8.6	(73.8)	(3.0)	-	-
	130.6	**137.6**	**(1,435.6)**	**(295.7)**	**(48.3)**	**(680.8)**

(i) The amount represents the trade operations (purchase and sale) and the reimbursement between the companies of the group.

The tables below represent the transactions with related parties, recognized in the income statement:

Company	Buying / Service fees / Rentals	Sales	Royalties	Net finance cost
				2018
AB Procurement	-	17.0	-	-
AB USA	(392.1)	47.6	(347.8)	-
Ambev Peru	-	0.1	-	-
Cervecería Modelo	(960.9)	0.3	(54.8)	-
Inbev	(107.2)	0.1	-	-
Others	(148.5)	18.8	(27.0)	(8.0)
	(1,608.7)	**83.9**	**(429.6)**	**(8.0)**

Company	Buying / Service fees / Rentals	Sales	Royalties	Net finance cost
				2017
AB Procurement	(5.8)	20.8	-	-
AB USA	(258.7)	42.5	(284.5)	-
Ambev Peru	(8.6)	1.5	-	-
Cervecería Modelo	(749.1)	0.4	(45.8)	-
Inbev	(73.6)	-	-	-
Others	(91.1)	8.1	(35.9)	(16.8)
	(1,186.9)	**73.3**	**(366.2)**	**(16.8)**

Company	Buying / Service fees / Rentals	Sales	Royalties	Net finance cost
				2016
AB Package	(32.8)	-	-	-
AB USA	(206.0)	52.3	(292.8)	-
Cervecería Modelo	(596.0)	2.0	(46.9)	-
InBev	(77.0)	-	-	-
ITW International	-	-	-	(26.0)
Modelo	(63.0)	-	-	-
SAB Group	(3.5)	23.5	-	-
Others	(45.6)	0.3	(32.2)	-
	(1,023.9)	**78.1**	**(371.9)**	**(26.0)**

Denomination used in the tables above:

Anheuser-Busch InBev N.V. ("AB InBev")
Anheuser-Busch Packaging Group Inc. ("AB Package")
Anheuser-Busch Inbev Services LLC ("AB Services")
Anheuser-Busch Inbev USA LLC ("AB USA")
Compañia Cervecera Ambev Peru S.A.C. ("Ambev Peru")
Ambrew S.A. ("Ambrew")
Cervecería Modelo de Mexico S. de R.L. de C.V. ("Cervecería Modelo")
Inbev Belgium N.V. ("Inbev")
Interbrew International B.V. ("ITW International")
Cervecería Modelo de Guadalajara S.A. ("Modelo")
Bavaria S.A. ("SAB Group")

33. GROUP COMPANIES

Listed below are the main group companies.

Argentina	
CERVECERIA Y MALTERIA QUILMES SAICA Y G	99.75%
Charcas 5160 – Buenos Aires	
Bolívia	
CERVECERIA BOLIVIANA NACIONAL S.A.	85.67%
Avenida Montes 400 e Rua Chuquisaca 121 - La Paz	
Brazil	
AMBEV S.A.	Consolidating
Rua Dr. Renato Paes de Barros, 1.017, 3º andar, Itaim Bibi, São Paulo	Company
AROSUCO AROMAS E SUCOS LTDA.	100.00%
Avenida Buriti, 5.385, Distrito Industrial - Manaus - AM	
CRBS S.A.	100.00%
Avenida Antarctica, 1.891, Fazenda Santa Úrsula – Jaguariúna – SP	
CERVEJARIA Z.X.	100.00%
Avenida Antarctica, 1.891, Fazenda Santa Ursula – Jaguariúna - SP	
Canadá	
LABATT BREWING COMPANY LIMITED	100.00%
207 Queens Quay West, Suite 299 - M5J 1A7 - Toronto	

Chile	
CERVECERIA CHILE S.A.	100.00%
Avenida Presidente Eduardo Frei Montalva, 9.600 - Comuna de Quilicura - Santiago	
Spain	
JALUA SPAIN, S.L.	100.00%
Juan Vara Terán, 14 – Ilhas Canárias	
Luxembourg	
AMBEV LUXEMBOURG	100.00%
15 Breedewues - L1259 - Sennngerberg	
Guatemala	
INDUSTRIAS DEL ATLÁNTICO, SOCIEDAD ANÓNIMA	50.00%
KM 122 Ruta al Atlantico – C.P 01012 Teculutan, Zacapa	
Paraguay	
CERVECERIA PARAGUAYA S.A.	87.36%
Ruta Villeta KM 30 - Ypané	
Dominican Republic	
CERVECERÍA NACIONAL DOMINICANA, S.A.	84.71%
Autopista 30 de Mayo, Distrito Nacional	
Uruguay	
LINTHAL S.A.	100.00%
25 de Mayo 444, office 401 - Montevideo	
CERVECERIA Y MALTERIA PAYSSANDÚ S.A.	99.93%
Rambla Baltasar Brum, 2.933 – 11800 - Payssandu	
MONTHIERS SOCIEDAD ANÓNIMA	100.00%
Cesar Cortinas, 2.037 - Montevideo	
Panama	
Cervecería Nacional S. de R.L.	100.00%
Planta Pasadena, vía Ricardo J Alfaro y Simón Bolívar, ciudad de Panamá, Rep. De Panamá	

34. INSURANCE

The Company has a program of risk management in order to hire coverage compatible with its size and operation. Coverage was contracted for amounts considered sufficient by management to cover possible losses, considering the nature of its activity, the risks involved in their operations and the orientation of its insurance advisors.

35. EVENTS AFTER THE REPORTING PERIOD

Arosuco (Presumed Profit)

In April 2016, Arosuco (subsidiary of Ambev) received a tax assessment regarding the use of the " Presumed Profit" Method for the calculation of income tax and the social contribution on net profit method instead of Real Profit method. In September, 2017, Arosuco was notified of the unfavorable first level administrative decision and filed Voluntary Appeal. In January 2019, the case was judged by the Lower Administrative Court, which ruled favorably to the Company by majority of votes. The Company is waiting to be notified of such decision to analyze the applicable appeals. Arosuco management estimates the amount of possible losses in relation to this assessment in December 31, 2018 to be approximately R$645.1 million (R$616.1 billion as of December 31, 2017).

PIS / COFINS on subsidies

Since 2015, Ambev has been receiving tax assessments issued by the Brazilian federal tax authorities, relating to amounts allegedly due under Integration Programme/Social Security Financing Levy (PIS/COFINS) over bonus products granted to its customers. These cases are now being discussed at the relevant judicial and administrative Courts. In January 2019, three cases were judged by the Lower Administrative Court, which ruled favorably to the Company by majority of votes in all three cases. Ambev is waiting to be notified of such decisions to analyze the applicable appeals. Ambev management estimates the possible losses related to these assessments to be approximately R$4.0 billion (R$3.1 billion as of 31 December 2017).