

**AB InBev SAF Limited (formerly
SABMiller SAF Limited)**

Annual report and unaudited financial statements

Year ended

31 December 2017

Company number 07780722



AB InBev SAF Limited (formerly SABMiller SAF Limited)

Company information

Directors	K JF Douws S Jiang S J Turner
Company secretary	Brodie's Secretarial Services Limited
Registered number	07780722
Registered office	AB Inbev House Church Street West Woking GU21 6HT
Accountants	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX

AB InBev SAF Limited (formerly SABMiller SAF Limited)

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AB InBev SAF Limited (formerly SABMiller SAF Limited)

Strategic report for the year ended 31 December 2017

The directors present their Strategic report for AB InBev SAF Limited (formerly SABMiller SAF Limited) (the "Company") for the year ended 31 December 2017.

Review of activities and future developments

The principal activity of the Company is to act as a holding and financing company for various subsidiary undertakings within the Anheuser-Busch InBev SA/NV Group (the "Group").

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

With effect from 30 June 2017 the Company's name changed from SABMiller SAF Limited to AB InBev SAF Limited.

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

Results

The Company recorded a profit for the financial year ended 31 December 2017 of US\$2,312,789,000 (period ended 31 December 2016: loss of US\$478,138,000. The detailed results are set out in the profit and loss account on page 5.

Details of movements during the year in investments and debtors can be found in notes 9 to 14 to the financial statements.

Principal risks and uncertainties


From the perspective of the Company, during the year under review the principal risks and uncertainties were integrated with the principal risks of the AB InBev Group and were not managed separately. Accordingly, the principal risks and uncertainties of Anheuser-Busch InBev SA/NV include those of the Company and are described on risks and uncertainties section of the Group's 31 December 2017 annual report which does not form part of this report. The consolidated financial statements for Anheuser-Busch InBev SA/NV for the year ended 31 December 2017 are available at the address detailed in note 19 to these financial statements.

Further details of the Company's financial risk management objectives and policies can be found in note 13 to the financial statements.

Key performance indicators ("KPIs")

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

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


.....
S Jiang
Director

Date 18.10.18

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Directors' report for the year ended 31 December 2017

The directors present their report and unaudited financial statements of the Company for the year ended 31 December 2017.

Dividends

The directors declared interim dividends for the financial year ended 31 December 2017 of US\$nil (period ended 31 December 2016: US\$nil). No final dividend is proposed (period ended 31 December 2016: US\$nil).

Financial risk management

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

Liquidity and interest rate risk

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

Currency risk

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

Commodity risk

The Company manages some of the Group's commodity risks by entering into commodity derivatives with external counterparties. The Company mitigates its own risk by entering into offsetting trades with the Group companies which hold the exposure.

Directors

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

K JF Douws (appointed 25 June 2018)
S Jiang (appointed 25 June 2018)
S J Turner (appointed 28 July 2017)
Y Bomans (appointed 29 September 2017, resigned 25 June 2018)
S M Jones (resigned 28 July 2017)
A E Tolley (resigned 21 August 2017)
T M Boucher (resigned 29 September 2017)

Directors' insurance and indemnity

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Directors' report (continued) for the year ended 31 December 2017

Statement of directors' responsibilities

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

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

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

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

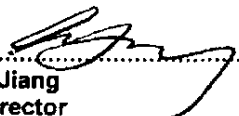
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

Independent auditors

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

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

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


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S Jiang
Director

Date 18.10.18

AB InBev SAF Limited (formerly SABMiller SAF Limited)

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

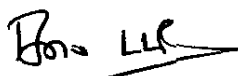
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of AB InBev SAF Limited for the year ended 31 December 2017 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement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

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

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

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

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



BDO LLP
Chartered Accountants
Reading
UK

Date: 18.10.18

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

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

		1 January 2017 to 31 December 2017 US\$('000s)	1 April 2016 to 31 December 2016 US\$('000s)
	Note		
Income from shares in group undertakings		1,620,737	11,732,404
Other operating income / (expenses)	5	3	(14)
Waiver of loans receivable from group undertakings	6	-	(68,214)
Write down of investment upon return of capital	9	-	(12,204,663)
Profit / (Loss) before interest and taxation		1,620,740	(540,487)
Finance income	7	692,049	70,921
Profit / (Loss) on ordinary activities before taxation		2,312,789	(469,566)
Tax on profit / (loss) on ordinary activities	8	-	(8,572)
Profit / (Loss) for the financial year / period		2,312,789	(478,138)
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Change in fair value of assets classified as available for sale		(1,233,079)	-
Total comprehensive income / (loss) for the year / period		1,079,710	(478,138)

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

The notes on pages 8 to 23 form part of these financial statements.

AB InBev SAF Limited (formerly SABMiller SAF Limited)
Registered number: 07780722

**Balance sheet
as at 31 December 2017**

	Note	2017 US\$('000s)	2016 US\$('000s)
Fixed assets			
Available for sale investments	9	2,058	1,235,137
Current assets			
Debtors: amounts falling due after more than one year	10	14,083,788	11,732,404
Debtors: amounts falling due within one year	11	56,932	104,582
Total current assets		14,140,720	11,836,986
Current liabilities			
Creditors: amounts falling due within one year	14	(8)	(9,063)
Net current assets		14,140,712	11,827,923
Net assets		14,142,770	13,063,060
Capital and reserves			
Called up share capital	15	1,615	1,615
Profit and loss account	16	14,141,155	13,061,445
Total shareholders' funds		14,142,770	13,063,060

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

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

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

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


S Jiang
Director

Date 18.10.18

The notes on pages 8 to 23 form part of these financial statements

AB InBev SAF Limited (formerly SABMiller SAF Limited)

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

	Called up share capital US\$('000s)	Retained earnings US\$('000s)	Total shareholder s' funds US\$('000s)
At 1 April 2016	1,615	13,539,583	13,541,198
Comprehensive loss for the period			
Loss for the financial period	-	(478,138)	(478,138)
Total comprehensive loss for the period	-	(478,138)	(478,138)
At 1 January 2017	1,615	13,061,445	13,063,060
Comprehensive income for the year			
Profit for the financial year	-	2,312,789	2,312,789
Change in fair value of assets classified as available for sale	-	(1,233,079)	(1,233,079)
Total comprehensive income for the year	-	1,079,710	1,079,710
At 31 December 2017	1,615	14,141,155	14,142,770

The notes on pages 8 to 23 form part of these financial statements

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

1. Presentation of financial statements

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

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

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with *Financial Reporting Standard 101 Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14, 2014/15 and 2015/16 cycle) issued in July 2014, July 2015 and July 2016 effective immediately have been applied.

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

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

2. Accounting policies (continued)

Basis of preparation (continued)

- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

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

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

Judgements made by the directors, in the application of those accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

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

Exemption from preparation of consolidated financial statements

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

Dividend income from group undertakings

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

Interest income

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

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

2. Accounting policies (continued)

Foreign exchange

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

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

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

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

Interest expense on loans from fellow group undertakings

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

Taxation

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

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

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

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

2. Accounting policies (continued)

Taxation (continued)

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

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

Fixed asset investments

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

Other investments in ordinary shares held by the Company are classified as being available-for-sale financial assets and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the profit and loss reserve), except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Impairment of investments

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

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

Financial instruments

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

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

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

2. Accounting policies (continued)

Financial instruments (continued)

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

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

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Non derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, cash and cash equivalents, loans and borrowings, and issued financial guarantee contracts.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Loans receivable and borrowings

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

2. Accounting policies (continued)

Non derivative financial instruments (continued)

Preference share capital

Preference shares receivable are classified as debtors and the preference dividend is recorded as interest receivable in the income statement to reflect the terms of the preference shares. The amounts presented in the financial statements for called up share capital and share premium account excludes amounts in relations to these shares. Associated preference share dividends are included with interest expenses.

Preference shares receivable are classified as debtors and the preference income is recorded as interest receivable in the income statement to reflect the terms of the preference shares.

Hedge accounting

The derivative instruments used by the Company, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, cross currency swaps and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policies.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging relationship.

In order to qualify for hedge accounting, the Company is required to document the relationship between the hedged item and the hedging instrument. The Company is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each year end to ensure that the hedge has remained and will continue to remain highly effective.

The Company designates certain derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or hedges of highly probable forecast transactions or commitments (cash flow hedge).

Where a derivative ceases to meet the criteria of being a hedging instrument or the underlying exposure which it is hedging is sold, matures or is extinguished, hedge accounting is discontinued and amounts previously recorded in equity are recycled to the profit and loss account. A similar treatment is applied where the hedge is of a future transaction and that transaction is no longer likely to occur. When the hedge is discontinued due to ineffectiveness, hedge accounting is discontinued prospectively.

Certain derivative instruments, while providing effective economic hedges under the Company's policies, are not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in the profit and loss account. The Company does not hold or issue derivative financial instruments for speculative purposes.

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

2. Accounting policies (continued)

Hedge accounting (continued)

(i) Fair value hedges

Fair value hedges comprise derivative financial instruments designated in a hedging relationship to manage the Company's interest rate risk to which the fair value of certain assets and liabilities are exposed. Changes in the fair value of the derivative offset the relevant changes in the fair value of the underlying hedged item attributable to the hedged risk in the profit and loss account in the year incurred. Gains or losses on fair value hedges that are regarded as highly effective are recorded in the profit and loss account together with the gain or loss on the hedged item attributable to the hedged risk.

(ii) Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency and interest rate risk to which the cash flows of certain assets and liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised as a separate component of equity. The ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are recycled to the profit and loss account in the year in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in capital and reserves are included in the initial cost of the asset or liability.

Details of the group's financial risk management objectives and policies are provided in note 21 to the consolidated financial statements of the group.

Impairment of financial assets

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

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

Share capital

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

2. Accounting policies (continued)

Dividends payable

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

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

3. Key estimates and judgements

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

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

Valuation of available for sale financial assets

Available for sale financial assets are valued at the fair value of net underlying net assets less disposal costs.

The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

4. Key management compensation and employees

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

During the year, no key management personnel exercised options over US 10 cent shares in SABMiller Limited (period ended 31 December 2016: six). This is accounted for by the employing company within the Group. No (period ended 31 December 2016: nil) key management personnel exercised options in Anheuser-Busch InBev SA/NV.

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

5. Other operating expenses

	1 January 2017 to 31 December 2017 US\$('000s)	1 April 2016 to 31 December 2016 US\$('000s)
Management fees	-	8
Other operating (income) / expenses	(3)	6
	<u>(3)</u>	<u>14</u>

6. Waiver of loans receivable from group undertakings

During the prior period loans receivables from group undertaking AB InBev America Holdings Limited (formerly SABMiller America Holdings Limited) of US\$68,214,356 were waived and the charge released to profit or loss.

7. Finance income

	1 January 2017 to 31 December 2017 US\$('000s)	1 April 2016 to 31 December 2016 US\$('000s)
Interest receivable from fellow Group undertakings on redeemable C preference shares	-	28,046
Interest receivable from parent undertaking	692,049	42,875
	<u>692,049</u>	<u>70,921</u>

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

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

Analysis of charge in the year / period

	1 January 2017 to 31 December 2017 US\$('000s)	1 April 2016 to 31 December 2016 US\$('000s)
Corporation tax		
UK corporation tax on profits for the year / period	-	8,572
Total current tax charge	<u>-</u>	<u>8,572</u>

Factors affecting the taxation charge for the year / period

The tax assessed for the year is lower than (period ended 31 December 2016 : lower than) the standard rate of corporation tax in the UK of 19.25% (period ended 31 December 2016 : 20%). The differences are explained below:

	1 January 2017 to 31 December 2017 US\$('000s)	1 April 2016 to 31 December 2016 US\$('000s)
Profit / (loss) before taxation	<u>2,312,789</u>	<u>(469,566)</u>
Tax charge / credit at UK standard rate of corporation tax of 19.25% (period ended 31 December 2016 : 20%)	445,212	(93,913)
Effects of:		
Exempt dividend income	(311,992)	(2,346,481)
Non-taxable preference share interest income	-	(5,609)
Non-deductible waiver of loans receivable	-	13,643
Non-deductible loss on sale of investment	-	2,440,932
Adjustment to tax charge in respect of prior periods (current tax)	(8,572)	-
Group relief	(124,648)	-
Total tax charge for the year / period	<u>-</u>	<u>8,572</u>

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

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

Factors that may affect future tax charges

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017.

The effect of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2016 (on 7 September 2016) includes reductions to the main rate to reduce the rate to 17% from April 2020.

There were no other factors that may affect future tax charges.

9. Available for sale investments

	Available for sale investments US\$('000s)
Cost	
At 1 January 2017	1,235,137
Net change in fair value recognised in other comprehensive income	(1,233,079)
At 31 December 2017	<u>2,058</u>
 Net book value	
At 31 December 2017	<u>2,058</u>
At 31 December 2016	<u>1,235,137</u>

The directors believe that the carrying value of the investments is supported by their underlying net asset or value in use.

Available for sale financial assets

Name	Type of shares	Holding	Principal activity
AB InBev America Holdings Limited (formerly SABMiller America Holdings Limited)	US\$ 1 Ordinary shares	16.44 %	Holding company

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

9. Available for sale investments (continued)

The available for sale financial asset relates to a 16.44% (period ended 31 December 2016: 16.44%) investment in AB InBev America Holdings Limited (formerly SABMiller America Holdings Limited) (please see note 12 for valuation approach).

During the prior period the Company:

- subscribed for an additional 739,800 ordinary shares of US\$1,000 each in AB InBev America Holdings Limited (formerly SABMiller America Holdings Limited) for total consideration of US\$739,800,000
- acquired 1,150 ordinary "A" shares in SABMiller America Holdings LLC for total consideration of US\$2,374,474,000
- transferred 1,150 ordinary "A" shares in SABMiller America Holdings LLC to its fellow group undertaking, SABMiller Holdings Limited, for total consideration of US\$2,374,474,000

During the prior period, the Company received a net return of capital of US\$12,204,663,000 on its investment in AB InBev America Holdings Limited (formerly SABMiller America Holdings Limited).

Movements in the fair value of the investment are recognised in other comprehensive income.

Through AB InBev America Holdings Limited (formerly SABMiller America Holdings Limited), the Company indirectly owns 16.44% in each of the issued ordinary share capital of SABMiller Finance SA Limited and America Financing LLC. The effective interest held by all Group companies in the issued ordinary share capital of these entities is 100%. SABMiller Finance SA Limited's address is AB InBev House, Church Street West, Woking, GU21 6HT, United Kingdom and America Financing LLC's address is Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, U.S.A.

10. Debtors: amounts falling due after more than one year

	2017 US\$('000s)	2016 US\$('000s)
Loans owed by fellow Group undertakings	<u>14,083,788</u>	<u>11,732,404</u>

Loans owned by fellow Group undertakings in the current year bear interest at a fixed rate of 5.28%, are unsecured and are due to be repaid on 5 June 2028.

11. Debtors: amounts falling due within one year

	2017 US\$('000s)	2016 US\$('000s)
Loans owed by fellow Group undertakings	-	61,877
Amounts owed by fellow Group undertakings	56,932	42,705
	<u>56,932</u>	<u>104,582</u>

In prior year loans owed by fellow Group undertakings bear interest at a floating rate of 1-month LIBOR (or currency equivalent) minus 12.5bps and were unsecured and repayable on demand.

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

12. Financial instruments disclosures

The Company has the following financial assets and liabilities measured through profit or loss:

	Carrying value US\$('000s)	Fair value measurement using Quoted prices in active markets (Level 1) US\$('000s)	Significant observable inputs (Level 2) US\$('000s)	Significant unobservable inputs (Level 3) US\$('000s)
31 December 2017				
Financial assets measured at fair value:				
available for sale financial asset	2,058	-	-	2,058
Total financial assets	2,058	-	-	2,058

	Restated Carrying value US\$('000s)	Fair value measurement using Quoted prices in active markets (Level 1) US\$('000s)	Restated Significant observable inputs (Level 2) US\$('000s)	Significant unobservable inputs (Level 3) US\$('000s)
31 December 2016				
Financial assets measured at fair value:				
available for sale financial asset	1,235,137	-	-	1,235,137
Assets for which fair values are disclosed:				
Intercompany loans (1)	-	-	-	-
Total financial assets	1,235,137	-	-	1,235,137

(1) The intercompany loans disclosed in prior year were repayable on demand and therefore equal to their book value. The table has been restated to reflect the fact they should not be disclosed at fair value.

Available for sale financial asset

The available for sale financial asset relates to a 16.44% investment in a fellow Group subsidiary. The valuation model for this investment is based on the value of the underlying businesses, using a combination of discounted cash flows and market valuation techniques

Intercompany debtors and creditors

Management consider that the fair value of all intercompany debtors and creditors that are repayable on demand is equal to their book value. The fair value of other intercompany debtors is calculated using a discounted cashflow model. These debtors are classified within level 2 of the fair value hierarchy. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

13. Financial risk management objectives and policies

Financial risk management framework

The Company does not enter into complex transactions. The Company's financial liabilities comprise intercompany borrowings. The main purpose of these financial liabilities is to facilitate cash management for the wider Anheuser-Busch InBev Group. The Company's financial assets include intercompany loans and an available for sale investment in a group undertaking.

The Company is exposed to market risk, credit risk and liquidity risk through its intercompany borrowings.

The Company's directors oversee the management of these risks, supported by the wider Group Treasury function. The Group Treasury function ensures that the Group's financial risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Company is a wholly owned subsidiary of Anheuser-Busch InBev and it operates fully within the Group's risk management framework. The directors of Anheuser-Busch InBev are ultimately responsible for the establishment and oversight of the Anheuser-Busch InBev Group's risk management framework and treasury policies. A full description of the relevant framework and policies are provided within the Annual report of Anheuser-Busch InBev.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in prices set by the market. The key market risk that the Company is exposed to is interest rate risk, as US\$xx (period ended 31 December 2016: US\$61,877,000) of the Company's intercompany loans are subject to variable interest.

An increase of 50 basis points in interest rates would have increased profit and equity US\$xx and had no impact on cash (period ended 31 December 2016: increase on equity and profit US\$167,247 and no impact on cash). A decrease to interest rates of the same magnitude will have an equal and opposite effect on equity and profit. This calculation assumes that the change occurred at the start of the year and was applied to risk exposures existing during that year. This analysis assumes that all other variables remain constant.

The Company is also exposed to equity price risk, which arises from the available-for-sale financial asset. The asset is a wholly owned subsidiary of the wider Anheuser-Busch InBev Group and as such, the wider group is not exposed to this price risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its intercompany loan balances totalling US\$14,140,720,000 (year ended 31 December 2016: US\$11,836,986,000). These are all due from fellow members of the Anheuser-Busch InBev Group. As at 31 December 2017, there are no provisions recognised as management assess that the loans are recoverable (period ended 31 December 2016: US\$nil).

Credit risk in relation to these intercompany loans is managed by the wider Anheuser-Busch InBev Group's treasury function in accordance with the Group's policy.

Liquidity risk

Liquidity risk is the risk that the Company either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The Group's approach to managing liquidity risk is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and headroom on its working capital facilities. The Company owes intercompany borrowings of US\$7,000 (period ended 31 December 2016: US\$484,000) which are repayable on demand.

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

Capital management

The capital structure of the Company consists of shareholders' equity. The Company manages its capital by determining the amount of dividends payable based on the availability of capital and liquidity demands. There are no restrictions on capital.

As at 31 December 2017, the Company's capital consisted of US\$1,615,021 share capital (period ended 31 December 2016: US\$1,615,021).

14. Creditors: amounts falling due within one year

	2017 US\$('000s)	2016 US\$('000s)
Amounts owed to fellow Group undertakings	7	484
Accruals and deferred income	1	7
Corporation tax	-	8,572
	<u>8</u>	<u>9,063</u>

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

15. Called up share capital

	2017 US\$('000s)	2016 US\$('000s)
Allotted and fully paid		
1,615,021 Ordinary shares of US\$1 each (31 December 2016: 1,615,021)	<u>1,615</u>	<u>1,615</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16. Reserves

Reserves are comprised of the following:

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

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

17. Capital commitments and contingent liabilities

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

AB InBev SAF Limited (formerly SABMiller SAF Limited)

Notes to the financial statements for the year ended 31 December 2017

18. Ultimate parent undertaking

The immediate parent undertaking as at 31 December 2017 was ABI UK Holding I Limited, a company incorporated in England and Wales.

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