The expected settlement of provisions was based on management’s best estimate at the balance sheet date.

Main lawsuits with probable likelihood of loss:

(a) Income and Sales taxes

In Brazil, the Company and its subsidiaries are involved in several administrative and judicial proceedings related to Income tax, ICMS, IPI, PIS and COFINS taxes. Such proceedings include, among others, tax offsets, credits and judicial injunctions exempting tax payment.

(b) 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) 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 liability*.

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, 2017, 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 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 in foreign operations: 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

								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**

				Fair Value		Gain / (Losses)		2016
Exposure	Risk		Notional	Assets	Liability	Finance Result	Operational Result	Equity
Cost		**(8,807.6)**	**8,624.1**	**190.7**	**(582.8)**	**(1,397.5)**	**737.4**	**(873.3)**
	Commodity	(1,742.8)	1,559.3	136.5	(43.7)	(5.4)	(97.0)	90.3
	American Dollar	(6,566.9)	6,566.9	36.0	(491.3)	(1,392.6)	782.2	(909.0)
	Euro	(135.2)	135.2	-	(4.7)	3.2	56.1	(42.1)
	Mexican Pesos	(359.2)	359.2	18.2	(43.3)	(2.9)	(4.3)	(13.2)
	Brazilian Real	(3.5)	3.5	-	0.2	0.2	0.4	0.7
Fixed Assets		**(523.1)**	**523.1**	**3.0**	**(76.1)**	**(187.0)**	**-**	**-**
	American Dollar	(430.3)	430.3	3.0	(5.8)	(119.0)	-	-
	Euro	(92.8)	92.8	-	(70.3)	(68.0)	-	-
Expenses		**(103.7)**	**103.7**	**0.8**	**(1.1)**	**47.6**	**5.8**	**(134.2)**
	American Dollar	(90.9)	90.9	-	(1.1)	(3.0)	5.8	(29.4)
	Euro	-	-	-	-	(0.3)	-	0.7
	Canadian Dollar	-	-	-	-	50.9	-	(106.3)
	Rupee	(12.8)	12.8	0.8	-	-	-	0.8
Cash		**1,043.8**	**(1,043.8)**	**-**	**7.8**	**(3.7)**	**-**	**-**
	American Dollar	592.3	(592.3)	-	7.8	(55.8)	-	-
	Euro	51.5	(51.5)	-	0.1	11.6	-	-
	Interest rate	400.0	(400.0)	-	(0.1)	40.5	-	-
Debts		**(2,547.9)**	**2,000.2**	**18.4**	**(61.2)**	**(50.7)**	**-**	**-**
	American Dollar	(1,874.2)	1,326.5	2.6	(48.5)	(28.7)	-	-
	Interest rate	(673.7)	673.7	15.8	(12.7)	(22.0)	-	-
Foreign Investments		**-**	**-**	**-**	**-**	**(1.2)**	**-**	**35.4**
	American Dollar	-	-	-	-	(0.9)	-	37.2
	Euro	-	-	-	-	-	-	1.7
	Canadian Dollar	-	-	-	-	(0.3)	-	(3.5)
As of December 31, 2016		**(10,938.5)**	**10,207.3**	**212.9**	**(713.4)**	**(1,592.5)**	**743.2**	**(972.1)**

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.

	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 postfixed		**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**

	2016			
	Pre - Hedge		Post - Hedge	
	Interest rate	Amount	Interest rate	Amount
Brazilian Real	10.0%	667.7	12.6%	2,375.6
American Dollar	1.5%	1,882.3	2.2%	565.7
Canadian Dollar	1.6%	1,259.1	1.6%	1,259.1
Barbadian Dollar	2.7%	4.9	2.7%	4.9
Interest rate postfixed		**3,814.0**		**4,205.3**
Brazilian Real	6.8%	1,223.5	6.2%	841.9
Dominican Peso	9.7%	288.8	9.7%	288.8
American Dollar	6.0%	11.6	6.0%	1.8
Guatemala´s Quetzal	8.0%	9.9	8.0%	10.0
Barbadian Dollar	4.3%	48.5	4.3%	48.5
Interest rate pre-set		**1,582.3**		**1,191.0**

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, 2017 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, 2017.

3 – Remote scenario: 50% deterioration in each transaction’s main risk factor as compared to the level observed on December 31, 2017.

Transaction	Risk	Fair value	Probable scenario	Adverse scenario	Remote scenario
Commodities hedge	Decrease on commodities price	95.8	-70.6	-392.9	-881.7
Input purchase		-95.8	108.7	498.8	1093.5
Foreign exchange hedge	Foreign currency decrease	-2.2	-105	-1,843.10	-3,684.00
Input purchase		2.2	105	1,843.10	3,684.00
Costs effects		**-**	**38.1**	**105.9**	**211.8**
Foreign exchange hedge	Foreign currency decrease	-8.9	-16.8	-153.8	-298.6
Capex Purchase		8.9	16.8	153.8	298.6
Fixed assets effects		-	-	-	-
Foreign exchange hedge	Foreign currency decrease	-1.3	-3.4	-45.7	-90.2
Expenses		1.3	3.4	45.7	90.2
Expenses effects		-	-	-	-
Hedge cambial	Foreign currency increase	-13.1	-37.5	-341.4	-669.8
Cash		13.1	37.5	341.4	669.8
Interest Hedge	Decrease in interest rate	-	-0.4	-2.9	-3.4
Interest revenue		-	0.4	2.9	3.4
Cash effects		-	-	-	-
Hedge cambial	Foreign currency decrease	-	-	-	-
Cash		-	9.7	140.6	281.3
Interest Hedge	Increase in interest rate	28.2	18.4	-131.5	-162.7
Interest expenses		-28.2	-18.4	131.5	162.7
Debt effects		**-**	**9.7**	**140.6**	**281.3**
Equity Instrument Hedge	Stock Exchange Price Decrease	69.2	54.3	-100.1	-269.3
Expenses		-69.2	-19.4	517.8	1104.8
Equity effects		**-**	**34.9**	**417.7**	**835.5**
		-	**82.7**	**664.2**	**1,328.60**

As of December 31, 2017 the Notional and Fair Value amounts per instrument and maturity were as follows:

		Notional Value				
Exposure	**Risk**	**2018**	**2019**	**2020**	**2021**	**2021**	**Total**
Cost		**9,219.2**	**99.7**	**-**	**-**	**-**	**9,318.9**
	Commodity	1,859.2	96.1	-	-	-	1,955.3
	American Dollar	6,879.1	-	-	-	-	6,879.1
	Euro	82.9	-	-	-	-	82.9
	Mexican Peso	398.0	3.6	-	-	-	401.6
Fixed asset		**579.5**	**-**	**-**	**-**	**-**	**579.5**
	American Dollar	531.9	-	-	-	-	531.9
	Euro	47.6	-	-	-	-	47.6
Expenses		**177.7**	**-**	**-**	**-**	**-**	**177.7**
	American Dollar	169.2	-	-	-	-	169.2
	Rupee	8.5	-	-	-	-	8.5
Cash		**1,313.3**	**-**	**15.0**	**-**	**-**	**1,328.3**
	American Dollar	1,313.3	-	-	-	-	1,313.3
	Interest rate	-	-	15.0	-	-	15.0
Debt		**-**	**-**	**-**	**110.0**	**246.9**	**356.9**
	Interest rate	-	-	-	110.0	246.9	356.9
Foreign Investments		**677.0**	**-**	**-**	**-**	**-**	**677.0**
	American Dollar	677.0	-	-	-	-	677.0
		11,966.7	**99.7**	**15.0**	**110.0**	**246.9**	**12,438.3**

		Fair Value					
Exposure	**Risk**	**2018**	**2019**	**2020**	**2021**	**> 2021**	**Total**
Cost		**89.0**	**4.6**	**-**	**-**	**-**	**93.6**
	Commodity	91.1	4.7	-	-	-	95.8
	American Dollar	(7.1)	-	-	-	-	(7.1)
	Euro	2.8	-	-	-	-	2.8
	Mexican Peso	2.2	(0.1)	-	-	-	2.1
Fixed asset		**(8.9)**	**-**	**-**	**-**	**-**	**(8.9)**
	American Dollar	(9.0)	-	-	-	-	(9.0)
	Euro	0.1	-	-	-	-	0.1
Expenses		**(1.3)**	**-**	**-**	**-**	**-**	**(1.3)**
	American Dollar	(1.3)	-	-	-	-	(1.3)
	Rupee	-	-	-	-	-	-
Cash		**(13.1)**	**-**	**-**	**-**	**-**	**(13.1)**
	American Dollar	(13.1)	-	-	-	-	(13.1)
	Interest rate	-	-	-	-	-	-
Debt		**-**	**-**	**-**	**25.0**	**3.2**	**28.2**
	Interest rate	-	-	-	25.0	3.2	28.2
Equity Instrument		**69.2**	**-**	**-**	**-**	**-**	**69.2**
	Stock prices	69.2	-	-	-	-	69.2
		134.9	**4.6**	**-**	**25.0**	**3.2**	**167.7**

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, 2017, 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, Bank Mendes Gans, 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, 2017. There was no concentration of credit risk with any counterparties as of December 31, 2017.

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 and altered in December 21th, 2017 by the Board of Directors of Ambev (see Note 1 - *Corporate information*) , the Company, or its subsidiaries, 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 2017, an exposure equivalent to R$2.3 billion in AmBev’s shares (or ADR’s) was partially hedged, resulting in a gain in income statement of R$ 67.0.

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:

	2017					
	Loans and receivables	Held for trading	Financial assets/liabilities at fair value through profit or loss	Derivatives hedge	Financial liabilities through amortized cost	Total
Financial assets						
Cash and cash equivalents	10,354.5	-	-	-	-	10,354.5
Investment securities	-	122.0	11.9	-	-	133.9
Trade receivables excluding prepaid expenses	7,505.0	-	-	-	-	7,505.0
Financial instruments derivatives	-	-	100.1	285.1	-	385.2
Total	**17,859.5**	**122.0**	**112.0**	**285.1**	**-**	**18,378.6**
Financial liabilities						
Trade payables and put option granted on subsidiary and other liabilities	-	-	5,764.1	-	13,502.0	19,266.1
Financial instruments derivatives	-	-	16.1	201.4	-	217.5
Interest-bearing loans and borrowings	-	-	-	-	2,553.0	2,553.0
Total	**-**	**-**	**5,780.2**	**201.4**	**16,055.0**	**22,036.6**

	2016					
	Loans and receivables	**Held for trading**	**Financial assets/liabilities at fair value through profit or loss**	**Derivatives hedge**	**Financial liabilities through amortized cost**	**Total**
Financial assets						
Cash and cash equivalents	7,876.8	-	-	-	-	7,876.8
Investment securities	-	104.3	282.8	-	-	387.1
Trade receivables excluding prepaid expenses	6,962.5	-	-	-	-	6,962.5
Financial instruments derivatives	-	-	18.4	194.5	-	212.9
Total	**14,839.3**	**104.3**	**301.2**	**194.5**	**-**	**15,439.3**
Financial liabilities						
Trade payables and put option granted on subsidiary and other liabilities	-	-	5,106.1	-	13,208.1	18,314.2
Financial instruments derivatives	-	-	49.9	663.5	-	713.4
Interest-bearning loans and borrowings	-	-	-	-	5,396.3	5,396.3
Total	**-**	**-**	**5,156.0**	**663.5**	**18,604.4**	**24,423.9**

(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.

	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial asset at fair value through profit or loss	11.9	-	-	11.9	282.8	-	-	282.8
Derivatives assets at fair value through profit or loss	0.1	100.0	-	100.1	2.6	15.8	-	18.4
Derivatives - operational hedge	4.8	280.3	-	285.1	83.6	110.9	-	194.5
	16.8	**380.3**	**-**	**397.1**	**369.0**	**126.7**	**-**	**495.7**
Financial liabilities								
Financial liabilities at fair value through profit and loss (i)	-	-	5,764.1	5,764.1	-	-	5,106.1	5,106.1
Derivatives liabilities at fair value through profit or loss	1.7	14.4	-	16.1	9.9	40.0	-	49.9
Derivatives - operational hedge	58.4	143.0	-	201.4	78.9	575.9	-	654.8
Derivatives - fair value hedge	-	-	-	-	-	8.7	-	8.7
	60.1	**157.4**	**5,764.1**	**5,981.6**	**88.8**	**624.6**	**5,106.1**	**5,819.5**

(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, 2016 (i)	**5,106.1**
Acquisition of investments	7.4
Total gains and losses in the year	650.6
Losses recognized in net income	359.1
Losses recognized in equity	291.5
Financial liabilities at December 31, 2017 (i)	**5,764.1**

(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, 2017 the Company held R$608.3 in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (R$486.8 on December 31, 2016).

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 warehouses and offices.

The future contractual values mature as follows:

	2017	2016
Less than 1 year	35.7	26.7
Between 1 and 5 years	129.4	61.4
More than 5 years	71.1	66.5
	236.2	**154.6**

In 2017, the operating lease expense in the income statement amounted to R$39.0 (R$43.4 and R$58.7 in 2016 and 2015, respectively).

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

	2017	2016
Collateral given for own liabilities	606.3	1,051.5
Other commitments	842.7	754.3
	1,449.0	**1,805.8**
Commitments with suppliers (i)	11,096.3	4,019.2
Commitments - Bond 2017	-	300.0
	11,096.3	**4,319.2**

(i) Variation refers, mainly, a new contracts with a new suppliers of aluminum in 2017.

The collateral provided for liabilities totaled approximately R$1,449.0 as at December 31, 2017 (R$1,805.8 as at December 31, 2016), including R$551.0 (R$571.3 as at December 31, 2016) 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, 2017, R$606.3 (R$486.8 as at December 31, 2016) 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, 2017 and 2016 are as follows:

	2017	2016
Less than 1 year	3,812.8	3,325.7
Between 1 and 2 years	2,995.7	420.8
More than 2 years	4,287.8	572.7
	11,096.3	**4,319.2**

30. CONTINGENT LIABILITY

The Company has contingent liabilities arising from lawsuits in the normal course of its business. Due to their nature, such legal proceedings involve inherent 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 at this stage estimate the likely timing of the resolution of these matters.

Contingent liabilities with a probable likelihood of loss are fully recorded as liabilities (Note 26 – *Provisions*).

The Company also has lawsuits related to tax, civil and labor, for which the likelihood of loss classified by management as possible and for which there are no provisions. Estimates of amounts of possible losses are as follows:

	2017	2016
IRPJ and CSLL	31,757.3	28,934.8
PIS and COFINS	3,485.2	1,971.1
ICMS and IPI	19,805.5	16,046.9
Labor	287.1	222.0
Civil	4,071.5	4,417.6
Others	1,113.4	858.1
	60,520.0	**52,450.5**

Principal lawsuits with a likelihood of possible loss:

Brazilian Federal Taxes

Special goodwill reserve

In December 2011, the Company received a tax assessment related to the goodwill amortization resulting from Inbev Holding Brasil S.A. In November 2014 the Lower Administrative Court concluded the judgment. The decision was partly favorable, Ambev presented a motion to clarify the decision to the Administrative Court. In September 2016, this motion was partially admitted and Ambev was formally notified of said decision in January 2018. As the decision of the Administrative Council of Tax Appeals (“CARF”) remained partially favorable, Ambev will file a judicial proceeding to discuss the unfavorable part of the decision and received a favorable decision in the injuctionand the remaining portion will still be submitted for reconsideration by the Administrative Upper Court.

In June 2016, Ambev received tax assessment charging the remaining value of the goodwill amortization, related to InBev B Holding Brasil S.A’s merger with Ambev, from 2011 to 2013. In March 2017, Ambev was notified of the partially favorable first level administrative decision on this tax assessment and filed an appeal to Lower Administrative Court.

Ambev management estimates possible losses in relation to the total amortization period (2005-2013) to be approximately R$8.3 billion (R$7.8 billion as of 31 December 2016), classified as possible loss, and, therefore, no provision was made by the Company 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, we also received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited (“BAH”) into Ambev. In December 2014, Ambev filed an appeal against the unfavorable first level administrative decision published in November 2014. In March 2017, Lower Administrative Court concluded the judgment to send the case back to the first level administrative judgment due to processual matters. In July 2017, Ambev was notified of the revised first level decision and filed a new Voluntary Appeal. The possible risk amount is approximately R$ 1.6 billion (R$ 1.5 billion as of December 31, 2016). 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 at the legal term and awaits judgment by the Federal Revenue Service (“DRJ”). The possible risk amount is approximately R$ 1.1 billion. There was no provision made on the matter.

Profits earned abroad

During the first quarter of 2005, certain of our subsidiaries received a number of assessments from the RFB relating to profits obtained by subsidiaries domiciled abroad. In December 2008, the Administrative Court handed down a decision on one of the tax assessments relating to earnings of our foreign subsidiaries. This decision was partially favorable to us, and in connection with the remaining part, we filed an appeal to the Appellate Division of the Administrative Court which was finally dismissed in March 2017. In September 2017, Ambev filed a court order to discuss the matter with an injunction granted in favor of the Company.

In December 2013, 2016 and October 2017, the Company received tax assessments related to the matter. We have not recorded any provision in connection with those assessments. We estimate our exposure to possible losses in relation to these assessments to be R$6.1billion (R$4.9 billion at December 31, 2016) and to probable losses to be R$44.2 million as of that date, for which we have recorded a provision in the corresponding amount (R$41.6 million at December 31, 2016).

Utilization of tax loss on mergers

The Company and its subsidiaries have received tax assessments from the Brazilian Tax authorities, from certain tax credits arising from alleged non-compliance with the Brazilian tax regulation concerning accumulated tax losses by companies in their final year of existence, following a merger.

In February 2016, Ambev was notified of the closure of the administrative phase and filed lawsuits to discuss the matter. In September 2016, Ambev received the first favorable court decision. In March 2017, Ambev received an unfavorable decision in the first judicial instance in the second case under discussion in the judiciary and filed an Appeal.

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$549.4 million (R$522.9 million at December 31, 2016).

Disallowance of Expenses and Deductible Losses

On December 2014, Ambev received a 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, in the amount of approximately R$1.3 billion. In August 2017, the Administrative Council of Tax Appeals ("CARF") concluded the judgment fully favorable to Ambev and, in December 2017, Ambev was notified of said decision, as well as of the manifestation from the fiscal authority informing the non-interposition of appeal and the permanent discontinuance of the case.

In December 2015 and in December 2016, Ambev also received other tax assessments related to the same matter. Ambev Management estimates the amount of possible losses in relation to this assessment to be approximately R$4.4 billion as of December 31, 2017 (R$5.6 billion as of December 31, 2016).

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.

The Company filed a defense for all cases and awaits a decision in the first instance for the cases received in 2015 and 2016 and by the Administrative Court Management for the others.

In September, 2017, Ambev opted to include part of these tax assessments in the Special Tax Regularization Program established by the Provisional Measure nº. 783 (“PERT”). Ambev management estimates an amount of approximately R$7.2 billion (R$2.8 billion as of December 31, 2016) as possible loss.

Presumed Profit

In April 2016, Arosuco (subsidiary of Ambev) received a tax assessment regarding the use of Presumed Profit Method for the calculation of income tax and the social contribution on net profit instead of Real Profit method. In September, 2017, Arosuco was notified of the unfavorable first level administrative decision and filed Voluntary Appeal. Arosuco management estimates the amount of possible losses in relation to this assessment to be approximately R$616.1 million (R$569.6 billion as of December 31, 2016).

In December 2016, CRBS (a subsidiary of Ambev) received a tax assessment regarding the use of Presumed Profit Method for the calculation of income tax and social contribution on net profit instead of the Real Profit method. In July 2017, CRBS received an unfavorable decision at the first administrative instance and filed a Voluntary Appeal. In September 2017, the Company opted to include this tax assessment in the Special Tax Regularization Program established by Provisional Measure nº. 783 ("PERT"). There are no loss amounts related to this matter as of December 31, 2017 (R $ 3.6 billion as of December 31, 2016).

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. The cases are now being discussed at Courts. Ambev management estimates the possible losses related to these assessments to be approximately R$3.1 billion (R$1.5 billion as of 31 December 2016).

ICMS and IPI

ICMS-ST Unconditional Discounts

Ambev has been party to legal proceedings with the State of Rio de Janeiro where it is challenging such State's attempt to assess ICMS Value-Added Tax with respect to unconditional discounts granted by Ambev from January 1996 to February 1998. In October 2015 and January 2016, Ambev decided pay the debts related to the assessments issued by the State of Rio de Janeiro under an incentive tax payment, in the total amount of approximately R$271 million. In 2013, 2014 and 2015, Ambev has been receiving similar tax assessments with the States of Pará and Piauí. The Company filed a defense for this cases and currently awaits a decision. After the payments to the State of Rio de Janeiro, Ambev management estimates the amount involved in these proceedings to be approximately R$599.7 million (R$559.5 million as of 31 December 2016), classified as possible loss.

ICMS fiscal war

Ambev is currently challenging tax assessments from the States of São Paulo, Rio de Janeiro, Minas Gerais and other States, which question the legality of tax credits arising from existing tax incentives received in other States. Ambev management estimates the possible losses related to these assessments to be approximately R$1.9 billion (R$1.8 billion as of December 31, 2016) classified as possible loss.

ICMS-ST Trigger

Over the years, Ambev has received tax assessments relating to supposed ICMS differences considered due when the price of the products sold by the company reaches levels close to or above the fixed price table basis established by States. Ambev is currently challenging those charges before Courts

Among other similar cases, in 2016, Ambev received three assessment, issued by the State of Minas Gerais, in the original amount of R$1.4 billion. In the second quarter of 2017, the Administrative Court of the State Minas Gerais, concluded the judgment of three relevant cases, unfavorably to Ambev. Ambev presented defense against such decisions to the Upper House of the Administrative Tax Court of the State of Minas Gerais and awaits for judgement.

In 2017, Ambev has receive a new tax assessments issued by the State of Rio de Janeiro, about these same issue in the total historical amount of 900 million. The Company filed a defense for this cases and currently awaits a decision of the Administrative Court of the State Rio de Janeiro.

Ambev management estimates the total possible losses related to this issue to be approximately R$5.8 billion (R$4.5 billion as of 31 December 2016). Ambev has recorded provisions in the total amount of R$6.7 million in relation to the proceedings for which it considers the chances of loss to be probable, considering specific procedural issues.

Manaus Free Trade Zone - IPI

Goods manufactured within the Manaus Free Trade Zone – ZFM intended for consumption elsewhere in Brazil are exempt from the IPI. The units of Ambev have been registering IPI presumed credits upon the acquisition of exempted inputs manufactured therein 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 credits, which are under discussion before the Brazilian Supreme Court. Management estimates possible losses in relation to these assessments to be R$3.2 billion (R$2.0 billion as of December 31, 2016).

In addition, over the years, Ambev has 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 other proceedings. Ambev is challenging those charges before Courts. Ambev management estimates the possible losses related to these assessments to be approximately R$900 million (R$735.5 million as of 31 December 2016).

IPI Excise Tax

In 2014 and 2015, we received tax assessments from Brazilian Federal Tax Authorities related to IPI exercise tax, supposedly due over remittances of manufactured goods to other related factories. Management estimates the possible losses related to these assessments to be approximately R$1.5 billion (R$1.5 billion as of December 31, 2016).

Civil

Subscription Warrants

Certain holders of warrants issued by Old Ambev in 1996 for exercise in 2003 have filed lawsuits to be able to subscribe the corresponding shares for an amount lower than what the Company considers to have been established at the time of the issuance of the warrants. The warrants object of those six proceedings represented, on December 31, 2017, 172.8 million Ambev common shares that would be issued at a value substantially below fair market value, should claimants ultimately prevail. The plaintiffs also claim they should receive past dividends related to these shares in the amount of R$846,9 million (R$761.7 million on December 31, 2016). The Company believes that the loss of this lawsuit is possible has not recorded any provision in connection therewith. In the last quarter of 2017 the Company reassessed and the likelihood of loss is remote of this lawsuits and will not be disclosure of the coming interim financial statements.

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$3.7 billion (R$3,4 billion as of December 31, 2016), 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

According to IAS 37, contingent assets are not recorded in consolidated financial statements, except when the realization of income is virtually certain. There was no probable contingent assets to be disclosed on December 31, 2017.

The Company and its subsidiaries apply for the refund of the PIS and COFINS installments collected with the inclusion of ICMS in their calculation bases for the period from 1990 onwards. The amounts involved in the refund requests are still being determined.

31. NON-CASH ITEMS

The Company carried out the following investment and financing activities not involving cash:

	2017	2016	2015
Acquisition of property, plant and equipment	-	-	105.6
Acquisition of investments payables	-	208.7	-
Cash financing cost other than interests	42.3	37.7	1,752.3
PERT 2017	199.7	-	-
Fair value of option granted	221.8	205.1	144.6
Others	-	-	41.1

32. RELATED PARTIES

Policies and practices regarding the realization of transactions with related parties

The Company adopts corporate governance practices and those 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, 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 reflected 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:

	2017	2016	2015
Short-term benefits (i)	33.4	21.7	32.1
Share-based payments (ii)	38.9	36.2	39.0
Total key management remuneration	**72.3**	**57.9**	**71.1**

(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, 2017 held 10.2% of 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, 2017 and 2016, 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 benefits available to the Company, arising from reimbursements or future contributions reduction.

The expenses incurred by Fundação Zerrenner in providing these benefits totaled R$300.1 (R$266.7 as of December 31, 2016), of which R$264.3 and R$35.8 related to active employees and retirees respectively (R$231.9 and R$34.8 as of December 31, 2016 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$63,3 for ten years, maturing on March 31, 2018.

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 sales and distribution agreements of Budweiser products in Guatemala, Dominican Republic, Paraguay, El Salvador, Nicaragua, Uruguay and Chile. 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$1.9 (R$2.0 on December 31, 2016 and R$52.8 on December 31, 2015) and R$314.5 (R$374.0 on December 31, 2016 and R$434.8 on December 31, 2015) 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

						2017
Current	**Trade receivables (i)**	**Other Trade receivables (i)**	**Trade payables (i)**	**Other Trade payables (i)**	**Borrowings and interest payable**	**Dividends payables**
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.

Current	Trade receivables (i)	Other Trade receivables (i)	Trade payables (i)	Other Trade payables (i)	Borrowings and interest payable	Dividends payables
						2016
AB InBev	6.3	13.4	(308.9)	(0.7)	-	-
AB Package	-	-	(31.3)	-	-	-
AB Services	0.3	15.2	-	(3.1)	-	-
AB USA	19.7	18.6	(247.4)	(1.7)	-	-
Ambev Peru	7.1	-	(4.7)	-	-	-
Ambrew	-	-	-	-	-	(89.9)
Bogotá Beer	-	211.0	-	(211.0)	-	-
Cervecería Modelo	1.1	-	(444.1)	-	-	-
Inbev	0.2	17.6	(17.5)	(0.2)	-	-
ITW International	-	-	-	(209.4)	(30.5)	(590.9)
Modelo	-	1.0	(15.7)	(54.5)	-	-
Others	2.6	7.3	(6.2)	(14.4)	-	-
	37.3	**284.1**	**(1,075.8)**	**(495.0)**	**(30.5)**	**(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
				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)**

Company	Buying / Service fees / Rentals	Sales	*Royalties*
			2015
AB Inbev	(55.3)	-	(35.5)
AB USA	(124.9)	49.0	(288.1)
Cervecería Modelo	(257.7)	1.1	(52.9)
InBev	(73.3)	0.1	-
Modelo	(356.9)	-	-
Others	(74.0)	0.6	(1.1)
	(942.1)	**50.8**	**(377.6)**

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”)
Bogotá Beer Company BBC S.A.S. (“Bogotá Beer”)
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.	Companhia Consolidadora
Rua Dr. Renato Paes de Barros, 1.017, 3º andar, Itaim Bibi, São Paulo	
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.	86.42%
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.	55.00%
Autopista 30 de Mayo, Distrito Nacional	

Uruguay

LINTHAL S.A. 25 de Mayo 444, office 401 - Montevideo	100.00%
CERVECERIA Y MALTERIA PAYSSANDÚ S.A. Rambla Baltasar Brum, 2.933 – 11800 - Payssandu	99.93%
MONTHIERS SOCIEDAD ANÓNIMA Cesar Cortinas, 2.037 - Montevideo	100.00%

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

i) In January 2018, Ambev S.A., through its subsidiaries Labatt Breweries and Ambev Luxemburgo, acquired two new loans totaling approximately R$2.0 billion, maturing in up to one year.

ii) In January 2018, Ambev S.A., informed its investors and the market in general that, as per the notice to the market issued as of December 1st, 2017, concluded the transaction with ELJ, shareholder in Tenedora, owner of almost the totality of CND. As a result of the such transaction, the Company, directly and indirectly, became the owner of approximately 85% of Tenedora, with ELJ owning the remaining 15%, as well as the term of exercise of the call option becomes from January 2019 to January 2022.