SUN INTERBREW PLC

23.05.2019

LEFKOSIA, CYPRUS

ANNOUNCEMENT

Re: SUN Interbrew Plc - Approval and publication of the Annual Financial Report for the financial year ended 31 December 2018

The Board of Directors of SUN Interbrew Plc (the "Company") has today approved the Annual Financial Report of the Company for the financial year that ended on 31 December 2018, which was prepared in accordance with the applicable provisions of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Laws as amended, of the Republic of Cyprus. The Annual Financial Report includes the final, audited financial statements of the Group (consolidated) and of the Company (standalone) for 2018, the Management Report and the Independent Auditors' Report.

The Annual Financial Report is hereby attached. Further, it will be uploaded on the Company's website (www.suninterbrew.com) from where it may be accessed and printed, and will be published and made available according to the applicable Transparency legislation and stock exchange rules.

The Board of Directors further decided that the Annual General Meeting of the Shareholders of the Company will take place at 11:00 am local time, on the 17th of June, 2019, at the registered office of the Company at 1 Lampousas street, 1095, Nicosia, Cyprus. The shareholders will be notified pursuant to the applicable company legislation provisions.

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NAP Regulatory Compliance Services Ltd
Regulatory Compliance Officer for the Company

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CC: Cyprus Securities and Exchange Commission

SUN Interbrew Plc

Annual Report and
Consolidated Financial Statements
for the year ended 31 December 2018

SUN INTERBREW PLC

TABLE OF CONTENTS

	Page
BOARD OF DIRECTORS AND OTHER OFFICERS	1
DECLARATION OF DIRECTORS AND OTHER RESPONSIBLE OFFICERS OF THE COMPANY FOR THE PREPARATION OF THE CONSOLIDATION FINANCIAL STATEMENTS	2
CONSOLIDATED MANAGEMENT REPORT	3-12
INDEPENDENT AUDITORS' REPORT	13-17
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018:	
Consolidated statement of profit or loss and other comprehensive income	18
Consolidated statement of financial position	19
Consolidated statement of changes in equity	20
Consolidated statement of cash flows	21
Notes to the consolidated financial statements	22-68
1. Background	22
2. Basis of preparation	22
3. Application of new standards, interpretations and amendments of existing standards	24
4. Significant accounting policies	29
5. Discontinued operations	44
6. Operating segments	46
7. General and adminisitrative expenses	46
8. Other operating income	47
9. Finance income and finance costs	47
10. Income tax expense	47
11. Property, plant and equipment	48
12. Intangible assets	49
13. Deferred tax assets and liabilities	51
14. Inventories	52
15. Trade and other receivables	52
16. Cash and cash equivalents	53
17. Capital and Reserves	53
18. Loss per share	54
19. Loans and borrowings	55
20. Trade and other payables	57
21. Financial instruments and risk management	57
22. Operating lease arrangements	63
23. Commitments for expenditure	63
24. Contingencies	63
25. Related party transactions	65
26. Significant subsidiaries	66
27. Disposal of subsidiaries	66
28. Events after the balance sheet date	68

SUN INTERBREW PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors

Denis Khrenov – Chairman of the Board, Director and Chief Executive Officer ("CEO")
Alexander Balakhnov - Director and Chief Legal Officer and member of Nominations and Remuneration Committee ("CLO")
Dmytro Shpakov - Director
Inter Jura CY (Directors) Limited – Director and member of Nominations and Remuneration Committee
Inter Jura CY (Management) Limited – Director
Costas Melanides – Independent, non-executive Director and member of the Audit Committee
Marios Chrysanthou – Independent, non-executive Director and Chairman of the Audit Committee
Yuliia Ponomarenko - Director and Chief Financial Officer ("CFO") (Appointed on 28 February 2019)
Yevhenii Vizhul – Director and Chief Financial Officer ("CFO") (Resigned on 28 February 2019)
Olesia Sheppard – Director and member of the Audit Committee (Resigned on 14 November 2018)

Company Secretary

Inter Jura CY (Services) Limited
1 Lampousa Street
CY-1095 Nicosia
Cyprus

Registered office

1 Lampousa Street
CY-1095 Nicosia
Cyprus

Registration number: HE277915

SUN INTERBREW PLC

DECLARATION OF DIRECTORS AND OTHER RESPONSIBLE OFFICERS OF THE COMPANY FOR THE PREPARATION OF THE CONSOLIDATION FINANCIAL STATEMENTS

In accordance with Section 9 sub-sections (3 (c)) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 as amended (the "Law") we, the members of the Board of Directors and the other responsible persons for the consolidated financial statements of SUN Interbrew Plc (the "Company") for the year ended 31 December 2018, confirm that, to the best of our knowledge:

(a) the annual consolidated financial statements which are presented on pages 18 to 68:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions of Section 9, sub-section (4) of the Law, and

(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of SUN Interbrew Plc and the undertakings included in the consolidated accounts as a total, and

(b) the Consolidated Management report provides a fair view of the developments and the performance of the business as well as the financial position of the Company and the undertakings included in the consolidated accounts as a total, together with a description of the main risks and uncertainties that are facing.

Members of the Board of Directors

Name and surname	Signature
Alexander Balakhnov - Director and Chief Legal Officer and member of Nominations and Remuneration Committee ("CLO")	
Inter Jura CY (Directors) Limited – Director and member of Nomination and Remuneration Committee	
Inter Jura CY (Management) Limited – Director	
Denis Khrenov – Chairman of the Board, Director and Chief Executive Officer ("CEO")	
Dmytro Shpakov – Director	
Costas Melanides – Independent, non-executive Director and member of the Audit Committee	
Marios Chrysanthou – Independent, non- executive Director and Chairman of the Audit Committee	
Yuliia Ponomarenko – Director and Chief Financial Officer ("CFO")	

CONSOLIDATED MANAGEMENT REPORT

1. The Board of Directors presents its consolidated management report together with the audited consolidated financial statements of SUN Interbrew Plc (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2018.

Principal activities and departure from the going concern basis

2. The principal activities of the Group, until the 23rd of March 2018 included the manufacturing, marketing and distribution of beer and soft drinks. On 23 March 2018, the Group disposed its ownership interests in its significant subsidiaries in Russia and Ukraine to a related party. Following this date, the Group engaged only to investment holding activities. The Consolidated Financial Statements were prepared on a basis other than that of a going concern. For more information refer to Note 2.

   The combined results of the discontinued operations included in the profit for the year are set out in Note 5. The comparative figures relating to discontinued operations have been re-presented to include those operations classified as discontinued in the current year in Note 5.

   During the year, the following changes to the group structure took place:

   On 10 October of 2018, the Group liquidated FLEXBURY VENTURES LTD

   On 14 November of 2018, the Group liquidated SB MANAGEMENT SERVICES LTD

   On 24 December of 2018, the Group liquidated INTERBREW YNTR HOLDING B.V.

   On 14 January of 2019, the Group liquidated SUN INTERBREW FINANCE

   The Group is in the process of liquidation of SUN BREWERIES (C.I.S.) LTD, ABBERTON CONSULTANTS LTD and DEVIZE INVESTMENTS LIMITED as soon as arrangements can be made.

Review of developments, position and performance of the Group's business

3. The profit of the Group for the year ended 31 December 2018 was EUR 519,590 thousand (2017: EUR 26,510 thousand loss). This is mostly driven by:

   The disposal of the Group's significant subsidiaries on 23 March 2018, which resulted to a gain on disposal of EUR 564,487 thousand (Note 27).

   The Group's loss from continuing operations for the year ended 31 December 2018 was EUR 6,673 thousand (2017: EUR 4,425 thousand profit). The losses for the year resulted from the negative impact of foreign exchange differences.

   Other Comprehensive Income for the year ended 31 December 2018 was EUR 267,400 thousand (2017: EUR 4,424 thousand loss). The overall positive impact on 2018 resulted from the disposal of the significant subsidiaries of the Group where the accumulated loss previously recognised in the consolidated financial statements was recycled back in other comprehensive income for the year ended December 2018.

   On 31 December 2018 the total assets of the Group were EUR 856,261 thousand (2017: EUR 556,950 thousand) and the net assets were EUR 795,443 thousand (2017: EUR 6,208 thousand). The increase in net assets is attributable to the gain of disposal of the Group's operating subsidiaries.

   The Group did not carry out any research and development activities during the year.

Principal risks and uncertainties

4. The principal risks and uncertainties faced by the Group are disclosed in Notes 2 and 21 of the consolidated financial statements.

5. As disclosed in Note 24, during the period post year end, the Group received a preliminary tax audit report for the Group's entity JSC SUN InBev Russia for the periods of 2015 to 2017. The management of Sun InBev JSC disagreed with the Tax Officer's position. According to relevant law, Sun InBev JSC may object a preliminary tax report and reopen the audit process for additional procedures. Sun InBev JSC is currently preparing an appeal against the decision with the support of competent consultants (Taxalogy, DLA). The management of Sun InBev JSC is of the view that there is a high probability of successfully challenging the Tax decision on the pretrial stage (Local tax inspection, Higher Tax Inspection), and further litigation may take place if necessary. In the light of the above, the Management of the Company considers this as an open matter, and that no safe conclusions may be extracted from the preliminary tax report at this stage.

Future developments of the Group

6. The management of the Company currently reviews the option and feasibility to cease the activities of the Company and distribute the cash held by the Company to its shareholders (possibly through a liquidation of the Company) and to seek a delisting of the shares/GDRs of the Company from the Luxembourg Stock Exchange.

Results

7. The Group's results for the year are set out on page 18 of the consolidated financial statements.

Dividends

8. The Board of Directors has not made decision for the payment of dividend. The Board of Directors may at a later stage consider the payment of interim dividends out of retained earnings, in accordance with the relevant provisions of the Companies Laws and the Articles of Association of the Company.

Share capital

9. The authorised share capital which amounts to GBP 1,552,786 is divided into 125,278,614 class A shares of GBP 0.01 each and 30,000,000 class B shares of GBP 0.01 each.

10. The current number of issued shares is 116,628,930 including A class shares (non-voting) of 88,832,710 and B class shares (voting) of 27,796,220. The titles issued by the Company and their ISIN number are as follows:

	ISIN
144A Class A GDR	US86677C1045
Regulation S EURO Class A GDR	US86677C4015
Regulation S Class A GDR	US86677C3025
144A Class B GDR	US86677C2035
Regulation S Class B GDR	US86677C7083
Class A share	GB0057139940
Class B share	GB0049659120

11. The shares/GDRs are listed on the Luxembourg Stock Exchange.

12. The special rights, restrictions and provisions applicable to the Class A shares are as follows:

- The dividends on the Class A shares in any year shall be paid in an amount not less than and in equal priority to the dividend payable to the holders of Class B shares.

Share capital (continued)

- On winding up of the Company, the surplus assets available for distribution shall be distributed proportionately among the holders of the Class A shares and the holders of Class B shares according to the amounts of their respective holdings of such shares in the Company.
- The holders of the Class A shares have a right to receive notice of and to attend any shareholder meeting of the Company, but do not have a right to vote at shareholders' meetings, other than at class meetings of the holders of Class A shares, which are necessary in respect of certain matters affecting the rights of the holders of Class A shares.

13. Class B shares have no restrictions on voting rights.

14. There was not a change in shareholders structure in 2018.

As of 31 December 2018 the Group, which is beneficially owned by Anheuser-Busch InBev, had the following shareholders' structure:

		Quantities			
#	**Name**	**A**	**B**	**Total**	**%**
1	Anheuser-Busch InBev N.V.	1	-	1	0.0000
2	InBev Belgium N.V.	1	-	1	0.0000
3	Brandbrew S.A.	1	-	1	0.0000
4	Interbrew International B.V.	-	1	1	0.0000
5	Worldoor Limited	73,014,377	12,285,318	85,299,695	73.1377
6	Hancock Venture Partners Inc.	30,545	30,545	61,090	0.0524
7	Bank of New York (Nominees) Limited - London	745,384	-	745,384	0.6391
8	Bank of New York (Nominees) Limited - New York	15,042,401	15,480,356	30,522,757	26.1708
		88,832,710	27,796,220	116,628,930	100.0000

The above shareholding remained unchanged as of five days before the date of approval of these consolidated financial statements.

The shareholders' structure as of 31 December 2017 was as follows:

		Quantities			
#	**Name**	**A**	**B**	**Total**	**%**
1	Anheuser-Busch InBev N.V.	1	-	1	0.0000
2	InBev Belgium N.V.	1	-	1	0.0000
3	Brandbrew S.A.	1	-	1	0.0000
4	Interbrew International B.V.	-	1	1	0.0000
5	Worldoor Limited	73,014,377	12,285,318	85,299,695	73.1377
6	Hancock Venture Partners Inc.	30,545	30,545	61,090	0.0524
7	Bank of New York (Nominees) Limited - London	745,384	-	745,384	0.6391
8	Bank of New York (Nominees) Limited - New York	15,042,401	15,480,356	30,522,757	26.1708
		88,832,710	27,796,220	116,628,930	100.0000

15. It is noted that for a valid transfer of shares to take place, the name of the transferee must be entered in the register of members in respect thereof.

Board of Directors

16. The members of the Board of Directors for the year ended 31 December 2018 and at the date of this report are presented on page 1. Mr. Yevhenii Vizhul who was appointed director resigned on 28 February 2019 and on the same date Mrs. Yuliia Ponomarenko was appointed in his place. On 14 November 2018, Ms Olesia resigned her position as member of the board and audit-committee. There were no other significant changes in the composition, distribution of responsibilities or compensation of the Board of Directors.

17. There is no requirement in the Company's Articles of Association for retirement of Directors by rotation, all the Directors remain in office.

Directors' interests in the Company's share capital

18. Directors have no material direct or indirect shareholding in the Company's share capital or share options (including their spouse, children and companies in which they hold directly or indirectly at least 20% of the shares with voting rights in a general meeting) both at the end of the financial year and 5 days before the date the consolidated financial statements are approved by the board of Directors

Branches

19. The Group did not operate through any branches during the year.

Events subsequent to the reporting date

20. Other than as disclosed in Note 28 to the consolidated financial statements, there were no material events subsequent to the reporting date, which have a bearing on the understanding of the consolidated financial statements.

Independent Auditors

21. The independent auditor will be appointed at the forthcoming Annual General Meeting.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113. regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law")

Paragraphs a(i) – (iii) of Section 151(2) of the Companies Law

22. The Group complies with the provisions of the Corporate Governance Charter, adopted by the Board of Directors at the meeting of the Board of Directors held on 12 August 2012, which is available to the public on the Company's website: www.suninterbrew.com. The Company's corporate governance charter has been adopted but has not yet been implemented.

23. The Group's Corporate Governance Charter is generally based on the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange. The Articles of Association of the Company further provide for the powers, duties and procedures of the Directors, and are also available on the Group's website, as cited above. For the purposes of effective compliance with the provisions of the Cyprus Auditors Law of 2017, which stipulate that listed companies should have an Audit Committee for the purposes of, between others, the monitoring of the financial reporting process, and the statutory audit of the annual and consolidated financial statements, the Company strengthened its board, during 2017 with two independent, non-executive Directors. Currently, the Audit Committee comprises of two directors, where all of its members are independent, the Chairman has competence in accounting and auditing, and the committee members as a whole have competence relevant to the sector in which the Group is operating.

Paragraphs a(iv) of Section 151(2) of the Companies Law – description of the main features of the issuers' internal control and risk management systems in relation to the composition, preparation and drafting of the periodic information of Part II of the Transparency Law

24. The periodic information referred to in Part II of the Transparency Law, comprises of the annual financial report and the half-yearly financial report. Issuers whose titles are admitted to trading on a regulated market are obliged to prepare and disclose such information in accordance with the provisions and the time schedules stipulated in Part II of the Transparency Law. Moreover, and as stipulated in Part II of the Transparency Law, the financial reports of the Group are prepared based on the applicable International Accounting Standards, the Transparency Law, as well as the provisions of the Companies Law, Cap. 113 in order to provide a true and fair view of the financial affairs of the Group.

25. The Secretary, the professional advisers of the Group along with the Board of Directors, through the use of adequate control procedures and risk management, ensure the lawful drafting, preparation, compilation and publication of the required periodic information.

26. The Compliance Officers of the Group in relation to the obligations of the Transparency Law, ensure the timely publication of the necessary periodic information, and that this information includes the information required by the Transparency Law. This information is disclosed in accordance with the manner and time schedules set out in the Transparency Law. Finally, it should be noted that, pursuant to the Law, the Annual Financial Reports of the Group and the Company are audited by the External Auditors of the Company, Deloitte Limited, in accordance with the provisions of the Companies Law and the applicable International Accounting Standards.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113. regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(v) of Section 151(2) of the Companies Law

27. See paragraphs 9 to 15 above under "Share Capital", including the information regarding special rights attributed to classes of shares.

28. According to Regulation 76 of the Articles of Association of the Company, the minimum number of directors shall be two and the maximum number shall be fifteen. Directors are appointed either by the general meeting of shareholders or by the board of directors. Pursuant to Regulations 98 – 101 of the Articles of Association of the Company, the Company at a general meeting may appoint any person to be a director and to determine the period for which such person is to hold office. Further, the Company may, by ordinary resolution of which special notice has been given in accordance with Section 136 of the Cypriot Companies Law, remove any director before the expiration of his period of office.

29. In accordance with the provisions of the Cyprus Companies Law, the Company may, by special resolution, amend its Articles of Association. A special resolution may be approved by a majority of not less than three quarters of the shareholders present which are entitled to vote at a general meeting, for which a suitable notification of at least twenty one days has been given, determining the intention to propose the resolution as a special resolution.

Paragraph a(vi) of Section 151(2) of the Companies Law

Composition of the Board

30. For the Composition of the Board of Directors, refer to page 1 and paragraph 16 above. The Board of Directors consists of both executive and non-executive Directors.

Competences of the Board

31. The powers and duties of the Directors are stated in Regulations 83 – 96 of the Articles of Association of the Company and the Corporate Governance Charter.

32. According to the above, the Board is vested with the broadest powers to perform all acts necessary or useful for accomplishing the Company's/Group's purposes. All powers not expressly reserved by Companies law to the general meeting of shareholders fall in the competencies of the Board.

33. The Board provides effective support for and control of the activities of the executive management of the Group.

34. The Board of Directors, subject to approval by the Company's shareholders, can cause the issue or buy-back of Company's shares. The issue of any new shares is further subject to the provisions of the Company's Articles of Association, the prevailing Companies law and the principle of fair treatment to all existing shareholders.

Functioning of the Board

35. The Board meets upon call by the Chairman. A meeting of the Board must be convened if any director so requires.

36. Any director may act at any meeting of the Board by appointing any person (other than a person disqualified by Companies law from being a director of a company) as an alternate director to attend and vote in its place. A quorum of the Board may be fixed by the directors, and unless so fixed at any other number, shall be four. Decisions are taken by the affirmative votes of a majority of the votes cast.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113. regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(vi) of Section 151(2) of the Companies Law (continued)

Conflicts of Interest

37. The rules governing the handling of conflict of interests are set out in the Articles of Association.

Chairmanship

38. The Board chooses from among its members a Chairman and/or deputy chairman and/or vice-chairman. The Board also chooses a secretary who need not be a director who will be responsible for keeping the minutes of the meetings of the Board and of the shareholders.

39. The Chairman, or in his absence the deputy chairman, or in his absence, the vice-chairman, presides at all meetings of shareholders and of the Board, but in his absence the Board will appoint another director as chairman pro tempore by vote of the majority of directors present at such meeting.

Existence and nature of the internal control and risk management system

40. The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Group's senior management (including, among others the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief Legal Officer ("CLO")) are responsible for the implementation and maintenance of the internal control systems which are subject to periodic review. The Board monitors the ongoing process by which critical risks to the business are identified, evaluated and managed. Management is responsible for reviewing and monitoring the financial risks to the Group and for considering the risks in the Group's businesses. Similarly, management also monitors risks associated with information technology, human resource management and regulatory compliance.

Evaluation of the Board

41. The Board regularly carries out an evaluation of its performance and its relationship with the Senior Management of the Group.

Senior Management

42. The Board of Directors has delegated the daily management of the Group to the Chief Executive Officer ("CEO"), who is assisted by a Chief Financial Officer ("CFO") and a Chief Legal Officer ("CLO").

Remuneration policy for Board Members and Senior Managers

43. The total amount of remuneration granted directly or indirectly by the Group to the members of its Board and to the CEO, CFO and CLO is fully described in Note 25 to the consolidated financial statements of the Group.

44. Compensation of Senior Management is determined by the Board after consultation of the Remuneration Committee. The members of the Board receive Director fees. The non-executive Directors' fees are determined by the Annual General Meeting of shareholders upon a recommendation from the Nomination and Remuneration Committee.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113. regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(vi) of Section 151(2) of the Companies Law (continued)

Remuneration policy for Board Members and Senior Managers (continued)

45. Variable and non-variable components of the remuneration and links between remuneration and performance are reviewed by the Nomination and Remuneration Committee. The variable element of remuneration for the Senior Management is determined by the Board of Directors. Performance plans are based on success criteria which are agreed by the Board of Directors. The plans are reviewed during the year; the remuneration is based on the achievement of these performance criteria. The remuneration of the Board of Directors and key management is described in Note 25 of the consolidated financial statements.

Contracts with Directors and related parties

46. Other than the transactions and the balances with related parties referred to in Note 25 of the consolidated financial statements, there were no other significant contracts with the Group, or its subsidiaries at 31 December 2018 in which the Directors or their related persons had a material interest. Related parties include the spouse, minor children and companies in which Directors hold directly or indirectly at least 20% of the voting rights in a general meeting.

Delegation of Directors' powers to committees

47. The Directors have the power to delegate any of their powers to committees consisting of such directors or other persons as they think fit.

48. In order to carry out its work more effectively the Board has appointed a nomination and remuneration committee (the "Nomination and Remuneration Committee") and an audit committee (the "Audit Committee").

49. These committees handle business within their respective areas of responsibilities and present recommendations and reports on which the Board may base its decisions and actions. All members of the Board have the same responsibility for all decisions taken irrespective of whether the issue in question has been reviewed by such a committee or not.

50. The composition, operation and internal regulation of the Audit Committee and the Nomination and Remuneration Committee of the Board of Directors is analysed below.

General rules regarding both committees

51. A quorum shall be two committee members present or represented by alternate committee members. All decisions by the committees require a simple majority of votes. In case of ballot the Chairman of the committee has a casting vote.

52. Each committee regularly evaluates its own composition, organization and effectiveness as a collective body and makes recommendations to the Board for any necessary adjustments in its internal regulations and, where necessary, take appropriate steps to improve its performance.

53. The committees of the Board should perform their tasks within the framework of the regulations that they have been given and ensure that they report regularly on their activity and on the results of their work to the Board.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113. regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(vi) of Section 151(2) of the Companies Law (continued)

General rules regarding both committees (continued)

54. Each committee of the Board may seek expert assistance in obtaining the necessary information for the proper fulfilment of their duties. The Group should provide each committee with the financial resources it needs for this purpose.

(a) **Regulations for the Nominations and Remuneration Committee**

(i) **Role**

55. The Responsibility of the Nominations and Remuneration Committee includes issues regarding appointment and remuneration of directors and appointment and salaries, pension plans, bonus programs and other employments terms of the CEO, CFO, CLO and other senior management. The Nominations and Remuneration Committee shall in particular:

- submit proposals to the Board regarding the appointment and remuneration of directors and Senior Management and ensure that its proposals are in accordance with the remuneration policy adopted by the Group;
- discuss with the CEO the performance of the other members of Senior Management at least once a year based on evaluation criteria clearly defined. The CEO should not be present at the discussion of his own evaluation;
- ensure that the remuneration of non-executive directors is proportional to their responsibilities and the time devoted to their functions;
- assisting the Board in the selection of directors. It considers all proposals submitted by the shareholders, the Board or the Senior Management recommending suitable candidates to the Board and assisting the Board in making, for every position to be filled an evaluation of the existing and required skills, knowledge and experience required for the position. On the basis of this evaluation the Nomination and Remuneration Committee will assist the Board in drawing up a description of the role together with the skills, knowledge and experience required.

(ii) **Composition**

56. In 2018, the Audit Committee was composed of three directors, and since November 2018, it is composed of two directors both of which are non-executive directors. The non-executive directors are both independent and one of them chairs the Audit Committee. The members of the Audit Committee as a whole have competence relevant to the operations of the Group. Additionally, the chairman has competence in accounting and auditing.

(iii) **Working rules**

57. The Nominations and Remuneration Committee should meet as often as it considers necessary, but at least once a year. After each meeting of the Nominations and Remuneration Committee, its chairman should make a report to the Board. The chairman of the Nominations and Remuneration Committee ensures that minutes of meetings are prepared.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113. regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(vi) of Section 151(2) of the Companies Law (continued)

(b) **Regulations for the Audit Committee**

(i) **Role**

58. The Audit Committee exercises the duties and responsibilities provided for in section 78(5) of the Cypriot Auditors Act of 2017. These include the following:
- inform the Board of Directors of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the audit committee was in that process;
- monitor the financial reporting process and submit recommendations or proposals to ensure its integrity;
- monitor the effectiveness of the undertaking's internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial reporting of the Group, without breaching its independence;
- monitor the statutory audit of the annual consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority.
- review and monitor the independence of the statutory auditors or the audit firms and in particular the appropriateness of the provision of non-audit services to the Group; and
- be responsible for the selection of statutory auditors and recommends the statutory auditors to be appointed

(ii) **Composition**

59. For most of 2018, the Audit Committee was composed of three directors and since November 2018 it is composed of two directors both of whom are non-executive. The non-executive directors are both independent and one of them chairs the Audit Committee. The members of the Audit Committee as a whole have competence relevant to the operations of the Group. Additionally, the chairman has competence in accounting and auditing.

(iii) **Working rules**

60. Towards the exercise of its duties and responsibilities, the Audit Committee, between others, is briefed by the external auditors of the Company in relation to the audit program, monitors the audit process, and in special meetings prior to the presentation of the annual and half-yearly accounts of the Group and the Company to the full Board of Directors, considers the content of the drafts, taking into account the views of the external auditors in relation to the annual, audited accounts. The Audit Committee informs the Board accordingly on the results of the statutory audit. The chairman of the Audit Committee ensures that minutes of meetings are prepared.

61. The Company does not employ a special policy in relation to diversity of the Board of Directors. The Company considers that the current composition of the Board of Directors includes diversity in relation to age, gender, educational and professional background of its members.

By Order of the Board

Denis Khrenov
Chief Executive Officer
23 May 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of SUN Interbrew Plc

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of SUN Interbrew Plc (the "Company") and its subsidiaries (the "Group"), which are presented in pages 18 to 68 and comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

In May 2019, the Group received the preliminary results of the tax authority's review of the Group's entity JSC SUN InBev Russia for the periods of 2015 to 2017. We were not provided with the preliminary results of this tax assessment. Consequently, we were unable to determine whether any adjustments might have been necessary to the amount of the net assets disposed of by the Group as at 23 March 2018 of EUR 33,875 thousand (disclosed in Note 27.2), the gain on disposal of subsidiaries of EUR 564,487 thousand (disclosed in Note 27.3) and loss for the year of the subsidiaries amounting to EUR 38,224 thousand (disclosed in Note 5). The result of the tax assessment could give rise to significant adjustments in the net assets disposed, gain on disposal of subsidiaries and the loss for the year of the subsidiaries.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which describes that the consolidated financial statements have been prepared on a non-going concern basis.

Our opinion is not modified in respect of the above matter.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Assessment of the gain on disposal of subsidiaries and disclosures on Discontinued Operations On 23 March 2018 the Company completed the sale of its operating subsidiaries in Russia and Ukraine to a related party. As a result of the above, we considered the accounting treatment of this transaction in the consolidated financial statements to be a key audit matter because of the monetary effect and significance that this transaction has on the consolidated financial statements and the on the presentation of the discontinued operations under IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Refer to Note 5 and 27 in the accompanying financial statements for the disclosures made by the Group regarding the discontinued operations criteria under IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' and the assessment of the gain on disposal of subsidiaries.	Audit work performed included: • reviewing the Framework agreement and the sale agreement together with other supporting documents to confirm the validity of the transaction and consideration on disposal; • evaluating the carrying amount of the net assets disposed; • assessing the accuracy of the calculation of the gain on disposal by verifying the carrying amount of other elements used in the calculation and reconciling the them to underlying accounting records; • determining the appropriateness of the accounting treatment of the following elements used in the calculation of the gain on disposal: Goodwill, Non-controlling interest and Exchange differences relating to the foreign operation disposed of in the year; • evaluating the fair value of the consideration received on disposal by tracing the funds received to bank evidence and reconciling both the consideration received and net assets disposed of to the acquirers audited financial statements, to determine that the consideration received does not include an element of capital contribution; We also assessed the adequacy of disclosures in the consolidated financial statements in relation to the Disposal of subsidiaries and Discontinued operations and presentation of the consolidated financial statements under IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. The above procedures were completed in a satisfactory manner, except for the effect of the matter described in the Basis for Qualified Opinion section of our report.

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Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Consolidated Management Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence to determine whether any adjustments might be necessary to the amount of net assets disposed of by the Group and loss from discontinued operations for the year. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Group on 17 February 2017 by the Board of Directors. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 3 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 17 May 2019 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements or the consolidated management report.

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Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the consolidated management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report, except that the scope of our work was limited by the matter described in the Basis for Qualified opinion section of our report as considered necessary.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the consolidated management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Athos Chrysanthou.

Athos Chrysanthou
Certified Public Accountant and Registered Auditor
for and on behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 23 May 2019

SUN INTERBREW PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

	Notes	2018	2017
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Selling, marketing and distribution expenses		-	-
General and administrative expenses	7	(222)	(45)
Other operating income	8	253	-
Results from operating activities		**31**	**(45)**
Finance income	9	310	7,908
Finance costs	9	(7,013)	(3,293)
Net finance (costs) / profits		**(6,703)**	**4,615**
(Loss)/Profit before income tax		**(6,672)**	**4,570**
Income tax expense	10	(1)	(145)
(Loss)/Profit for the year from continuing operations		**(6,673)**	**4,425**
Discontinued operations			
Profit/(Loss) for the year from discontinued operations	5	**526,263**	**(30,935)**
Profit/(Loss) for the year		**519,590**	**(26,510)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial losses		-	(53)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences in translating foreign operations:			
Exchange differences arising during the year		3,989	(4,371)
Reclassification adjustments relating to foreign operations disposed of in the year		263,411	-
Other comprehensive income/(loss) for the year		**267,400**	**(4,424)**
Total comprehensive income/(loss) for the year		**786,990**	**(30,934)**
Profit/(Loss) for the year attributable to:			
Owners of the Company		521,409	(25,894)
Non-controlling interests		(1,819)	(616)
Profit/(Loss) for the year		**519,590**	**(26,510)**
Total comprehensive income for the year attributable to:			
Owners of the Company		788,809	(30,321)
Non-controlling interests		(1,819)	(613)
Total comprehensive income/(loss) for the year		**786,990**	**(30,934)**
Loss per share			
Basic and diluted loss per share (EUR per share) from continuing operations	18	(0.06)	0.04
Basic and diluted loss per share (EUR per share) from continuing and discontinued operations	18	4.47	(0.22)

Items in other comprehensive income above are disclosed net of tax. There is no significant tax relating to each component of other comprehensive income.

The comparative information has been re-presented as discussed in note 5.

The consolidated statement of Profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 22 to 68.

SUN INTERBREW PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

	Notes	31 December 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	11	-	176,890
Intangible assets	12	-	60,872
Available for sale		-	103
Investments at Fair value through other comprehensive income		147	-
Non-current income tax assets		-	1,369
Deferred tax assets	13	-	65,044
Total non-current assets		**147**	**304,278**
Current assets			
Inventories	14	-	53,403
Current income tax assets		148	546
Trade and other receivables	15	-	61,521
Prepayments	15	-	5,211
Cash and cash equivalents	16	855,966	131,991
Total current assets		856,114	**252,672**
Total assets		**856,261**	**556,950**
Capital and reserves and liabilities			
Capital and reserves			
Share capital	17	1,809	1,809
Share premium	17	459,105	459,105
Retained earnings / (Accumulated losses)	17	334,529	(186,880)
Translation reserve	17	-	(267,400)
Total capital and reserves attributable to the owners of the Company		**795,443**	**6,634**
Non-controlling interests		-	(426)
Total capital and reserves		**795,443**	**6,208**
Non-current liabilities			
Finance lease liabilities		-	2
Employee benefits		-	160
Total non-current liabilities		-	**162**
Current liabilities			
Loans and borrowings	19	60,699	290,966
Trade and other payables	20	119	259,614
Total current liabilities		**60,818**	**550,580**
Total liabilities		**60,818**	**550,742**
Total equity and liabilities		**856,261**	**556,950**

These consolidated financial statements were approved by the Board of Directors on 23 May 2019 and were signed on its behalf by:

Denis Khrenov – Chairman of the Board, Director and Chief Executive Officer ("CEO")

Yulia Ponomarenko – Director and Chief Financial Officer ("CFO")

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 22 to 68.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

		Attributable to equity holders of the Company						
	Note	Share capital	Share premium	Retained earnings / (Accumulated losses)	Translation reserve	Total	Non-controlling interests	Total
Balance at 1 January 2017		**1,809**	**459,105**	**(160,933)**	**(263,026)**	**36,955**	**187**	**37,142**
Loss for the year		-	-	(25,894)	-	**(25,894)**	(616)	**(26,510)**
Defined benefit plan actuarial loss		-	-	(53)	-	**(53)**	-	**(53)**
Exchange differences on translations of foreign operations		-	-	-	(4,374)	**(4,374)**	3	**(4,371)**
Total comprehensive loss for the year		-	-	**(25,947)**	**(4,374)**	**(30,321)**	**(613)**	**(30,934)**
Balance at 31 December 2017/ 1 January 2018		**1,809**	**459,105**	**(186,880)**	**(267,400)**	**6,634**	**(426)**	**6,208**
Loss for the year		-	-	521,409	-	**521,409**	(1,819)	**519,590**
Exchange differences on translations of foreign operations:								
Exchange differences arising during the year		-	-	-	3,989	**3,989**	-	**3,989**
Reclassification adjustments relating to foreign operations disposed of in the year	27	-	-	-	263,411	**263,411**	-	**263,411**
Total comprehensive (loss)/income for the year		-	-	**521,409**	**267,400**	**788,809**	**(1,819)**	**786,990**
Disposal of subsidiaries – derecognition of non-controlling interest	27	-	-	-	-	-	2,245	**2,245**
Balance at 31 December 2018		**1,809**	**459,105**	**334,529**	-	**795,443**	-	**795,443**

(1) Share premium is not available for distribution in the form of dividend.
(2) Share premium includes an amount of EUR 99,615 thousand which relates to issuance of shares of subsidiaries during a reorganization of the Group before the redomiciliation of the Company to Cyprus.

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 22 to 68.

SUN INTERBREW PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

	Notes	2018	2017
Cash flows from operating activities			
Profit/(Loss) for the year		**519,590**	**(26,510)**
Adjustments for:			
Gain on disposal	5	(564,487)	-
Depreciation and amortization	11, 12	12,863	49,699
Reversal of impairment	11	(6,665)	-
Impairment losses on property, plant and equipment	11	2,375	2,423
Impairment losses on intangible assets	12	11,145	357
(Gain)/Loss on disposal of property, plant and equipment		(209)	461
Interest expense, net of interest income		8,418	24,046
Forex resulting from operating activities		-	(156)
Unrealized foreign exchange loss/(gain)		1,058	(6,421)
Income tax benefit		(1,615)	(6,332)
Other non-cash items		266	541
Cash from operating activities before changes in working capital and provisions		**(16,811)**	**38,108**
Change in inventories		(5,337)	38
Change in prepayments for current assets		(348)	16
Change in trade and other receivables		6,212	(3,819)
Change in trade and other payables		(23,299)	12,049
Change in provisions and employee benefits		-	(457)
Cash flows from operations before income tax and interest paid		**(39,583)**	**45,935**
Interest paid		(13,787)	(23,811)
Income taxes paid		(501)	(1,390)
Net cash generated by operating activities		**(53,871)**	**20,734**
Cash flows from investing activities			
Interest received		1,058	1,885
Proceeds from sale of property, plant and equipment		297	267
Net cash flows on disposal of subsidiary	27	861,824	-
Acquisition of property, plant and equipment	11	(6,807)	(44,443)
Acquisition of intangible assets	12	-	(1,328)
Proceeds from the sale of intangible assets		13	-
Repayment of finance lease liabilities			(228)
Net cash used in investing activities		**856,385**	**(43,847)**
Cash flows from financing activities			
Proceeds from borrowings	19	65,504	105,631
Repayment of borrowings	19	(194,823)	(49,358)
Cash financing cost other than interests		287	(1,595)
Net cash generated by financing activities		**(129,032)**	**54,678**
Net increase in cash and cash equivalents		**673,482**	**31,565**
Cash and cash equivalents at the beginning of the year	16	**124,366**	**96,313**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(2,581)	(3,512)
Cash and cash equivalents at the end of the year	16	**795,267**	**124,366**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 22 to 68.

1. BACKGROUND

Organisation and operations

SUN Interbrew Plc (the "Company") was redomiciled in Cyprus in December 2010, as a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company's registered office is 1 Lampousa Street, 1095 Nicosia, Cyprus. Before December 2010, the Company was registered under the name "SUN Interbrew Limited" and was incorporated in Jersey, the Channel Islands. The Company and its subsidiaries, outlined in Note 26, are collectively referred as the "Group". The Group is headed by Anheuser-Busch Inbev (the "Shareholder Group", "ABI").

As at 31 December 2018 and 2017 99.16% of the Company's Class A shares and 100% of the Class B shares were effectively owned by Anheuser-Busch InBev, which is the Company's ultimate parent company and ultimate controlling party (the "Parent"). The Company's immediate parent company is Worldoor Limited (the "Immediate Parent"), a company registered in Cyprus. The Company is listed on the Luxembourg Stock Exchange and has also a global depositary receipts program that is listed on the Luxembourg Stock Exchange.

The Company through a number of holding companies incorporated in Cyprus, Netherlands and Germany had controlling interests in the legal entities registered in Russia and Ukraine, which own 5 breweries and 2 malt plants in the Russian Federation and 3 breweries in Ukraine. As discussed in Note 5 in 2018 the Board of Directors of the Company approved the sale of it's operating subsidiaries to a related party and the sale transaction was executed on 23 March 2018. The combined results of the discontinued operations are disclosed in Note 5.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The consolidated financial statements have been prepared on a non-going concern basis for the reasons explained below.

(b) Departure from the Going concern basis

In August 2017, the ultimate parent company, Anheuser-Busch InBev ("AB InBev"), issued a press release announcing a non-binding agreement with Anadolu Efes, the leading brewer in Turkey, regarding a 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses. This announcement followed AB InBev's acquisition of a 24% stake in Anadolu Efes as part of the AB InBev's combination with SABMiller, which was completed in October 2016. The merge transaction remained conditional on the completion of satisfactory due diligence and was subject to regulatory approvals in Russia, Ukraine and other regulatory authorities.

The combination of the companies' operations in Russia and Ukraine would strengthen the competitive position of both AB InBev's and Anadolu Efes' brands in these markets, with the potential for further growth. The combined business' ambitions would be to lead the Russian and Ukrainian markets, with a diverse portfolio of brands and a broader range of beers for consumers. During 2018, the merger transaction was approved by the regulatory authorities and the relevant Framework agreement was concluded and signed by AB InBev Group and Anadolu Efes. As a part of the merger process between AB InBev Group and Anadolu Efes in Russia and Ukraine, the Company disposed of its ownership interests in its operating subsidiaries in Russia and Ukraine. Please refer for further information to Note 5.

Despite the Group's initial intention to continue to explore investment opportunities for acquiring or transferring new operating subsidiaries to the Group, the Shareholder Group management decided to explore alternative options. On 9 November 2018, the Shareholder Group appointed legal counsels to advise on the steps required to delist and ultimately liquidate the Company. As part of this process, a number of the Group's subsidiaries have been liquidated or are in the process of liquidation. This includes: Flexbury Ventures Limited, S.B. Management Services Limited, Interbrew YNTR Holding B.V., Sun Interbrew Finance, Sun Breweries (CIS) Limited, Devize Investments Limited and Abberton Consultants Limited. The management of the Company currently considers the option and feasibility to cease the activities of the Company and distribute the cash held by the Company to its shareholders (possibly through a liquidation of the Company) and to seek a delisting of the shares/GDRs of the Company from the Luxembourg Stock Exchange.

Accordingly, the Group is not going concern and the consolidated financial statements have been prepared on a basis other than that of a going concern. The consolidated financial statements have been prepared in accordance with IFRSs as adopted by the EU and do not include any provision for the future costs of the liquidation of the Group except to the extent that such costs were committed at the reporting date; while there were no onerous contractual commitments as at the reporting date since the transfer of businesses was effective through the disposal of shares that owned the businesses. In management's opinion, the use of this basis result in the most relevant and reliable financial information which reflect the circumstances existing at the end of the reporting period.

(c) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except as otherwise stated.

(d) Functional and presentation currency

The Company's functional currency is the Euro. Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which each entity operates. The functional currencies of the Russian and Ukrainian subsidiaries are the Russian Rouble and the Ukrainian Hryvnia, respectively. Management has selected to use the Euro as the presentation currency for the consolidated financial statements. All financial information is presented in thousands of Euro unless stated otherwise and has been rounded to the nearest thousand.

The exchange rates used by the Group in the preparation of the financial statements are presented in Note 5 and 21 (d).

(e) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgments in applying accounting policies as well as estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and have a significant risk of resulting in material adjustment to the carrying amounts of the assets within the next financial year are included in the following notes:

Note 21 – Financial instruments and risk management, estimation of expected credit loss.

3. APPLICATION OF NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS

3.1. New Standards and Amendments to Standards that are effective for annual periods beginning on or after 1 January 2018

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. All new amendments have been endorsed by the European Union, and their application had a significant effect on the Group's financial statements. This adoption had a material effect on the accounting policies of the Company as follows:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from contracts with customers"

As explained below, in accordance with the transition provisions of IFRS 9 and IFRS 15, the Group has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18. There was no impact in the opening retained earnings from the adoption of these new standards.

(a) IFRS 9 "Financial instruments'

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 "Financial Instruments", the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition shall be recognized in profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedge ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Group has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Group 's new accounting policies following adoption of IFRS 9 at 1 January 2018 are set out in note 4.

Impact of adoption

In accordance with the transition provisions in IFRS 9, the Group has elected the simplified transition method for adopting the new standard. Accordingly, the effect of transition to IFRS 9 was recognised as at 1 January 2018 as an adjustment to the opening retained earnings (or other components of equity, as appropriate). In accordance with the transition method elected by the Group for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 "Financial Instruments: Disclosures" have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

On 1 January 2018 for debt instruments held by the Group, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). In addition separate assessment for equity instruments held by the Group was performed, in respect of whether they are held for trading or not. As a result of both assessments Management has classified its debt and equity instruments into the appropriate IFRS 9 categories.

As a result of the adoption of IFRS 9 the Group revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI, cash and cash equivalents and bank deposits with original maturity over 3 months and loan commitments and financial guarantees. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk and whether the debt investments qualify as low credit risk.

The Group has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, financial assets at amortised cost, cash and cash equivalents, and financial assets at FVOCI.

The Group has adopted the simplified expected credit loss model for its trade receivables, trade receivables with significant financing component, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortised cost, cash and cash equivalents, and financial assets at FVOCI.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Based on the assessment performed by management, the incremental impairment loss required as of 1 January 2018 is insignificant. Accordingly, there was no impact of adoption of IFRS 9 on the Group's retained earnings as of 1 January 2018.

The following table reconciles the carrying amounts of financial instruments, from their previous measurement categories in accordance with IAS 39 into their new measurement categories upon transition to IFRS 9 on 1 January 2018:

	Measurement category			**Effect of IFRS 9**		
	IAS 39	IFRS 9	Carrying value per IAS 39 (closing balance at 31 December 2017)	Remeasurement ECL	Reclassification Mandatory	Carrying value per IFRS 9 (opening balance at 1 January 2018)
Investments in equity securities						
Equity securities	AFS (available-for-sale)	FVOCI (designated)	103	-	-	103
Total investments in equity securities			103	-	-	103
Investments in other financial assets						
Trade receivables	L&R (loans and receivables)	AC (amortised cost)	57,074	-	-	57,074
Other receivables	L&R	AC	4,289	-	-	4,289
Cash and cash equivalents	L&R	AC	131,991	-	-	131,991
Total other financial assets			193,354	-	-	193,354
Total financial assets			193,457	-	-	193,457
Financial liabilities						
Borrowings	AC	AC	290,966	-	-	290,966
Trade and other payables	AC	AC	215,552	-	-	215,552
Total financial liabilities			506,518	-	-	506,518

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

- Borrowings:

Under IFRS 9 all gains or losses resulting from the modifications of borrowings that did not result in derecognition should be recognised in profit or loss. Previously under IAS 39 the Group has amortised modification impact via adjusting the effective interest rate. The Group did not have any modifications for loans outstanding as of 1 January 2018.

At 31 December 2017, all of the Group's financial liabilities were carried at amortised cost. Starting from 1 January 2018 the Group's financial liabilities continued to be classified at amortised cost.

- Other financial instruments:

For all other financial assets Management assessed that the Group's business model for managing the assets is "hold to collect" and these assets meet SPPI tests. As a result all other financial assets were classified as financial assets at amortised cost and reclassified from the category "loans and receivables" under IAS 39, which was "retired". Previously under IAS 39 these financial assets were also measured at amortised cost. Thus there were no impact of adoption of IFRS 9 as of 1 January 2018.

Reconciliation of provision for impairment at 31 December 2017 and credit loss allowance at 1 January 2018. The following table reconciles the prior period's closing provision for impairment measured in accordance with incurred loss model under IAS 39 to the new credit loss allowance measured in accordance with expected loss model under IFRS 9 at 1 January 2018:

Items existing as at 1/1/18 that are subject to the impairment provisions of IFRS 9:

			Effect	
	Credit risk attributes at 1/1/18	Provision under IAS 39 or IAS 37 at 31 December 2017	Remeasurement from incurred to expected loss	Effect of adoption of IFRS 9 at 1 January 2018
Trade and other receivables	The Group applies the simplified approach and recognises lifetime ECL for those assets	5,935	-	5,935
Cash and cash equivalents	Cash and cash equivalents are assessed to have low credit risk as they are held with reputable banking institutions directly or through Cobrew S.A. (Note 21)	Nil	-	Nil

(b) **IFRS 15 "Revenue from Contracts with Customers"**

IFRS 15 "Revenue from contracts with customers" and related amendments superseded IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. The new standard replaces the separate models for recognition of revenue for the sale of goods, services and construction contracts under previous IFRS and establishes uniform requirements regarding the nature, amount and timing of revenue recognition. IFRS 15 introduces the core principle that revenue must be recognised in such a way to depict the transfer of goods or services to customers and reflect the consideration that the entity expects to be entitled to in exchange for transferring those goods or services to the customer; the transaction price.

The new standard provides a principle-based five-step model that must be applied to all categories of contracts with customers. Any bundled goods or services must be assessed as to whether they contain one or more performance obligations (that is, distinct promises to provide a good or service). Individual performance obligations must be recognised and accounted for separately and any discounts or rebates in the contract price must generally be allocated to each of them.

The amendments to IFRS 15 clarify how to identify a performance obligation in a contract, how to determine whether a Group is a principal (that is, the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided) and how to determine whether the revenue from granting a license should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a Group when it first applies the new standard.

The Group's new accounting policies following adoption of IFRS 15 at 1 January 2018 are set out below in note 4.

Impact of adoption

In accordance with the transition provisions of IFRS 15, the Group has elected the simplified transition method for adopting the new standard. Accordingly, the cumulative effect of transition to IFRS 15 was recognized as at 1 January 2018 as an adjustment to opening retained earnings directly in equity. Based on the management assessment, there is no impact on the adoption of IFRS 15 as at 1 January 2018.

3.2. New accounting pronouncements

At the date of approval of these consolidated financial statements, new standards, amendments to standards and interpretations were issued by the International Accounting Standards Board which were not effective for the year ended 31 December 2018. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will have an insignificant effect, on the financial statements of the Group.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

i) Adopted by the European Union

Standard/ Interpretation	**Effective for annual periods beginning on or after:**
IFRS 16 "Leases"	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS19: Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019

ii) Not yet adopted by the European Union

Standard/ Interpretation	**Effective for annual periods beginning on or after:**
IFRS 14 "Regulatory Deferral Accounts"	*Postponed*
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Deferred Indefinitely*
IFRS 17 "Insurance Contracts"	1 January 2021
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendment to IFRS 3 Business Combinations	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all of the Group entities unless otherwise stated.

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and their subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Transactions with non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in loss of control are accounted for as transactions with owners in their capacity as owners and, therefore, no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net identifiable assets of the subsidiary.

For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

Subsidiaries held for sale and disposal of investments in subsidiaries

IAS 27 requires that if a subsidiary that had previously been consolidated is now being held for sale, the parent must continue to consolidate such a subsidiary until it is actually disposed of. It is not excluded from consolidation and should be reported as an asset held for sale under IFRS 5.

The partial disposal of an investment in a subsidiary while control is retained is accounted for as an equity transaction with owners, and the gain or loss on the disposal is not recognized in consolidated statement of profit or loss. The partial disposal of an investment in a subsidiary that results in loss triggers re-measurement of the residual holding to fair value. Any difference between the fair value and the carrying amount is a gain or loss on the disposal, recognized in profit or loss. Assets and liabilities sold are deconsolidated from the balance sheet.

Discontinued operations

A Discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and a) represents a separate major line of business or geographical area of operations; or b) is part of a co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or c) is a subsidiary acquired exclusively with a view to resale.

Profit or loss amounts of discontinued operations are seperately presented and the comparative figures for prior periods are also re-presented, so that the disclosures in Note 5 relate to all operations that have been discontinued by the end of the reporting period for the latest period presented. Cashflows attributable to discontinued operations are also presented in Note 5.

(c) Foreign currency

(i) Foreign currency transactions

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is EURO ("EUR"). The functional currency of the subsidiary JSC SunInbev Russia is the national currency of the Russian Federation, Russian Roubles ("RUB"). The functional currency of the subsidiary PJSC Sun InBev Ukraine is the national currency of the Ukraine, Ukrainian Hryvnia ("UAH"). The consolidated financial statements are presented in EURO, which is the Group's presentation currency.

(ii) Foreign entities

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising in retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive loss/income.

The assets and liabilities of foreign entities, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at the exchange rates at the reporting date. The income and expenses of foreign entities are translated to EUR at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income/loss, and presented in the foreign currency translation reserve in equity. However, if the entity is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign entity is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign entity is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign entity while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign entity while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign entity is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign entity and are recognised in other comprehensive income/loss, and presented in the translation reserve in equity.

The results and financial position of all the group entities that have a functional currency different from presentation currency are translated to presentation currency as follows:

- assets and liabilities for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions or at the average exchange rate for the period; and
- all resulting exchange differences shall be recognized in other comprehensive income/loss.

The information about the rates used to translate the financial information of the subsidiaries is provided in Note 5.

(d) Financial instruments

Classification and measurement

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset. Debt financial instruments are subsequently measured at amortized cost, FVOCI or FVPL. The classification is based on two criteria: the objective of the Groups's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Group's financial assets is as follows:

• *Debt instruments at amortized cost:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the company's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognized in profit or loss.

• *Debt instruments at FVOCI with gains or losses recycled to profit or loss on derecognition:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the Groups's business model is achieved by both collecting contractual cash flows and selling financial assets. Interest income, foreign exchange gains and losses and any impairment charges on such instruments are recognized in profit or loss. All other fair value gains and losses are recognized in other comprehensive income. On disposal of these debt securities, any related balance within FVOCI reserve is reclassified to profit or loss.

• *Equity instruments designated at FVOCI, with no recycling of gains or losses to profit or loss on derecognition*: these instruments are undertakings in which the Group does not have significant influence or control and is generally evidenced by ownership of less than 20% of the voting rights. The company designates these investments on an instrument by instrument basis as equity securities at FVOCI because they represent investments held for long term strategic purposes. Investments in unquoted companies are subsequently measured at cost, when appropriate. These investments are non-monetary items and gains or losses presented in the other comprehensive income include any related foreign exchange component. Dividends received are recognized in the profit or loss. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss accumulated in other comprehensive income are not reclassified to profit or loss.

• Financial assets and liabilities at FVPL: comprise derivative instruments and equity instruments which were not designated as FVOCI.
This category also includes debt instruments which do not meet the cash flow or the business model tests.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a currently legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overdrafts, demand deposits and highly liquid investments with maturities at initial recognition of three months or less from the date of acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Impairment of financial assets

The Group recognises an allowance for expected credit losses on investments in debt instruments measured at amortised cost or FVTPL as well as on receivables.

The amount of expected credit losses is updated at each reporting date to reflect changes in the credit risk which have occurred since the initial recognition of the respective financial instruments.

The Group always recognises lifetime expected credit losses on trade receivables. Expected credit losses on such financial assets are measured using the allowance matrix based on the Group's historical credit losses taking under consideration debtor-specific factors, general industry-specific economic conditions, assessment of current and projected economic trends at the reporting date. The Group recognized an allowance for losses of 100% against all receivables past due beyond 45 days because historical experience shows that such receivables generally become non-refundable and 50% - less than 45 days.

The lifetime of expected credit losses represents the expected credit losses that will arise as a result of all possible default events over the expected life of a financial instrument.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulties and there is no real prospect of recovery (liquidation, bankruptcy).

An impairment loss on 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 effective interest rate. Impairment losses are recognised in profit or loss during the period and are recorded in an allowance account, which reduces the amount of receivables. Interest income calculated using the effective interest method continues to be recognised with respect to impaired assets. If the impairment loss decreases as a result of any event occurring after its recognition, the amount of the decrease is reversed through profit or loss.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other gains/losses – net.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation for self-constructing and purchased assets starts when the assets are ready for use. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	20 to 33 years
• plant and equipment	5 to 15 years
• transportation and office equipment	3 to 5 years
• packaging materials	2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 4(j)).

(f) Non-current assets classified as held for sale

Non-current assets are classified in the consolidated statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the sign off date. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Although the Group was not able to complete the sale of the assets within one year due to deteriorating market conditions that were beyond of the Group's control, it continues to actively market the assets at a price that is reasonable, given the change in market circumstances, and therefore the extension of the period required to complete the sale does not preclude the assets from being classified as held for sale.

Non-current assets classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified. Held for sale non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plant and equipment are not depreciated or amortised.

A disposal group is defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred. The Group includes goodwill if the group is a cash-generating unit to which goodwill has been allocated or if it is an operation within such a cash-generating unit.

(g) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Brands and Trademarks

Brands and trademarks which are acquired by the Group are shown at historical cost, have indefinite useful life and are not amortized but tested for impairment annually, because the Group has plans to produce and sell those brands for an indefinite period of time. Expenditure on internally generated brands is recognised in the consolidated statement of comprehensive income as an expense as incurred.

(iii) Software under development

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred.

(iv) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

(vi) Amortisation

Amortisation is calculated over the useful economic life of the intangible asset less any residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software and other intangibles	3-5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(h) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's statement of financial position.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing inventories to their existing location and condition (ready and available for sale). In case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets 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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans, including Russia and Ukraine's State pension fund, are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

One of the Group subsidiaries PJSC SUN InBev Ukraine makes contributions to a defined benefit plan that provides pension benefits for a few of its employees upon retirement. The subsidiary recognises all actuarial gains and losses arising from the plan in other comprehensive income/loss and all expenses related to the plan in personnel expenses in profit or loss.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(l) Provisions

Provisions are recognized when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

A provision for disputes and litigation is recognized when it is more likely than not that the Group will be required to make future payments as a result of past events, such items may include but are not limited to, several claims, suits and actions both initiated by third parties and initiated by the Group relating to antitrust laws, violations of distribution and license agreements, environmental matters, employment related disputes, claims from tax authorities, and alcohol industry litigation matters.

(m) Revenue

Sale of goods

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when performance obligations are satisfied, meaning when the Group transfers control of a product to a customer.

Specifically, revenue recognition follows the following five-step approach:

- Identification of the contracts with a customer
- Identification of the performance obligations in the contracts
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contracts
- Revenue recognition when performance obligations are satisfied

Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to receive in exchange for those goods. Contracts can include significant variable elements, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses and penalties. Such trade incentives are treated as variable consideration. If the consideration includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. Variable consideration is only included in the transaction price if it is highly probable that the amount of revenue recognized would not be subject to significant future reversals when the uncertainty is resolved.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest revenue is accrued on the basis of the principle balance and the effective interest rate, which is the rate that discounts expected future cash receipts throughout the expected life of the financial asset, up to the asset's net carrying amount on initial recognition.

(n) Other expenses

Lease payments

Payments made under operating leases are recognised as an expense on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(o) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(p) Current and deferred income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In this case, tax is also recognised in equity or other comprehensive income, respectively.

Current tax is the expected tax payable or receivable on the taxable income or expense for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Russian Federation and Ukraine, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to Class A and B shareholders of the Company by the weighted average number of Class A and B shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding, adjusted for own shares held, for the effects of any dilutive potential shares, which comprise convertible notes and share options granted to employees.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by Anheuser-Busch InBev's One Europe Zone President (the "Zone President") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The President is considered to be the Chief Operating Decision Maker in accordance with IFRS 8 Operating Segments.

Segment results that are reported to the Zone President include items directly attributable to a segment.

For more information on segmental reporting, see note 6.

(s) Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date, if payment under a contract becomes probable, and the amount recognised less cumulative amortization.

(t) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. The income from government grants is included in other operating income/(expense) line of the Consolidated statement of comprehensive income.

(u) Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9 and IFRS 15, are as follows:

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Sale of goods**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably. In relation to the sale of beverages and packaging, revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of goods, and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, excise taxes, trade discounts, volume rebates, discounts for cash payments and other incentives.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of beer, transfer usually occurs either when the product is accepted by the customer from the carrier or when the product is shipped to the carrier. Generally for such products the buyer has no right of return except for the situation when the delivered product has an inappropriate quality.

The Group accounts for the returnable containers as its property, plant and equipment and does not derecognise them as part of a sales transaction. On delivery of beer to customers, the Group collects a deposit for each container delivered and it has an obligation to refund this deposit when the customers return the containers. Such obligation is presented in other payables in the statement of financial position. Revenue is presented net of taxes, bonuses and other incentives to customers.

Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise mainly of investments of trade and other receivables, cash and cash equivalents, loans to related parties, loans and borrowings, and trade and other payables. The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables category comprise the following classes of assets: trade and other receivables, cash and cash equivalents and loans to related parties.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overdrafts, demand deposits and highly liquid investments with maturities at initial recognition of three months or less from the date of acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive loss/income and are presented within equity in the fair value reserve. When an investment is derecognised or impaired, the cumulative gain or loss in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Other financial liabilities comprise loans and borrowings and trade and other payables.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of that asset.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Impairment

Non-derivative 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 any 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.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Receivables

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

5. DISCONTINUED OPERATIONS

On 8 March 2018 the Board of Directors of the Company approved the sale of its direct and indirect ownership interests in operating subsidiaries in Russia (JSC SUN InBev Russia) and Ukraine (PJSC SUN InBev Ukraine) to AB INBEV WESTERN EUROPEAN HOLDING B.V a fellow subsidiary under common control. The divestment decision was made following the Parent company's decision to merge the ABI Group's operations in Russia and Ukraine with Anadolu Efes.

On 22 March 2018 AB INBEV WESTERN EUROPEAN HOLDING B.V and EFES BREWERIES INTERNATIONAL N.V. entered into a Framework Agreement (the "Framework Agreement"), pursuant to which the parties indicated their intention to contribute their respective businesses principally involved in the manufacturing, distribution, marketing and sale of beer in Russia and Ukraine, into a new entity named AB InBev Efes B.V. incorporated in Netherlands.

On 23 March 2018, the Company entered into a sale agreement with AB INBEV WESTERN EUROPEAN HOLDING B.V, for the sale of its subsidiaries SUN InBev Russia and Bevmar Gmbh (direct and indirect interest in the operating subsidiary in Russia) for the consideration of EUR 824,407 thousand. It also sold to the same related party the indirectly held ownership interest in its subsidiary in Ukraine for the consideration of EUR 39,611 thousand. Accordingly, the Company effectively ceased to own its operating subsidiaries in 2018.

The following exchange rates have been applied:

	3 month Average rate 2018	Disposal date rate 2018
RUB for EUR 1	69.96	70.56
UAH for EUR 1	33.56	32.70

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

a) Analysis of losses for the year from discontinued operations

	Year ended 31/12/2018				Year ended 31/12/2017			
'000 Euro	**RU**	**UA**	**Inter-segment**	**Total**	**RU**	**UA**	**Inter-segment**	**Total**
Revenue	65,994	20,242	396	86,632	426,573	137,948	(1,400)	563,121
Cost of sales	(56,806)	(13,228)	(392)	(70,426)	(262,180)	(105,809)	1,103	(366,886)
Gross profit	9,188	7,014	4	16,206	164,393	32,139	(297)	196,235
Selling, marketing and distribution expenses	(26,233)	(6,321)	(4)	(32, 558)	(139,918)	(32,071)	297	(171,692)
General and administrative expenses	(5,030)	(1,795)	-	(6,825)	(35,280)	(9,047)	-	(44,327)
Other income (losses), net	132	92	-	224	3,904	943	(156)	4,691
Non-recurring impairment losses	(11,145)	-	-	(11,145)	-	-	-	-
Results from operating activities	(33,088)	(1,010)	-	(34,098)	(6,901)	(8,035)	(156)	(15,093)
Finance income	360	714	-	1,074	(315)	(719)	1,474	440
Finance costs	(5,778)	(1,038)	-	(6,816)	(18,493)	(2,948)	(1,318)	(22,759)
Loss before income tax	(38,506)	(1,334)	-	(39,840)	(25,709)	(11,703)	-	(37,412)
Income tax credit	179	1,437	-	1,616	4,355	2,122	-	6,477
Loss for the year	**(38,327)**	**103**	**-**	**(38,224)**	**(21,354)**	**(9,581)**	**-**	**(30,935)**

	2018	2017
Gain on disposal of operation including cumulative exchange gain (Note 27)	**564,487**	-
Attributable income tax expense	-	-
Profit/(loss) for the year from discontinued operations	**526,263**	**(30,935)**
Profit/(loss) for the year from discontinued operations attributable to:		
Owner of the Company	528,082	(30,319)
Non-controlling interests	(1,819)	(616)
	526,263	**(30,935)**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

b) Cash flows from discontinued operations

	Year ended 31/12/18			Year ended 31/12/17		
'000 Euro	**RU**	**UA**	**Total**	**RU**	**UA**	**Total**
Net cash inflows from operating activities	15,950	(6,138)	9,812	6,856	14,381	21,237
Net cash inflows investing activities	(3,129)	(3,531)	(6,660)	(27,920)	(17,552)	(45,472)
Net cash outflows from financing activities	(71,474)	2,086	(69,388)	48,518	7,647	56,165
Net cash inflows	**(58,653)**	**(7,583)**	**(66,236)**	**27,454**	**4,476**	**31,930**

6. OPERATING SEGMENTS

The Group's two reportable segments: breweries in the Russian Federation and breweries in Ukraine, were discontinued in the current year. The segment information reported below includes the investment activities of the Group which include the holding of cash and cash equivalents held in ABI cash pool (Note 21). The Group's reportable segment does not include any amounts relating to the Group's discontinued operations, as outlined in note 5.

Segment assets	**31/12/2018**	**31/12/2017**
Investing activities	795,562	-
Assets relating to discontinued operations:		
-Russia	-	475,937
-Ukraine	-	81,013
	795,562	556,950

7. GENERAL AND ADMINISTRATIVE EXPENSES

'000 EUR	**2018**	**2017**
Fixed administrative costs	(222)	(45)
	(222)	**(45)**

The remuneration of the auditors for the statutory audit of the Group amounts to EUR 95 thousand plus out of pocket EUR 4 thousand (2017: EUR 271 thousand plus out of pocket expenses of EUR 8 thousand) out of which EUR 55 thousand relates to discontinued operations and is included in Note 5 (2017: EUR 216 thousand). There were no non-audit services offered to the Group for the year ended 31 December 2018 (2017: EUR 35 thousand).

The number of employees as at 31 December 2018 for continued operations was 0. The average number of employees for the period up to the date of disposal of operating subsidiaries was 2,060 (2017: 2,205).

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

8. OTHER OPERATING INCOME

'000 EUR	2018	2017
Other gains	253	-
Other operating income	**253**	**-**

9. FINANCE INCOME AND FINANCE COSTS

'000 EUR	2018	2017
Interest income on loans and receivables	685	987
Interest income on deposits	-	222
Net foreign exchange gain	-	6,699
Finance income	**685**	**7,908**
Interest expense on loans and borrowings	(3,720)	(3,293)
Net foreign exchange loss	(3,667)	-
Other	(1)	-
Finance costs	**(7,388)**	**(3,293)**
Net finance costs recognised in profit or loss	**(6,703)**	**(4,615)**

10. INCOME TAX EXPENSE

Income taxes are provided for based on taxable income and the varying tax rates applicable in Cyprus. Certain costs and expenses, including some types of employees' compensation, benefits, and interest, which are included as expenses in the consolidated statement of comprehensive income are not deductible when determining taxable income.

The holding company in Cyprus is subject to corporation tax on taxable profits at the rate of 12.5% (2017: 12.5%).

'000 EUR	2018	2017
Current tax expense		
Current year and income tax adjustment relating to previous years	1	145
	1	**145**
Total income tax expense	**1**	**145**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

11. PROPERTY, PLANT AND EQUIPMENT

'000 EUR	Land and buildings	Plant and equipment	Transportation and office equipment	Packaging materials	Assets under construction	Total
Cost						
Balance at 1 January 2017	**204,403**	**463,196**	**146,155**	**27,087**	**30,990**	**871,831**
Additions	3,282	9,321	16,894	7,337	9,609	46,443
Interest capitalization	-	-	-	-	140	140
Disposals	(3)	(9,761)	(8,388)	(4,715)	(174)	(23,041)
Transfers from assets held for sale	43	28,719	204	-	-	28 966
Transfers	2,025	3,085	3,694	805	(9 609)	-
Effect of movements in exchange rates	(17,548)	(41,290)	(15,309)	(3,604)	(3,581)	(81,332)
Balance at 31 December 2017	**192,202**	**453,270**	**143,250**	**26,910**	**27,375**	**843,007**
Balance at 1 January 2018	**192,202**	**453,270**	**143,250**	**26,910**	**27,375**	**843,007**
Additions	-	-	-	-	6,807	6,807
Disposals	(13)	(836)	(2,389)	(639)	-	(3,877)
Transfers	1,105	2,860	672	-	(4,637)	-
Effect of movements in exchange rates	(3,438)	(6,958)	(1,304)	131	(268)	(11,837)
Disposal of operating subsidiaries	(189,856)	(448,336)	(140,229)	(26,402)	(29,277)	(834,100)
Balance at 31 December 2018	-	-	-	-	-	-
Depreciation and impairment losses						
Balance at 1 January 2017	**(144,243)**	**(400,861)**	**(109,832)**	**(16,134)**	**(5,464)**	**(676,534)**
Depreciation for the year	(7,902)	(19,726)	(14,067)	(6,223)	-	(47,918)
Impairment loss	-	(1,609)	(378)	-	(436)	(2,423)
Disposals	3	9,872	8,331	4,107	-	22,313
Transfers from assets held for sale	(17)	(19,801)	(146)	-	-	(19,964)
Transfers	78	88	3	-	(169)	-
Effect of movements in exchange rates	10,554	34,381	11,068	2,273	133	58,409
Balance at 31 December 2017	**(141,527)**	**(397,656)**	**(105,021)**	**(15,977)**	**(5,936)**	**(666,117)**
Balance at 1 January 2018	**(141,527)**	**(397,656)**	**(105,021)**	**(15, 977)**	**(5, 936)**	**(666,117)**
Depreciation for the year	(1,873)	(5,275)	(3,624)	(1,684)	-	(12,456)
Impairment loss	-	-	-	-	(2,375)	(2,375)
Reversals of impairment loss	-	6,665	-	-	-	6,665
Disposals	13	836	2,342	604	-	3,795
Transfers	(515)	450	65	-	-	-
Effect of movements in exchange rates	2,725	10,210	1,012	(113)	(85)	13,749
Disposal of operating subsidiaries	141,177	384,770	105,226	17,170	8,396	656,739
Balance at 31 December 2018	-	-	-	-	-	-
Carrying amounts						
At 1 January 2017	**60,160**	**62,335**	**36,323**	**10,953**	**25,526**	**195,297**
At 31 December 2017	**50,675**	**55,614**	**38,229**	**10,933**	**21,439**	**176,890**
At 31 December 2018	-	-	-	-	-	-

Total depreciation expense is included in Discontinued operations note as follows:

- EUR 8,074 thousand (2017: EUR 29,900 thousand) has been charged to cost of sales;
- EUR 3,396 thousand (2017: EUR 13,821 thousand) to distribution expenses;
- EUR 986 thousand (2017: EUR 4,197 thousand) to general and administrative expenses.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Impairment loss

As of the disposal date of the operating assets of the Group (note 5), the Group made an assessment whether there is any indication that property, plant and equipment may be impaired and concluded that no indications were presented taking into account the internal controls in place and significant profit on disposal (note 27).

The impairment loss recognized during 2018 in amount EUR 13,520 thousand (in 2017 in amount of EUR 2,780 thousand) relates to impairment of certain individual assets, which mostly represent plant and equipment in Russia and Ukraine and impairment of certain brands and trademarks in the Russian segment, see Note 12. The impairment loss was included into Discontinued operations line in profit or loss for the year.

12. INTANGIBLE ASSETS

'000 EUR	Goodwill	Software	Software under develop-ment	Other intangibles	Brands and trade-marks	Total
Cost						
Balance at 1 January 2017	**60,042**	**24,741**	**1,868**	**1,205**	**12,834**	**100,690**
Additions	-	-	1,328	-	-	1,328
Disposals	-	(5)	-	-	-	(5)
Transfers	-	383	(1,703)	919	-	(401)
Effect of movement in exchange rates	(3 669)	(1 420)	(160)	(137)	(1 035)	(6 421)
Balance at 31 December 2017	**56 373**	**23 699**	**1 333**	**1 987**	**11 799**	**95 191**
Balance at 1 January 2018	**56 373**	**23 699**	**1 333**	**1 987**	**11 799**	**95 191**
Disposals	-	-	(13)	-	-	(13)
Transfers	-	320	(327)	7	-	-
Effect of movement in exchange rates	(3,104)	(501)	94	(27)	(283)	(3,821)
Disposal of operating subsidiaries	(53,269)	(23,518)	(1,087)	(1,967)	(11,516)	(91,357)
Balance at 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**

'000 EUR	Goodwill	Software	Software under develop-ment	Other intangibles	Brands and trade-marks	Total
Amortisation and impairment losses						
Balance at 1 January 2017	**(10,047)**	**(22,909)**	**(251)**	**(357)**	**(96)**	**(33,660)**
Amortisation for the year	-	(1,100)	-	(681)	-	(1,781)
Impairment loss	-	-	-	-	(357)	(357)
Disposals	-	5	-	-	-	5
Transfer	-	(251)	251	(16)	-	(16)
Effect of movement in exchange rates	-	1,326	-	53	111	1,490
Balance at 31 December 2017	**(10,047)**	**(22,929)**	**-**	**(1,001)**	**(342)**	**(34,319)**
Balance at 1 January 2018	**(10,047)**	**(22,929)**	**-**	**(1,001)**	**(342)**	**(34,319)**
Amortisation for the year	-	(240)	-	(167)	-	(407)
Impairment loss	-	-	-	-	(11,145)	(11,145)
Effect of movement in exchange rates	1,991	542	-	94	104	2,731
Disposal of operating subsidiaries	8,056	22,627		1,074	11,383	43,140
Balance at 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amounts						
At 1 January 2017	**49,995**	**1,832**	**1,617**	**848**	**12,738**	**67,030**
At 31 December 2017	**46,326**	**770**	**1,333**	**986**	**11,457**	**60,872**
At 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

(a) Amortisation

Amortisation expense of EUR 395 thousand (2017: EUR 1,730 thousand) has been recognised as part of general and administrative expenses and EUR 12 thousand (2017: EUR 51 thousand) has been recognised as part of cost of sales. The amortisation expense is included in Discontinued operations (note 5).

(b) Cash generating units containing goodwill and Intangible assets with the indefinite useful life

(i) For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units (operating segments); Russian CGU and Ukranian CGU.

The aggregate carrying amount of the goodwill as at 31 December 2017 allocated to each CGU is as follows:

'000 EUR	**Goodwill 31.12.2018**	**Impairment 31.12.2018**	**Goodwill 31.12.2017**	**Impairment 31.12.2017**
Russian CGU	-	-	46,326	-
Ukrainian CGU	-	-	-	-
	-	-	**46,326**	-

The goodwill of Russian CGU has been derecognised on the disposal of operating subsidiaries analysed in note 5.

(ii) The intangible assets with indefinite useful life were allocated only to the Russian CGU and were represented by beer brands and trademarks, which were actively sold in Russia.

(c) Impairment Testing

As of 31 December 2017, the Group performed a combined annual impairment test in relation to its property, plant and equipment, goodwill and intangible assets with indefinite useful life, which formed part of the Group's Russian and Ukrainian CGUs.

The Group impairment testing methodology is in accordance with IAS 36, in which value in use approach was taken into consideration. This include applying a discounted free cash flow approach based on forecasted cash flow models expected to arise from the CGU. The Group has calculated only the value in use as this was higher than the carrying amount of the CGU.

The Group completed its annual impairment test for goodwill, intangible assets with indefinite useful life and property, plant and equipment and concluded, based on the assumptions described below, that no impairment charge was necessary for Russian and Ukrainian CGUs as of 31 December 2017.

As at the disposal date, the management further to a change in the Group's marketing plans and strategy affected by the disposal transaction, has decided to reduce or discontinue the sale of products under the brands and trademarks with carrying amount of EUR 11,145 thousand. Based on this indication and considering the loss making performance of those brands the management decided to write-off the value of the respective brands and trademarks. The impairment loss is presented in the combined results of the discontinued operations.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

13. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

'000 EUR	Assets 2018	Assets 2017	Liabilities 2018	Liabilities 2017	Net 2018	Net 2017
Property, plant and equipment	-	15,797	-	(8,382)	-	7,415
Intangible assets	-	687	-	(3,099)	-	(2,412)
Inventories	-	388	-	-	-	388
Employee benefits	-	1,221	-	(96)	-	1,125
Trade and other receivables	-	423	-	-	-	423
Trade and other payables	-	7,418	-	-	-	7,418
Tax losses carried forward	-	50,687	-	-	-	50,687
Tax assets/(liabilities)		**76,621**		**(11,577)**	**-**	**65,044**

Movement in deferred taxes during the year

'000 EUR	1 January 2018	Recognised in discontinued operations	Recognised in other comprehensive income-foreign exchange differences	On Disposal of operating subsidiaries	31 December 2018
Property, plant and equipment	7,415	1,188	(182)	(8,421)	-
Intangible assets	(2,412)	2,210	37	165	-
Inventories	388	530	(4)	(914)	-
Employee benefits	1,125	52	(27)	(1,150)	-
Trade and other receivables	423	-	-	(423)	-
Trade and other payables	7,418	(1,472)	(99)	(5,847)	-
Tax losses carried forward	50,687	(209)	(896)	(49,582)	-
	65,044	**2,299**	**(1,171)**	**(66,172)**	**-**

'000 EUR	1 January 2017	Recognised in discontinued operations	Recognised in other comprehensive income-foreign exchange differences	On Disposal of operating subsidiaries	31 December 2017
Property, plant and equipment	7,284	896	(765)	-	7,415
Intangible assets	(2,807)	195	200	-	(2,412)
Inventories	810	(364)	(58)	-	388
Employee benefits	1,840	(603)	(112)	-	1,125
Trade and other receivables	3,800	(3,239)	(138)	-	423
Trade and other payables	7,595	345	(522)	-	7,418
Tax losses carried forward	44,671	10,350	(4,334)	-	50,687
	63,193	**7,580**	**(5,729)**	**-**	**65,044**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Deferred income tax assets are recognised for unused tax losses, tax credit and deductible temporary differences, to the extent that management is satisfied that it is probable that future taxable profits will be available against which they can be utilised. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the countries where the deferred tax assets originated and during the periods when the deferred tax assets become deductible. Management assessed that the Group will be able to generate future taxable profits through the improved profitability of product sales that is expected from synergies after merging with Efes, as well as through the revenue growth initiatives being currently put in place and amending the terms of related party transaction. Deferred tax assets are expected to be recovered after more than 12 months and within statutory expiration period. Changes that were enacted in the Russian tax legislation in 2015 stipulate that accumulated tax losses will no longer expire and can be utilized in the amount that does not exceed 50% of taxable profit for the respective year. In Ukraine there is no expiration or restriction to the use of taxable losses. The Group has made respective adjustments in its tax loss utilization forecast and expects that unused tax losses accumulated at the disposal date will be fully utilized by 2025 in Russia and by 2030 in Ukraine mainly through the use of taxable income to be generated over this period.

Non-current income tax assets

Advance payments on profit tax were made by the Ukrainian subsidiary of the Group in 2013, where the subsidiary projected a taxable profit for the whole year. Currently the prepaid profit tax cannot be refunded from the budget due to limited availability of budget funds. The Group has properly legally supported plan to offset the amount of prepayment against liabilities for other taxes. However, the management as at 31 December 2017 did not expect to offset the tax receivable within the next 12 months after the reporting date.

14. INVENTORIES

'000 EUR	2018	2017
Raw materials	-	37,161
Work in progress	-	2,879
Finished goods and goods for resale	-	9,151
Other	-	4,212
	-	**53,403**

Raw materials, consumables and changes in finished goods and work in progress recognized as cost of sales, prior to the disposal of the Group's operating subsidiaries, amounted to EUR 58,741 thousand (2017: EUR 239,347 thousand), and included in discontinued operations. During 2017, the Group recognised EUR 66 thousand attributable to the write-down of inventories to net realizable value included into cost of sales in discontinued operations (Note 5).

15. TRADE AND OTHER RECEIVABLES

'000 EUR	2018	2017
Trade receivables	-	57,074
Non-income taxes receivable	-	158
Other receivables	-	4,289
	-	**61,521**

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in Note 21.

15.1 Prepayments

Prepayments as at 31 December 2017, mainly related to deposits paid by the Group for returnable containers related to the beer imported to Russia and the Ukraine. The Group collects the deposits back when the containers are returned to the supplier.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

16. CASH AND CASH EQUIVALENTS

'000 EUR	2018	2017
Bank and other cash accounts	3	60,050
Demand deposits	855,963	71,941
Cash and cash equivalents in the consolidated statement of financial position excluding overdrafts used for cash management purposes	**855,966**	**131,991**
Overdrafts used for cash management purposes (Note 19)	(60,699)	(7,655)
Cash and cash equivalents in the consolidated statement of cash flows	**795,267**	**124,336**

The demand deposits comprise of:

	Effective Interest	2018	2017
Deposits in UAH	11% p.a	-	7,255
Deposits in RUB	5.7% p.a	-	2,396
Deposits with Cobrew S.A	1 month market rate minus 0.20%	855,963	62,290
Totals		855,963	71,941

In 2017 the Group signed a current account agreement with Cobrew S.A. (hereinafter «Cobrew»), a related party. This agreement has no fixed maturity date and provides notification period for payments from or deposits to this account of 2 to 5 days. Interest rate applied by Cobrew is based on 1 month market interest rate minus 0.20%.

The Group classifies the balance at Cobrew account as cash and cash equivalent. The net amount of outstanding balance at current account with Cobrew included into cash and cash equivalent in the statement of cash flows for the year ended 31 December 2018 is EUR 795,264 thousand (31 December 2017 was EUR 54,635 thousand).

As at 31 December 2017, the bank and other cash accounts includes restricted cash in amount of EUR 1,067 thousand held for payment of VAT in the Ukraine.

The Group's exposure to credit currency risk and interest rate risk related to cash and cash equivalents is disclosed in Note 21.

17. CAPITAL AND RESERVES

(a) Share capital

Number of shares unless otherwise stated	Ordinary shares (Class B)		Ordinary shares (Class A)	
	2018	2017	2018	2017
Authorised shares	30,000,000	30,000,000	125,278,614	125,278,614
Par value	GBP 0.01	GBP 0.01	GBP 0.01	GBP 0.01
In issue at 1 January and 31 December, fully paid	27,796,220	27,796,220	88,832,710	88,832,710

There was no change in the owners of the Company's issued share capital during 2018. The number and value of the issued shares has not changed in comparison with prior year.

Ordinary shares (Class B)

All shares rank equally with regard to the Company's residual assets.

The holders of Class B 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. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Ordinary shares (Class A)

The special rights, restrictions and provisions applicable to the Class A shares are as follows:

- The dividends on the Class A shares in any year shall be paid in an amount not less than and in equal priority to the dividend payable to the ordinary shareholders in such year;
- On winding up of the Company, the surplus assets available for distribution to its members shall be distributed proportionately amongst the holders of the Class A shares and the Class B shares according to the amounts of their respective holdings of such shares in the Company;
- The holders of the Class A shares do not have right to vote in shareholders' meeting, except for the matters affecting the rights of the holders of Class A shares, including "change of control" transaction as defined in the "Article of Association" of the Company.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(c) Share premium

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of shares. Share premium account can only be resorted to limited purposes, which do not include the distribution of dividends and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

(d) Distributable reserves

The amounts available for distribution to the Company's shareholders in the form of dividends are the distributable reserves of the Company presented within retain earnings.

The Board of Directors does not recommend the payment of dividend on the basis of 2018 results. The Board of Directors may at a later stage consider the payment of interim dividends out of retained earnings, in accordance with the relevant provisions of the Companies Laws and the Articles of Association of the Company.

18. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of Class A and Class B shares outstanding respectively during the year. The Company has no dilutive potential ordinary shares.

From continuing operations

2018	Loss (Numerator) '000 EUR	Number of shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	(5,083)	88,832,710	(0.06)
Attributable to holders of class "B" participating shares	(1,590)	27,796,220	(0.06)
Total attributable to participating shares	**(6,673)**	**116,628,930**	**(0.06)**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

2017	Loss (Numerator) '000 EUR	Number of shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	3,370	88,832,710	0.04
Attributable to holders of class "B" participating shares	1,055	27,796,220	0.04
Total attributable to participating shares	**4,425**	**116,628,930**	**0.04**

From continuing and discontinued operations

2018	Loss (Numerator) '000 EUR	Number of shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	397,141	88,832,710	4.47
Attributable to holders of class "B" participating shares	124,268	27,796,220	4.47
Total attributable to participating shares	**521,409**	**116,628,930**	**4.47**

2017	Loss (Numerator) '000 EUR	Number of shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	(19,723)	88,832,710	(0.22)
Attributable to holders of class "B" participating shares	(6,171)	27,796,220	(0.22)
Total attributable to participating shares	**(25,894)**	**116,628,930**	**(0.22)**

19. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 21.

'000 EUR	Note	2018	2017
Current			
Bank and other overdraft	16	60,699	7,655
Current loans from bank		-	20,662
Current loans from related parties	25 (b)	-	262,649
		60,699	**290,966**

Overdraft has no fixed maturity date. Interest rate changed based on 1 month market interest rate plus 0.20%. In 2017 the Group signed a current account agreement with Cobrew, see Note 16 which also includes overdraft facilities.

Out of total interest expense of EUR 6,973 thousand, EUR 5,383 thousand was recognized as part of the discontinued operations (2017: total of EUR 25,973 thousand, EUR 22,680 thousand relate to discontinued operations). Interest payable presented within loans and borrowings as at 31 December 2018 is EUR NIL (31 December 2017: EUR 8,413 thousand).

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

19.1 Terms and conditions of outstanding loans and borrowing were as follows:

'000 EUR	Currency	Nominal interest rate	Year of maturity	31 December 2018 Face value	31 December 2018 Carrying amount	31 December 2017 Face value	31 December 2017 Carrying amount
Non-current loan from related parties	USD	4,945%	2018	-	-	-	-
Bank and other overdraft	EUR,USD	1m rate +0.20%	on demand	60,699	60,699	7,655	7,655
Current loans from bank	UAH	12% -14,9%	2018	-	-	20,450	20,450
Current loans from related parties	RUB	Mosprime+ 2%	2018	-	-	196,031	196,031
Current loans from related parties	USD	4,945%	2018	-	-	58,417	58,417
Current loans from related parties	EUR	8,2%	2017	-	-	-	-
Current interest payable	N/A	N/A	2018	-	-	8,413	8,413
Total interest-bearing liabilities				**60,699**	**60,699**	**290,966**	**290,966**

The fair value of short term and long-term loans/borrowings approximates their carrying amount, as the impact of discounting is not significant. The current loans from an entity under common control are not secured.

19.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1/01/2018	Proceeds from borrowings	Repayment of borrowings	Interest paid	Interest expense	Foreign currency translation	On disposal	31/12/2018
Bank loans	20,662	4,619	(2,533)	(801)	879	555	(23,382)	-
Loans from entities under common control (note 25)	262,649	60,885	(192,290)	(12,254)	6,094	(2,545)	(122,538)	-
	283,311	**65,504**	**(194,823)**	**(13,055)**	**6,973**	**(1,990)**	**(145,920)**	**-**

	1/01/2017	Proceeds from borrowing	Repayment of borrowings	Interests paid	Interest expense	Foreign exchange gain	Foreign currency translation	31/12/2017
Bank loans	16,008	46,452	(38,736)	(1,527)	1,601	-	(3,136)	20,662
Loans from entities under common control (note 25)	235,360	59,179	(10,622)	(22,284)	24,372	(8,224)	(15,130)	262,649
	251,368	**105,631**	**(49,358)**	**(23,811)**	**25,973**	**(8,224)**	**(18,266)**	**283,311**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

20. TRADE AND OTHER PAYABLES

'000 EUR	2018	2017
Trade payables	119	203,191
Advances received	-	10,471
Non-income taxes payable	-	21,959
Payroll and social security payables	-	11,632
Other payables and accrued expenses	-	12,361
	119	**259,614**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 21.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments by category

'000 EUR	2018	2017
Loans and receivables		
Trade and other receivables excluding non-income taxes receivable	-	61,363
Cash and cash equivalents	855,966	131,991
	855,966	**193,354**
Equity Securities		
Fair value through other comprehensive income / Available for sale	147	103
	856,113	**193,457**
Financial liabilities measured at amortized cost		
Trade and other payables	120	215,552
Current loans and borrowings	60,699	290,966
Non-current loans and borrowings	-	-
Finance lease liabilities	-	2
	60,819	**506,520**

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest Rate risk
- Currency risk
- Capital risk management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and the loan granted to related party. Credit risks also arises from cash and cash equivalents and deposits with banks and financial institutions, as well as from other receivables.

(i) Trade and other receivables

The below disclosures relate to the Group's discontinued operations:

Sales are performed through the network of independent distributors and direct distribution. The direct distribution consists of two major groups of companies: key accounts (large supermarkets and malls) and selling points. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The Group has a credit policy in place and the exposure to counterparty credit risk is monitored. A credit assessment is performed on each of the Group's customers in order to determine their financial strength. Credit limits are set per customer depending on the customer's financial profile and risk category and on the collaterals and guarantees received from the customer, if any.

Credit limits are reviewed at least once a year. The credit control for all customers is carried out on a daily basis. If the credit limit is exceeded shipments to those customers are suspended. The credit limits were not exceeded during the reporting period, and management does not expect any losses from non performance by these counterparties.

The Group establishes an allowance for impairment that represents its estimated expected credit losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

(ii) Cash and cash equivalents

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings of Moody's about counterparty default rates:

'000 EUR	31 December 2018 Demand deposits	31 December 2017 Demand deposits
A rated	-	68,351
Lower than A3 rated	-	1,350
Unrated	855,966	62,290
	855,966	**131,991**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

The Group keeps current bank accounts under the name of Cobrew, a subsidiary of the Group's ultimate parent Anheuser Busch InBev (hereinafter «ABI»), see Note 16. ABI group attempt to minimize its credit exposure to counterparties by entering into agreements with major international A rated financial institutions as issued by Moody's. There is no established credit rating for Cobrew account, accordingly, for the purposes of impairment assessment, the estimated credit loss was based on the ABI group rating, which is Baa1 (2017: A3). For demand deposits that have no fixed maturity and can be withdrawn by the Group on a very short notice, the estimated credit loss is limited to the contractual notice period, therefore the estimated credit loss is very low.

(iii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
'000 EUR	**2018**	**2017**
Investments at fair value through other comprehensive income / Available for sale	147	103
Trade and other receivables excluding non-income taxes receivable	-	61,363
Cash and cash equivalents	855,966	131,991
	856,113	**193,457**

(iv) Impairment losses

The aging of trade and other receivables as at 31 December 2017 was:

'000 EUR	**Gross 2017**	**Impairment 2017**
Not past due	60,599	(682)
Past due 0 - 45 days	1,643	(98)
Past due 45 - 90 days	64	(19)
Past due more than 90 days	5,150	(5,136)
	67,456	**(5,935)**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

'000 EUR	**2018**	**2017**
Balance at beginning of the year	(5,935)	(6,822)
(Increase)/Decrease during the year	-	887
On disposal of subsidiaries	5,935	-
Balance at end of the year	**-**	**(5,935)**

The Group establishes an allowance for impairment that represents its estimate of credit losses in respect of trade and other receivables. The Group charges an allowance for impairment on the individual basis and in respect of the following amounts: 100% balance receivable for the amounts past due more than 45 days and 50% for the amounts past due for less than 45 days unless the Group is confident that the debt will be collected.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due. The Group has no collateral with respect to its financial assets.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. As at 31 December 2018, the Group following the disposal of its operating subsidiaries has generating sufficient funds to be able to settle its liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

2018 **'000 EUR**	**Carrying amount**	**Contractual cash flows**	**0-12 mths**	**1-2 yrs**
Non-derivative financial liabilities				
Current loans and borrowings	60,699	60,699	60,699	-
	60,699	**60,699**	**60,699**	**-**

2017 **'000 EUR**	**Carrying amount**	**Contractual cash flows**	**0-12 mths**	**1-2 yrs**
Non-derivative financial iabilities				
Trade payables and other payables	215,552	215,552	215,552	-
Bank overdraft	7,655	7,655	7,655	
Current loans and borrowings	283,311	295,077	295,077	-
	506,518	**518,284**	**518,284**	**-**

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on cash and cash equivalent and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are Russian Rubbles (RUB) and United States Dollar (USD).

Interest on cash and cash equivalent and borrowings is denominated in the currency of the financial instrument.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on nominal amounts:

'000 EUR	**USD-denominated 2018**	**RUB-denominated 2018**	**USD-denominated 2017**	**EUR-denominated 2017**
Trade and other payables	-	-	(30,998)	(48,541)
Current loans from related parties	-	-	(58,417)	-
Cash and cash equivalent	(60,699)	10,544	3,208	
Trade and other receivables	-	-	650	709
Net exposure	**(60,699)**	**10,544**	**(85,557)**	**(47,832)**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Sensitivity analysis

A strengthening/weakening of the functional currency, against the following currencies at 31 December would have increased (decreased) equity and profit or loss before taxes by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates remain constant. The analysis is performed on the same basis for 2017.

'000 EUR	**Strengthening**		**Weakening**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2018				
USD (+/-10% movement in exchange rate)	6,069	6,069	(6,069)	(6,069)
RUB (+/-10% movement in exchange rate)	(1,054)	(1,054)	1,054	1,054
31 December 2017				
USD (+/-10% movement in exchange rate)	8,556	8,556	(8,556)	(8,556)
EUR (+/-10% movement in exchange rate)	4,783	4,783	(4,783)	(4,783)

The following significant exchange rates applied during the year:

in EUR	**Average rate**		**Reporting date rate**	
	2018	**2017**	**2018**	**2017**
RUB for EUR 1	74,1330	65,5652	79,4605	68,8668
UAH for EUR 1	32,1289	29,8838	31,7141	33,4954

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates, as the majority of the Group's loans is drawn from related parties.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
'000 EUR	**2018**	**2017**
Fixed rate instruments		
Financial assets	-	9,651
Financial liabilities	-	(58,419)
	-	**(48,768)**
Variable rate instruments		
Financial assets	855,966	62,290
Financial liabilities	(60,699)	(224,136)
	795,267	**(161,846)**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial instruments as fair value through profit or loss or as available-for-sale. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss before taxes by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
'000 EUR	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
2018				
Variable rate instruments	7,953	(7,953)	7,953	(7,953)
Cash flow sensitivity (net)	7,953	(7,953)	7,953	(7,953)
2017				
Variable rate instruments	(1,618)	1,618	(1,618)	1,618
Cash flow sensitivity (net)	**(1,618)**	**1,618**	**(1,618)**	**1,618**

(e) Accounting classifications and fair values

As at the year end, the Group has no material financial instruments measured at fair value.

Fair values versus carrying amounts

Management believes that there is no significant difference between the carrying amounts and fair values of financial assets and liabilities.

(f) Capital management

The Group has overall responsibility for the establishment and oversight of the capital management framework. The Group is continuously optimizing its capital structure targeting to maximize shareholder value while keeping the desired financial flexibility to execute its strategic prospect plans. The capital of the Group comprises of share capital, share premium, accumulated losses and translation reserve. Net debt comprises of the Group's total liabilities less cash and cash equivalents.

The Group manages its capital based on its debt to capital ratio. The Group's debt to capital ratio at the end of the reporting period was as follows:

'000 EUR	**2018**	**2017**
Total liabilities	(60,819)	(550,580)
Less: cash and cash equivalents	855,966	131,991
Net debt	**795,147**	**(418,589)**
Total equity	795,443	(6,208)
Debt to capital ratio at 31 December	**N/A**	**67.43**

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The decrease of debt to capital ratio is due to the disposal of the Group's operations in Russia and Ukraine at a significant profit. Following this transaction, the Group did not invest in new businesses.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Offsetting Financial Assets and Financial Liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2017. There are no financial instruments subject to offsetting at 31 December 2018.

'000 EUR	Gross amounts before offsetting in the consolidated statement of financial position	Gross amounts set off in the consolidated statement of financial position	Net amount after offsetting in the consolidated statement of financial position	Net amount of exposure
Assets				
Trade receivables	60,345	(3,272)	57,073	57,073
Total assets subject to offsetting, master netting and similar arrangement	-	-	-	-
Liabilities				
Trade payables	206,463	(3,272)	203,191	203,191
Total liabilities subject to offsetting, master netting and similar arrangement	**206,463**	**(3,272)**	**203,191**	**203,191**

The Group offsets trade receivables and trade payables with customers when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.

22. OPERATING LEASE ARRANGEMENTS

There are no operating lease commitments as of 31 December 2018.

23. COMMITMENTS FOR EXPENDITURE

At 31 December 2018 the Group had no outstanding contractual commitments (31 December 2017: EUR 1,180 thousand) to purchase property, plant and equipment. In addition, the Group had no commitments to purchase raw and packaging materials as at 31 December 2018 (31 December 2017: EUR 31,412 thousand).

24. CONTINGENCIES

As at 31 December 2018, the Group had no contingent liabilities (31 December 2017: zero).

During the period post year end, the Group received a preliminary tax audit report for the Group's entity JSC SUN InBev Russia for the periods of 2015 to 2017. The management of Sun InBev JSC disagreed with the Tax Officer's position. According to relevant law, Sun InBev JSC may object a preliminary tax report and reopen the audit process for additional procedures. Sun InBev JSC is currently preparing an appeal against the decision with the support of competent consultants (Taxalogy, DLA). The management of Sun InBev JSC is of the view that there is a high probability of successfully challenging the Tax decision on the pretrial stage (Local tax inspection, Higher Tax Inspection), and further litigation may take place if necessary. In the light of the above, the Management of the Company considers this as an open matter, and that no safe conclusions may be extracted from the preliminary tax report at this stage.

Below are the tax contingencies of the Group as at 31 December 2017:

Taxation contingencies

Taxation contingencies in the Russian Federation

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Russian and Ukrainian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by the tax authorities. Russian and Ukrainian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Group's transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. Management plans to defend vigorously the Group's transfer pricing positions.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. In addition, certain amendments to tax legislation entered into force from 2015, which are aimed at combating tax evasion through the use of low-tax jurisdictions and aggressive tax planning structures. In particular, those amendments include definitions of the concepts of beneficial ownership and tax residence of legal entities at their actual place of business, and an approach to the taxation of controlled foreign companies.

These changes, as well as recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in past may be challenged as not having been in compliance with Russian tax laws applicable at the relevant time. In particular, the Supreme Court issued guidance to lower courts on reviewing tax cases providing a systematic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of tax authorities scrutiny. As a result, significant additional taxes, penalties and interest may be assessed.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

Taxation contingencies in Ukraine

The Group also performs its operations in Ukraine and, therefore, within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation, which may be applied retroactively, open to wide interpretation and in some cases are conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and between the Ministry of Finance and other state authorities are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer.

These facts create tax risks substantially more significant than typically found in countries with more developed systems. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

As at 31 December 2017 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Management estimates that the Group's possible exposure in relation to the aforementioned tax risks will not exceed 5% of the Group's total assets at 31 December 2017.

25. RELATED PARTY TRANSACTIONS

In determining each possible related party relationship, consideration is given to the substance of the relationship and not the legal form. Related parties may enter into transactions that may not be possible between non-related parties and transactions between related parties may not be made on the same terms and conditions and amounts for transactions with non-related parties.

(a) Control relationships

The Company's immediate and ultimate parent companies are disclosed in Note 1. The Parent company produces publicly available financial statements in accordance with IFRS.

(i) Management and directors remuneration

Key management of the Group includes members of its Board of Directors and other member of the top management of the Group's principal subsidiaries included into the Commercial Committee.

Key management received the following remuneration during 2017 and 2018, which is included in discontinued operations:

'000 EUR	**2018**	**2017**
Salaries and bonuses	626	1,456
Contributions to State pension fund	79	184
Other service benefits	24	132
	729	**1,772**

The total remuneration of the Directors (included into the key management remuneration above) for 2018 was EUR 729 thousand (2017: EUR 460 thousand).

(ii) Guarantees from the ultimate parent company

From 2015 certain current loans from bank nominated in UAH were guaranteed by the Group ultimate parent (Anheuser-Busch InBev N.V.). The value of the received guarantee amounted to EUR 40,000 thousand as of 31 December 2017.

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

(b) Transactions and balances with other related parties

During the year the Group disposed its operating subsidiaries to a common control entity at a gain of EUR 564,487 thousand (Note 27).

The outstanding balances with other related parties were as follows:

'000 EUR	31 December 2018	31 December 2017
Trade and other receivables	-	5,078
Trade and other payables	(120)	(42,251)
Demand Deposits	855,963	62,290
Current borrowings	(60,699)	(254,638)
Interest payable on loans	-	(8,011)
	795,144	**(237,532)**

26. SIGNIFICANT SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Subsidiary	Country of incorporation/business	2018 Effective Ownership/ voting	2017 Effective Ownership/ voting
JSC SUN InBev RUSSIA	Russian Federation	-	93,55%/93,55%
PJSC SUN InBev Ukraine	Ukraine	-	98,34%/98,34%

During the year, the Group disposed of its interest in the above operating subsidiaries. See more details in note 5 and 27. Any remaining operations within the Group are insignificant to be reported separately.

27. DISPOSAL OF SUBSIDIARIES

On 23 March 2018, the Group entered into a sale agreement for the disposal of its subsidiaries in Russia and Ukraine, which carried on its operations (see Note 5).

27.1 Consideration received

	Year ended 31/12/2018
Consideration received in cash and cash equivalents	864,018
Total consideration received	**864,018**

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

27.2 Analysis of asset and liabilities over which control was lost

	RU	UA	Cons	Year ended 31/12/2018 kEUR
Non-current assets				
Property, plant and equipment	130,542	46,819	-	177,361
Intangible assets	2,556	448	-	3,004
Available for sale financial assets	45	1	-	46
Goodwill	45,213	-	-	45,213
Deferred income tax assets	55,592	10,580	-	66,172
Current assets				
Inventories	47,610	11,128	-	58,738
Current income tax assets	417	1,404	-	1,821
Trade and other receivables	47,459	8,403	(581)	55,281
Prepayments	4,812	748	-	5,560
Cash and cash equivalents	2,229	1,240	-	3,469
Non-current liabilities				
Employee benefits	-	(165)	-	(165)
Current liabilities				
Loans and borrowings	(122,544)	(23,376)	-	(145,920)
Bank overdrafts	-	(1,275)	-	(1,275)
Trade and other payables	(171,124)	(64,887)	581	(235,430)
Net assets disposed of				**33,875**

27.3 Gain on disposal of subsidiary

	Year ended 31/12/2018
Consideration received	864,018
Non-controlling interests	(2,245)
Net assets disposed of	(33,875)
Cumulative exchange gain in respect of net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(263,411)
Gain on disposal (Note 5)	**564,487**

The impact of the disposed components on the Group's results in the current and prior years is disclosed in note 5.

The gain on disposal is included in the profit for the year from discontinued operations (see note 5).

All Amounts are Expressed in Thousands of Euros Unless Otherwise Stated

27.4 Net cash inflow on disposal of subsidiary

	Year ended 31/12/2018
Consideration received in cash and cash equivalents	864,018
Less: cash and cash equivalent balances disposed of	(2,194)
	861,824

28. EVENTS AFTER THE BALANCE SHEET DATE

The management of the Company currently reviews the option and feasibility to cease the activities of the Company and distribute the cash held by the Company to its shareholders (possibly through a liquidation of the Company) and to seek a delisting of the shares/GDRs of the Company from the Luxembourg Stock Exchange.

On 25 April 2019, the management resolved to convene Extraordinary General Meeting on 22 May 2019, during which the shareholders approved the change of the Company's name from 'SUN Interbrew Plc' to 'Interbrew Plc'.

There were no other material post balance sheet events, which have a bearing on the understanding of the separate financial statements.

SUN Interbrew Plc

Annual Report and
and Separate Financial Statements
for the year ended 31 December 2018

SUN INTERBREW PLC

CONTENTS

		Pages
BOARD OF DIRECTORS AND OTHER OFFICERS		1
DECLARATION OF DIRECTORS AND OTHER RESPONSIBLE OFFICERS OF THE COMPANY FOR THE PREPARATION OF THE FINANCIAL STATEMENTS		2
MANAGEMENT REPORT		3
INDEPENDENT AUDITOR'S REPORT		11
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018		16
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018		17
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018		18
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DEMBER 2018		19
NOTES TO THE FINANCIAL STATEMENTS		20-40
1.	General information	29
2.	Basis of preparation	29
3.	Application of new standards, interpretations and amendments of existing standards	30
4.	Significant accounting policies	34
5.	Administrative and other expenses	40
6.	Dividends per share	40
7.	Finance income/(costs), net	41
8.	Income tax expense	41
9.	Investments in subsidiaries	41
10.	Cash and cash equivalents	43
11.	Share capital and share premium	44
12.	Earnings per share	45
13.	Other payables	45
14.	Loans and borrowings	45
15.	Financial instruments and risk management	46
16.	Related party transactions	50
17.	Contingencies	51
18.	Commitments for expenditure	40
19.	Events after the balance sheet date	40

BOARD OF DIRECTORS AND OTHER OFFICES

Board of Directors

Denis Khrenov – Chairman of the Board, Director and Chief Executive Officer ("CEO")
Alexander Balakhnov - Director and Chief Legal Officer and member of Nominations and Remuneration Committee ("CLO")
Dmytro Shpakov - Director
Inter Jura CY (Directors) Limited – Director and member of Nominations and Remuneration Committee
Inter Jura CY (Management) Limited – Director
Costas Melanides – Independent, non-executive Director and member of the Audit Committee
Marios Chrysanthou – Independent, non-executive Director and Chairman of the Audit Committee
Yuliia Ponomarenko - Director and Chief Financial Officer ("CFO") (Appointed on 28 February 2019)
Yevhenii Vizhul – Director and Chief Financial Officer ("CFO") (Resigned on 28 February 2019)
Olesia Sheppard – Director and member of the Audit Committee (Resigned on 14 November 2018)

Company Secretary

Inter Jura CY (Services) Limited
1 Lampousa Street
CY-1095 Nicosia
Cyprus

Registered office

1 Lampousa Street
CY-1095 Nicosia
Cyprus

Registration number: HE277915

DECLARATION OF DIRECTORS AND OTHER RESPONSIBLE OFFICERS OF THE COMPANY FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with Section 9 sub-sections (3 (c)) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law 2007 as amended ("the Law") we, the members of the Board of Directors and the other responsible persons for the financial statements of SUN Interbrew Plc (the "Company") for the year ended 31 December 2018, we confirm that, to the best of our knowledge:

(a) the annual financial statements of the Company which are presented on pages 16 to 40:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions of Section 9, Sub-section (4) of the Law, and
(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of SUN Interbrew Plc and

(b) the Management report provides a fair view of the developments and the performance of the business as well as the financial position of the Company together with a description of the main risks and uncertainties that it facing.

Members of the Board of Directors

Name and surname	Signature
Alexander Balakhnov - Director and Chief Legal Officer and member of Nominations and Remuneration Committee ("CLO")	
Inter Jura CY (Directors) Limited – Director and member of Nomination and Remuneration Committee	
Inter Jura CY (Management) Limited – Director	
Denis Khrenov – Chairman of the Board, Director and Chief Executive Officer ("CEO")	
Dmytro Shpakov – Director	
Costas Melanides – Independent, non-executive Director and member of the Audit Committee	
Marios Chrysanthou – Independent, non- executive Director and Chairman of the Audit Committee	
Yuliia Ponomarenko – Director and Chief Financial Officer ("CFO")	

1. The Board of Directors presents its report together with the separate financial statements of SUN Interbrew Plc ('the Company') for the year ended 31 December 2018.

Principal activities and departure from the going concern basis

2. The principal activities of the Company are to act as a holding and investments company for specific businesses belonging to the controlling shareholder of the Company and the provision of loans within the ABI group. As disclosed in Note 9, in 2018 the Board of Directors of the Company approved the sale of its operating subsidiaries to a related party and the sale transaction was executed on 23 March 2018. Effective from 23 March 2018, the Company engages primarily to investment holding of financial assets. The separate financial statements were prepared in a basis other than that of a going concern. For more information refer to Note 2.

Review of developments, position and performance of the Company's business

3. The profit of the Company for the year ended 31 December 2018 was € 373,082,380 (2017: € 4,521,804). On 31 December 2018 the total assets of the Company were € 809,778,126 (2017: € 441,835,698) and the net assets were € 748,914,789 (2017: € 375,832,409). The improvement of the Company's performance and financial position is the result of the disposal of the Company's operating subsidiaries in Russia (direct holding) and Ukraine (indirect holding) at significant profit. Following the disposal transaction and dividend distribution from subsidiaries with direct shareholding in the Ukrainian Subsidiary, the management proceeded with the liquidation of its subsidiary companies and the carrying amount of the investments in subsidiaries was written off as at the reporting date (Note 9). The total profit from investing activities for the year amounted to € 380,621,855.

Principal risks and uncertainties

4. The principal risks and uncertainties faced by the Company are disclosed in Note 15 of the financial statements.

Results and dividends

5. The Company's results for the year are set out on page 16.

6. The Board of Directors has not made decision for the payment of dividend. The Board of Directors may at a later stage consider the payment of interim dividends out of retained earnings, in accordance with the relevant provisions of the Companies Laws and the Articles of Association of the Company.

Future developments of the Company

7. The management of the Company currently reviews the option and feasibility to cease the activities of the Company and distribute the cash held by the Company to its shareholders (possibly through a liquidation of the Company) and to seek a delisting of the shares/GDRs of the Company from the Luxembourg Stock Exchange.

Share capital

8. The authorized share capital which amounts to GBP 1,552,786 is divided into 125,278,614 class A shares of GBP0.01 each and 30,000,000 class B shares of GBP0.01 each.

9. The current number of issued shares is 116,628,930 including A class shares (non-voting) of 88,832,710 and B class shares (voting) of 27,796,220. The titles issued by the Company and their ISIN number are as follows:

	ISIN
144A Class A GDR	US86677C1045
Regulation S EURO Class A GDR	US86677C4015
Regulation S Class A GDR	US86677C3025
144A Class B GDR	US86677C2035
Regulation S Class B GDR	US86677C7083
Class A share	GB0057139940
Class B share	GB0049659120

10. The shares/GDRs are listed on the Luxembourg Stock Exchange.

11. The special rights, restrictions and provisions applicable to the Class A shares are as follows:

- The dividends on the Class A shares in any year shall be paid in an amount not less than and in equal priority to the dividend payable to the holders of Class B shares.

- On winding up of the Company, the surplus assets available for distribution shall be distributed proportionately among the holders of the Class A shares and the holders of Class B shares according to the amounts of their respective holdings of such shares in the Company.
- The holders of the Class A shares have a right to receive notice of and to attend any shareholder meeting of the Company, but do not have a right to vote at shareholders' meetings, other than at class meetings of the holders of Class A shares, which are necessary in respect of certain matters affecting the rights of the holders of Class A shares.

12. Class B shares have no restrictions on voting rights.

13. There was not a change in shareholders structure in 2018.

As of 31 December 2018 the Company, which is beneficially owned by Anheuser-Busch InBev, had the following shareholders' structure:

#	Name	A	B	Total	%
1	Anheuser-Busch InBev N.V.	1	-	1	0.0000
2	InBev Belgium N.V.	1	-	1	0.0000
3	Brandbrew S.A.	1	-	1	0.0000
4	Interbrew International B.V.	-	1	1	0.0000
5	Worldoor Limited	73,014,377	12,285,318	85,299,695	73.1377
6	Hancock Venture Partners Inc.	30,545	30,545	61,090	0.0524
7	Bank of New York (Nominess) Limited – London	745,384	-	745,384	0.6391
8	Bank of New York (Nominess) Limited – New York	15,042,401	15,480,356	30,522,757	26.1708
		88,832,710	27,796,220	116,628,930	100.0000

The above shakeholding remained unchanged as of five days before the date of approval of these financial statements.

The shareholder`s structure as of 31st of December 2017 was as follows:

#	Name	A	B	Total	%
1	Anheuser-Busch InBev N.V.	1	-	1	0.0000
2	InBev Belgium N.V.	1	-	1	0.0000
3	Brandbrew S.A.	1	-	1	0.0000
4	Interbrew International B.V.	-	1	1	0.0000
5	Worldoor Limited	73,014,377	12,285,318	85,299,695	73.1377
6	Hancock Venture Partners Inc.	30,545	30,545	61,090	0.0524
7	Bank of New York (Nominess) Limited – London	745,384	-	745,384	0.6391
8	Bank of New York (Nominess) Limited – New York	15,042,401	15,480,356	30,522,757	26.1708
		88,832,710	27,796,220	116,628,930	100.0000

14. It is noted that for a valid transfer of shares to take place, the name of the transferee must be entered in the register of members in respect thereof.

Board of Directors

15. The members of the Board of Directors for the year ended 31 December 2018 and at the date of this report are shown on page 1. Mr. Yevhenii Vizhul who was appointed director resigned on 28 February 2019 and on the same date Mrs. Yuliia Ponomarenko was appointed in his place. On 14 November 2018, Ms Olesia Sheppard resigned her position as a member of the board and audit committee. All the other Directors were members of the Board throughout the year. There were no other significant changes in the composition, distribution of responsibilities or compensation of the Board of Directors.

16. There is no requirement in the Company's Articles of Association for retirement of Directors by rotation, all the Directors remain in office.

Directors' interests in the Company's share capital

17. Directors have no direct or indirect shareholding in the Company's share capital (including their spouse, children and companies in which they hold directly or indirectly at least 20% of the shares with voting rights in a general meeting) both at the end of the financial year and 5 days before the date the financial statements are approved by the board of directors.

Events subsequent to the reporting date

18. Other than as disclosed in Note 19 to financial statements, there were no material events subsequent to the reporting date, which have a bearing on the understanding of the financial statements.

Branches

19. The Company did not operate through any branches during the year.

Independent Auditors

20. The independent auditors, will be appointed in the forthcoming Annual General Meeting.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113 regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law")

Paragraphs a(i) – (iii) of Section 151(2) of the Companies Law

21. The Company complies with the provisions of the Corporate Governance Charter, adopted by the Board of Directors at the meeting of the Board of Directors held on 12 August 2012, which is available to the public on the Company's website: www.suninterbrew.com. The Company's corporate governance charter has been adopted but has not yet been implemented.

22. The Company's Corporate Governance Charter is generally based on the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange. The Articles of Association of the Company further provide for the powers, duties and procedures of the Directors, and are also available on the Group's website, as cited above. For the purposes of effective compliance with the provisions of the Cyprus Auditors Law of 2017, which stipulate that listed companies should have an Audit Committee for the purposes of, between others, the monitoring of the financial reporting process, and the statutory audit of the annual and consolidated financial statements, the Company strengthened its board, during 2017 with two independent, non-executive Directors. Currently, the Audit Committee comprises of two directors, where all of its members are independent, the Chairman has competence in accounting and auditing, and the committee members as a whole have competence relevant to the sector in which the Group is operating.

Paragraphs a(iv) of Section 151(2) of the Companies Law - description of the main features of the issuers' internal control and risk management systems in relation to the composition, preparation and drafting of the periodic information of Part II of the Transparency Law

23. The periodic information referred to in Part II of the Transparency Law, comprises of the annual financial report and the half-yearly financial report. Issuers whose titles are admitted to trading on a regulated market are obliged to prepare and disclose such information in accordance with the provisions and the time schedules stipulated in Part II of the Transparency Law. Moreover, and as stipulated in Part II of the Transparency Law, the financial reports of the Company and the Group are prepared based on the applicable International Accounting Standards, the Transparency Law, as well as the provisions of the Companies Law, Cap. 113 in order to provide a true and fair view of the financial affairs of the Company and the Group, respectively.

24. The Secretary, the professional advisers of the Company along with the Board of Directors, through the use of adequate control procedures and risk management, ensure the lawful drafting, preparation, compilation and publication of the required periodic information.

25. The Compliance Officers of the Company in relation to the obligations of the Transparency Law, ensure the timely publication of the necessary periodic information, and that this information includes the information required by the Transparency Law. This information is disclosed in accordance with the manner and time schedules set out in the Transparency Law. Finally, it should be noted that, pursuant to the Law, the Annual Financial Reports of the Group and the Company are audited by the External Auditors of the Company, Deloitte Limited, in accordance with the provisions of the Companies Law and the applicable International Accounting Standards.

26. See paragraphs 8 to 14 above under "Share Capital", including the information regarding special rights attributed to classes of shares.

27. According to Regulation 76 of the Articles of Association of the Company, the minimum number of directors shall be two and the maximum number shall be fifteen. Directors are appointed either by the general meeting of shareholders or by the board of directors. Pursuant to Regulations 98 – 101 of the Articles of Association of the Company, the Company at a general meeting may appoint any person to be a director and to determine the period for which such person is to hold office. Further, the Company may, by ordinary resolution of which special notice has been given in accordance with section 136 of the Cypriot Companies Law, remove any director before the expiration of his period of office.

28. In accordance with the provisions of the Cyprus Companies Law, the Company may, by special resolution, amend its Articles of Association. A special resolution may be approved by a majority of not less than three quarters of the shareholders present which are entitled to vote at a general meeting, for which a suitable notification of at least twenty one days has been given, determining the intention to propose the resolution as a special resolution.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113 regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(vi) of Section 151(2) of the Companies Law

Composition of the Board

29. For the Composition of the Board of Directors, refer to page 1 and paragraph 15 above. The Board of Directors consists of both executive and non-executive Directors.

Competences of the Board

30. The powers and duties of the Directors are stated in Regulations 83 – 96 of the Articles of Association of the Company and the Corporate Governance Charter.

31. According to the above, the Board is vested with the broadest powers to perform all acts necessary or useful for accomplishing the Company's purposes. All powers not expressly reserved by Companies law to the general meeting of shareholders fall in the competencies of the Board.

32. The Board provides effective support for and control of the activities of the executive management of the Company.

33. The Board of Directors, subject to approval by the Company's shareholders, can cause the issue or buy-back of Company's shares. The issue of any new shares is further subject to the provisions of the Company's Articles of Association, the prevailing Companies law and the principle of fair treatment to all existing shareholders.

Functioning of the Board

34. The Board meets upon call by the Chairman. A meeting of the Board must be convened if any director so requires.

35. Any director may act at any meeting of the Board by appointing any person (other than a person disqualified by Companies law from being a director of a company) as an alternate director to attend and vote in its place. A quorum of the Board may be fixed by the directors, and unless so fixed at any other number, shall be four. Decisions are taken by the affirmative votes of a majority of the votes cast.

Conflicts of Interest

36. The rules governing the handling of conflict of interests are set out in the Articles of Association.

Chairmanship

37. The Board chooses from among its members a Chairman and/or deputy chairman and/or vice-chairman. The Board also chooses a secretary who need not be a director who will be responsible for keeping the minutes of the meetings of the Board and of the shareholders.

38. The Chairman, or in his absence the deputy chairman, or in his absence, the vice-chairman, presides at all meetings of shareholders and of the Board, but in his absence the Board will appoint another director as chairman pro tempore by vote of the majority of directors present at such meeting.

Existence and nature of the internal control and risk management system

39. The Board has overall responsibility for the Company's internal control systems and for monitoring their effectiveness. The Company's senior management (including, among others the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief Legal Officer ("CLO")) are responsible for the implementation and maintenance of the internal control systems which are subject to periodic review. The Board monitors the ongoing process by which critical risks to the business are identified, evaluated and managed. Management is responsible for reviewing and monitoring the financial risks to the Company and for considering the risks in the Company's businesses. Similarly, management also monitors risks associated with information technology, human resource management and regulatory compliance.

Evaluation of the Board

40. The Board regularly carries out an evaluation of its performance and its relationship with the Senior Management of the Company.

Senior Management

41. The Board of Directors has delegated the daily management of the Group to the Chief Executive Officer ("CEO"), who is assisted by a Chief Financial Officer ("CFO") and a Chief Legal Officer ("CLO").

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113 regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(vi) of Section 151(2) of the Companies Law (continued)

Remuneration policy for Board Members and Senior Managers

42. The total amount of remuneration granted directly or indirectly by the Company to the members of its Board and to the CEO, CFO and CLO is fully described in the Note 16 of the financial statements.

43. Compensation of Senior Management is determined by the Board after consultation of the Remuneration Committee. The members of the Board receive Director fees. The non-executive Directors' fees are determined by the Annual General Meeting of shareholders upon a recommendation from the Nomination and Remuneration Committee.

44. Variable and non-variable components of the remuneration and links between remuneration and performance are reviewed by the Nomination and Remuneration Committee. The variable element of remuneration for the Senior Management is determined by the Board of Directors. Performance plans are based on success criteria which are agreed by the Board of Directors. The plans are reviewed during the year; the remuneration is based on the achievement of these performance criteria. The remuneration of the Board of Directors and key management is described in Note 16 of the financial statements.

Contracts with Directors and related parties

45. Other than the transactions and the balances with related parties referred to in Note 16 of the financial statements, there were no other significant contracts with the Company at 31 December 2018 in which the Directors or their related persons had a material interest. Related parties include the spouse, minor children and companies in which Directors hold directly or indirectly at least 20% of the voting rights in a general meeting.

Delegation of Directors' powers to committees

46. The Directors have the power to delegate any of their powers to committees consisting of such directors or other persons as they think fit.

47. In order to carry out its work more effectively the Board has appointed a nomination and remuneration committee (the "Nomination and Remuneration Committee") and an audit committee (the "Audit Committee").

48. These committees handle business within their respective areas of responsibilities and present recommendations and reports on which the Board may base its decisions and actions. All members of the Board have the same responsibility for all decisions taken irrespective of whether the issue in question has been reviewed by such a committee or not.

49. The composition, operation and internal regulation of the Audit Committee and the Nomination and Remuneration Committee of the Board of Directors is analysed below.

General rules regarding both committees

50. A quorum shall be two committee members present or represented by alternate committee members. All decisions by the committees require a simple majority of votes. In case of ballot the Chairman of the committee has a casting vote.

51. Each committee regularly evaluates its own composition, organization and effectiveness as a collective body and makes recommendations to the Board for any necessary adjustments in its internal regulations and, where necessary, take appropriate steps to improve its performance.

52. The committees of the Board should perform their tasks within the framework of the regulations that they have been given and ensure that they report regularly on their activity and on the results of their work to the Board.

53. Each committee of the Board may seek expert assistance in obtaining the necessary information for the proper fulfilment of their duties. The Company should provide each committee with the financial resources it needs for this purpose.

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113 regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(vi) of Section 151(2) of the Companies Law (continued)

(a) Regulations for the Nominations and Remuneration Committee
(i) Role

54. The Responsibility of the Nominations and Remuneration Committee includes issues regarding appointment and remuneration of directors and appointment and salaries, pension plans, bonus programs and other employments terms of CEO, CFO, CLO and other senior management. The Nominations and Remuneration Committee shall in particular:

- submit proposals to the Board regarding the appointment and remuneration of directors and Senior Management and ensure that its proposals are in accordance with the remuneration policy adopted by the Company;
- discuss with the CEO the performance of the other members of Senior Management at least once a year based on evaluation criteria clearly defined. The CEO should not be present at the discussion of his own evaluation;
- ensure that the remuneration of non-executive directors is proportional to their responsibilities and the time devoted to their functions;
- assisting the Board in the selection of directors. It considers all proposals submitted by the shareholders, the Board or the Senior Management recommending suitable candidates to the Board and assisting the Board in making, for every position to be filled an evaluation of the existing and required skills, knowledge and experience required for the position. On the basis of this evaluation the Nomination and Remuneration Committee will assist the Board in drawing up a description of the role together with the skills, knowledge and experience required.

(ii) Composition

55. The Nomination and Remuneration Committee is composed exclusively of two directors. One of the non-executive director chairs the Nomination and Remuneration Committee.

(iii) Working rules

56. The Nominations and Remuneration Committee should meet as often as it considers necessary, but at least once a year. After each meeting of the Nominations and Remuneration Committee, its chairman should make a report to the Board. The chairman of the Nominations and Remuneration Committee ensures that minutes of meetings are prepared.

(b) Regulations for the Audit Committee
(i) Role

57. The Audit Committee exercises the duties and responsibilities provided for in section 78(5) of the Cypriot Auditors Act of 2017. These include the following:
- inform the Board of Directors of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the audit committee was in that process;
- monitor the financial reporting process and submit recommendations or proposals to ensure its integrity;
- monitor the effectiveness of the undertaking's internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial reporting of the Company, without breaching its independence;
- monitor the statutory audit of the annual financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority.
- review and monitor the independence of the statutory auditors or the audit firms and in particular the appropriateness of the provision of non-audit services to the Company; and
- be responsible for the selection of statutory auditors and recommends the statutory auditors to be appointed

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap. 113 regarding the contents of the Annual Financial Report (the "Companies Law") and of the Law providing for Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended (the "Transparency Law") (continued)

Paragraph a(vi) of Section 151(2) of the Companies Law (continued)

Regulations for the Audit Committee (continued)

(ii) Composition

58. For the most of 2018, the Audit Committee was composed of three directors, and since November 2018, it is composed of two directors both of which are non-executive directors. The non-executive directors are both independent and one of them chairs the Audit Committee. The members of the Audit Committee as a whole have competence relevant to the operations of the Company. Additionally, the chairman has competence in accounting and auditing.

(iii) Working rules

59. Towards the exercise of its duties and responsibilities, the Audit Committee, between others, is briefed by the external auditors of the Company in relation to the audit program, monitors the audit process, and in special meetings prior to the presentation of the annual and half-yearly accounts of the Group and the Company to the full Board of Directors, considers the content of the drafts, taking into account the views of the external auditors in relation to the annual, audited accounts. The Audit Committee informs the Board accordingly on the results of the statutory audit. The chairman of the Audit Committee ensures that minutes of meetings are prepared.

Paragraph a(vii) of Section 151(2) of the Companies Law

60. The Company does not employ a special policy in relation to diversity of the Board of Directors. The Company considers that the current composition of the Board of Directors includes diversity in relation to age, gender, educational and professional background of its members.

By Order of the Board

Denis Khrenov
Chief Executive Officer

23 May 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of SUN Interbrew Plc
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company SUN Interbrew Plc (the "Company"), which are presented on pages 17 to 40 and comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the incremental requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which describes that the financial statements have been prepared on a non-going concern basis.

Our opinion is not modified in respect of the above matter.

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Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Assessment of the gain on disposal of subsidiaries and disclosures on Discontinued Operations On 23 March 2018, the Company completed the sale of its subsidiaries in Russia and Ukraine to a related party. As a result of the above, we considered the accounting treatment of this transaction in the financial statements to be a key audit matter because of the monetary effect and significance that this transaction has on the financial statements. Refer to Note 9 in the accompanying financial statements for the disclosures made by the Company regarding the assessment of the gain on disposal of subsidiaries.	Audit work performed included: • reviewing the Framework agreement and the sale agreements together with other supporting documents to confirm the validity of the transaction and consideration on disposal; • assessing the accuracy of the calculation of the gain on disposal by verifying the carrying amount of the shares disposed of; • evaluating the fair value of the consideration received on disposal by tracing the funds received to bank evidence and reconciling both the consideration received and net assets disposed of to the acquirers audited financial statements, to determine that the consideration received does not include an element of capital contribution. We also assessed the adequacy of disclosures in the financial statements in relation to the Disposal of subsidiaries. The above procedures were completed in a satisfactory manner.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and the Corporate Governance Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 17 February 2017 by the Board of Directors. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 3 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 17 May 2019 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements or the management report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

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Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018. The opinion in that report is qualified.

The engagement partner on the audit resulting in this independent auditor's report is Athos Chrysanthou.

Athos Chrysanthou
Certified Public Accountant and Registered Auditor
for and on behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 23 May 2019

SUN INTERBREW PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

Expressed in EUR	Note	2018	2017
Profit from the disposal of investments in subsidiaries	9	356,460,915	-
Investments write-off loss	9	(16,675,572)	-
Dividend income	9	40,836,512	-
Profit from investment activities		**380,621,855**	
Administrative expenses	5	(228,876)	(150,870)
Profit/(Loss) from operating activities		**380,392,979**	**(150,870)**
Finance income	7	685,222	9,442,874
Finance cost	7	(7,995,821)	(4,767,990)
Profit before tax		**373,082,380**	**4,524,014**
Income tax expense	8	-	(2,210)
Profit for the year		**373,082,380**	**4,521,804**
Other comprehensive income		-	-
Total comprehensive income for the year		**373,082,380**	**4,521,804**
Earnings per share			
Basic and diluted earnings per share (EUR)	12	3.199	0.039
Weighted average number of shares		116,628,930	116,628,930

The notes on pages 20 to 40 form an integral part of these financial statements.

SUN INTERBREW PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

Expressed in EUR	Note	2018	2017
ASSETS			
Non-current assets			
Investments in subsidiaries	9	1,286	427,570,943
Total non-current assets		**1,286**	**427,570,943**
Current assets			
Other receivables	16	-	20,000
Current tax assets		142,425	142,425
Cash and cash equivalents	10	809,634,415	14,102,330
Total current assets		**809,776,840**	**14,264,755**
Total assets		**809,778,126**	**441,835,698**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	1,808,651	1,808,651
Share premium	11	357,932,250	357,932,250
Retained earnings		389,173,888	16,091,508
Total equity		**748,914,789**	**375,832,409**
Loans and borrowings	14	60,728,155	65,900,197
Other payables	13	135,182	103,092
Total current liabilities		**60,863,337**	**66,003,289**
Total liabilities		**60,863,337**	**66,003,289**
Total equity and liabilities		**809,778,126**	**441,835,698**

On 23 May 2019 the Board of Directors of SUN Interbrew Plc authorized these financial statements for issue.

Yuliia Ponomarenko
Director and Chief Financial Officer

Denis Khrenov,
Chairman of the Board and Chief Executive Officer

The notes on pages 20 to 40 form an integral part of these financial statements.

SUN INTERBREW PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Expressed in EUR	Share capital	Share premium (1)	Retained earnings (2)	Total
Balance at 1 January 2017	**1,808,651**	**357,932,250**	**11,569,704**	**371,310,605**
Total comprehensive profit	-	-	4,521,804	4,521,804
Balance at 31 December 2017	**1,808,651**	**357,932,250**	**16,091,508**	**375,832,409**
Total comprehensive profit	-	-	373,082,380	373,082,380
Balance at 31 December 2018	**1,808,651**	**357,932,250**	**389,173,888**	**748,914,789**

(1) Share premium is not available for distribution in the form of dividend.

(2) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defense of the Republic of Cyprus Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defense at 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defense is paid by the Company for the account of the shareholders.

The notes on pages 20 to 40 form an integral part of these financial statements

SUN INTERBREW PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

Expressed in EUR	Note	2018	2017
Cash flows from operating activities			
Profit for the year		373,082,380	4,521,804
Adjustments for:			
Profit from the disposal of investments in subsidiaries		(356,460,915)	-
Investments write-off loss		16,675,572	-
Dividend income		(40,836,512)	-
Interest income	7	(685,222)	(1,216,062)
Interest expense	7	3,720,090	3,262,343
Income tax expense	8	-	2,210
Foreign Exchange gain -net	7	4,275,150	(6,730,339)
Cash from operating activities before changes in working capital		**(229,457)**	**(160,044)**
Change in other receivables		20,000	9,815
Change in other payables		32,090	11,231
Net cash used in operating activities before income tax paid		**(177,367)**	**(138,998)**
Income tax paid		-	-
Net cash used in operating activities		**(177,367)**	**(138,998)**
Cash flows from investing activities			
Additions/contributions to investments in subsidiaries	9	(57,052,226)	-
Proceeds from the disposal of operating subsidiaries net of cash	9	824,407,226	-
Interest received	7	685,222	1,216,062
Dividends received	9	40,836,512	-
Net cash from investing activities		**808,876,734**	**1,216,062**
Cash flows from financing activities			
Interest paid		(3,856,386)	(3,677,741)
Repayments of loans and borrowings	14	(60,062,255)	-
Net cash used in financing activities		**(63,918,641)**	**(3,677,741)**
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**744,780,726**	**(2,600,677)**
Cash and cash equivalents and bank overdrafts at beginning of year		6,705,829	10,802,980
Effect of exchange rate fluctuations on cash and cash equivalents and bank overdrafts		(2,580,295)	(1,496,474)
Cash and cash equivalents and bank overdrafts at end of year	10	**748,906,260**	**6,705,829**

The notes on pages 20 to 40 form an integral part of these financial statements.

1. General information

Country of incorporation

SUN Interbrew Plc (the "Company") is domiciled in Cyprus since 1 December 2010 and was registered as a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company's registered office is 1 Lampousa Street, 1095 Nicosia, Cyprus. Before 1 December 2010 the Company, was registered under the name "SUN Interbrew Limited" and, was incorporated in Jersey, the Channel Islands. The Company and its subsidiaries, outlined in Note 9 are collectively referred as the "Group". The Group is headed by Anheuser-Busch Inbev (the "Shareholder Group", "ABI") (see Note 9). The Company is listed on the Luxembourg Stock Exchange and has also a global depositary receipts program that is listed on the Luxembourg Stock Exchange.

Principal activities

The principal activities of the Company are to act as a holding and investments company for specific businesses belonging to the controlling shareholder of the Company and the provision of loans within the ABI group. The Group's operations were primary located in the Russian Federation and secondarily in Ukraine. As disclosed in Note 9, in 2018 the Board of Directors of the Company approved the sale of its operating subsidiaries to a related party and the sale transaction was executed on 23 March 2018. Effective from 23 March 2018, the Company engages primarily to investment holding of financial assets.

2. Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared on a non-going concern basis for the reasons explained below.

These financial statements are prepared for the year ended 31 December 2018 as separate financial statements. Users of these separate financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December 2018, in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole. The Company prepared consolidated financial statements in accordance with IFRSs. The consolidated financial statements can be obtained from the registered office of the Company at 1 Lampousa Street 1095, Nicosia, Cyprus.

In the consolidated financial statements, subsidiary undertakings, which are those companies over which the Company has control, meaning has power over the subsidiary, exposure or rights to variable returns from its involvement with the subsidiary and the ability to use its power over the subsidiary to affect the amount of its returns, have been fully consolidated.

Departure from Going Concern basis

In August 2017, the ultimate parent company, Anheuser-Busch InBev ("AB InBev"), issued a press release announcing a non-binding agreement with Anadolu Efes, the leading brewer in Turkey, regarding a 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses. This announcement followed AB InBev's acquisition of a 24% stake in Anadolu Efes as part of the AB InBev's combination with SABMiller, which was completed in October 2016. The merge transaction remained conditional on the completion of satisfactory due diligence and was subject to regulatory approvals in Russia, Ukraine and other regulatory authorities.

The combination of the companies' operations in Russia and Ukraine would strengthen the competitive position of both AB InBev's and Anadolu Efes' brands in these markets, with the potential for further growth. The combined business' ambitions would be to lead the Russian and Ukrainian markets, with a diverse portfolio of brands and a broader range of beers for consumers. During 2018, the merger transaction was approved by the regulatory authorities and the relevant Framework agreement was concluded and signed by AB InBev Group and Anadolu Efes. As a part of the merger process between AB InBev Group and Anadolu Efes in Russia and Ukraine, the Company disposed of its ownership interests in its operating subsidiaries in Russia and Ukraine. For further information please refer to Note 9.

Despite the Group's initial intention to continue to explore investment opportunities for acquiring or transferring new operating subsidiaries to the Group, the Shareholder Group management decided to explore alternative options. On 9 November 2018, the Shareholder Group appointed legal counsels to advise on the steps required to delist and ultimately liquidate the Company. As part of this process, a number of the Group's subsidiaries have been liquidated or are in the process of liquidation. This includes: Flexbury Ventures Limited, S.B. Management Services Limited, Interbrew YNTR Holding B.V., Sun Interbrew Finance, Sun Breweries (CIS) Limited, Devize Investments Limited and Abberton Consultants Limited.The management of the Company currently considers the option and feasibility to cease the activities of the Company and distribute the cash held by the Company to its shareholders (possibly through a liquidation of the Company) and to seek a delisting of the shares/GDRs of the Company from the Luxembourg Stock Exchange.

Accordingly, the Company is not going concern and the financial statements have been prepared on a basis other than that of a going concern. The financial statements have been prepared in accordance with IFRSs as adopted by the EU and do not include any provision for the future costs of the liquidations of the Company except to the extent that such costs were committed at the reporting date; while there were no onerous contractual commitments as at the reporting date since the transfer of businesses was effective through the disposal of shares that owned the businesses. In management's opinion, the use of this basis result in the most relevant and reliable financial information which reflect the circumstances existing at the end of the reporting period.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Functional and presentation currency

The Company's functional currency and the currency in which these financial statements are presented is Euro ("EUR"). Management considers that EUR reflects the economic substance of the underlying events and circumstances of the Company.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year below are included in the following notes:

Note 15 – Financial instruments and risk management, estimation of expected credit loss

3. Application of new standards, interpretations and amendments of existing standards

3.1. New Standards and Amendments to Standards that are effective for annual periods beginning on or after 1 January 2018

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. All new amendments have been endorsed by the European Union, and their application had a material effect on the Company's accounting policies as follows:

- IFRS 9 "Financial Instruments"

As explained below, in accordance with the transition provisions of IFRS 9, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 was adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39. There was no impact in the opening retained earnings from the adoption of this new standard.

IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 "Financial Instruments", the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition shall be recognized in profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedge ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Company has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Company's new accounting policies following adoption of IFRS 9 at 1 January 2018 are set out in note 4.

Impact of adoption

In accordance with the transition provisions in IFRS 9, the Company has elected the simplified transition method for adopting the new standard. Accordingly, the effect of transition to IFRS 9 was recognised as at 1 January 2018 as an adjustment to the opening retained earnings (or other components of equity, as appropriate). In accordance with the transition method elected by the Company for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 "Financial Instruments: Disclosures" have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

On 1 January 2018 for financial assets held by the Company, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). As a result of both assessments Management has classified its financial instruments into the appropriate IFRS 9 categories.

As a result of the adoption of IFRS 9 the Company revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its cash and cash equivalents.

The Company has adopted the general expected credit loss model for its cash and cash equivalents.

Based on the assessment performed by management, the incremental impairment loss is insignificant as of 1 January 2018. Accordingly, there was no impact of adoption of IFRS 9 on the Company's retained earnings as of 1 January 2018.

The following table reconciles the carrying amounts of financial instruments, from their previous measurement categories in accordance with IAS 39 into their new measurement categories upon transition to IFRS 9 on 1 January 2018:

	Measurement category			**Effect of IFRS 9**		
	IAS 39	IFRS 9	Carrying value per IAS 39 (closing balance at 31 December 2017)	Remeasur-ement ECL	Reclassifi-cation Mandatory	Carrying value per IFRS 9 (opening balance at 1 January 2018)
			€	€	€	€
Investments in financial assets						
Other receivables	L&R (Loans and receivables)	AC (Amortised Cost)	20,000	-	-	20,000
Cash and cash equivalents	L&R	AC	14,102,330	-	-	14,102,330
Total financial assets			14,122,330	-	-	14,122,330
Financial liabilities						
Borrowings	AC	AC	65,900,197	-	-	65,900,197
Trade and other payables	AC	AC	103,092	-	-	103,092
Total financial liabilities			66,003,289	-	-	66,003,289

- Borrowings:

Under IFRS 9 all gains or losses resulting from the modifications of borrowings that did not result in derecognition should be recognised in profit or loss. Previously under IAS 39 the Company has amortised modification impact via adjusting the effective interest rate. The Company did not have any modifications for loans outstanding as of 1 January 2018.

At 31 December 2017, all of the Company's financial liabilities were carried at amortised cost. Starting from 1 January 2018 the Company's financial liabilities continued to be classified at amortised cost.

- Other financial instruments:

For all other financial assets Management assessed that the Company's business model for managing the assets is "hold to collect" and these assets meet SPPI tests. As a result all other financial assets were classified as financial assets at amortised cost and reclassified from the category "loans and receivables" under IAS 39, which was "retired". Previously under IAS 39 these financial assets were also measured at amortised cost. Thus there were no impact of adoption of IFRS 9 as of 1 January 2018.

Reconciliation of provision for impairment at 31 December 2017 and credit loss allowance at 1 January 2018. The following table reconciles the prior period's closing provision for impairment measured in accordance with incurred loss model under IAS 39 to the new credit loss allowance measured in accordance with expected loss model under IFRS 9 at 1 January 2018:

Items existing as at 1/1/18 that are subject to the impairment provisions of IFRS 9:

	Credit risk attributes at 1/1/18	Provision under IAS 39 or IAS 37 at 31 December 2017	Effect: Remeasurement from incurred to expected loss	Effect of adoption of IFRS 9 at 1 January 2018
		€	€	€
Cash and cash equivalents	Cash and cash equivalents are assessed to have low credit risk as they are held with reputable banking institutions through Cobrew S.A. (Note 15)	Nil	-	Nil

3.2 New accounting pronouncements

At the date of approval of these financial statements, new standards, amendments to standards and interpretations were issued by the International Accounting Standards Board which were not effective for the year ended 31 December 2018. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will have an insignificant effect, on the financial statements of the Company.

i) Adopted by the European Union:

Standard/ Interpretation	**Effective for annual periods beginning on or after:**
IFRS 16 "Leases"	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS19: Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019

ii) Not yet adopted by the European Union:

Standard/ Interpretation	**Effective for annual periods beginning on or after:**
IFRS 14 "Regulatory Deferral Accounts"	*Postponed*
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Deferred Indefinitely*
IFRS 17 "Insurance Contracts"	1 January 2021
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendment to IFRS 3 Business Combinations	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020

4. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Revenue recognition

(a) Dividend income
Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established.

(b) Finance income
Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising in retranslation are recognized in profit or loss, except for differences arising on the retranslation of equity instruments presents as at fair value through other comprehensive income in which are recognized in other comprehensive income. Non-monetary items 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 that relate to borrowings are presented in profit or loss within "Finance income/cost, net".

Initial recognition of related party transactions

In the normal course of business the Company enters into transactions with its related parties. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. For advances from related parties, the difference between the fair value of the financial instrument at initial recognition and the funds received is accounted for as capital contribution in the statement of changes in equity. See policy 'transactions with equity holders' below.

Financial instruments

Classification and measurement

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset. Debt financial instruments are subsequently measured at amortized cost, FVOCI or FVPL. The classification is based on two criteria: the objective of the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Company's financial assets is as follows:

- *Debt instruments at amortized cost:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the company's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognized in profit or loss.
- *Debt instruments at FVOCI with gains or losses recycled to profit or loss on derecognition:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the Company's business model is achieved by both collecting contractual cash flows and selling financial assets. Interest income, foreign exchange gains and losses and any impairment charges on such instruments are recognized in profit or loss. All other fair value gains and losses are recognized in other comprehensive income. On disposal of these debt securities, any related balance within FVOCI reserve is reclassified to profit or loss.

- *Equity instruments designated at FVOCI, with no recycling of gains or losses to profit or loss on derecognition*: these instruments are undertakings in which the Company does not have significant influence or control and is generally evidenced by ownership of less than 20% of the voting rights. The company designates these investments on an instrument by instrument basis as equity securities at FVOCI because they represent investments held for long term strategic purposes. Investments in unquoted companies are subsequently measured at cost, when appropriate. These investments are non-monetary items and gains or losses presented in the other comprehensive income include any related foreign exchange component. Dividends received are recognized in the profit or loss. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss accumulated in other comprehensive income are not reclassified to profit or loss.
- Financial assets and liabilities at FVPL: comprise derivative instruments and equity instruments which were not designated as FVOCI.

This category also includes debt instruments which do not meet the cash flow or the business model tests.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a currently legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overdrafts, demand deposits and highly liquid investments with maturities at initial recognition of three months or less from the date of acquisition.

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 of the consolidated statement of cash flows.

Impairment of financial assets

The Company recognises an allowance for expected credit losses on investments in debt instruments measured at amortised cost or FVTPL as well as on receivables.

The amount of expected credit losses is updated at each reporting date to reflect changes in the credit risk which have occurred since the initial recognition of the respective financial instruments.

The Company always recognises lifetime expected credit losses on trade receivables. Expected credit losses on such financial assets are measured using the allowance matrix based on the Company's historical credit losses taking under consideration debtor-specific factors, general industry-specific economic conditions, assessment of current and projected economic trends at the reporting date. The Company recognized an allowance for losses of 100% against all receivables past due beyond 45 days because historical experience shows that such receivables generally become non-refundable and 50% - less than 45 days.

The lifetime of expected credit losses represents the expected credit losses that will arise as a result of all possible default events over the expected life of a financial instrument.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulties and there is no real prospect of recovery (liquidation, bankruptcy).

An impairment loss on 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 effective interest rate. Impairment losses are recognised in profit or loss during the period and are recorded in an allowance account, which reduces the amount of receivables. Interest income calculated using the effective interest method continues to be recognised with respect to impaired assets. If the impairment loss decreases as a result of any event occurring after its recognition, the amount of the decrease is reversed through profit or loss.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Finance costs
Finance costs comprise interest expense on borrowings, and foreign currency losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Current and deferred income tax
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. In this case, the tax is also recognized in equity or in other comprehensive income, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

As from tax year 2012 brought forward losses of only five years may be utilized. Under certain conditions interest income may be subject to special contribution for defense at the rate of 30%. In such cases the interests will be exempt from Corporation tax.

In certain cases dividends received from abroad may be subject to special contribution for defense at the rate of 17%. In certain case dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defense.

Gains on disposals of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity,
or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its Class A and B shares. Basic EPS is calculated by dividing the profit or loss attributable to Class A and B shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control; meaning has power over the subsidiary, exposure, or rights, to variable returns from its involvement with the subsidiary and the ability to use its power over the subsidiary to affect the amount of its returns.

In its separate financial statements, the Company carries investments in subsidiaries at cost less any impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

An investment in subsidiary is derecognised upon disposal. Any gain or loss arising on the disposal of an investment is determined as the difference between the sales proceeds and the carrying amount of the investment and is recognised in profit or loss.

For subsidiaries which are acquired as a result of reorganization of the group structure in a manner that satisfies the following criteria:

(a) the new parent obtains control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent;

(b) the assets and liabilities of the new group and the original group are the same immediately before and after the reorganization; and

(c) the owners of the original parent before the reorganization have the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the reorganization,

the Company measures cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganization. The difference between this investment cost and the legally issued share capital and share premium of the Company is recorded in other reserves. The Company recognizes income from investments in subsidiaries to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of investment.

Transactions with equity holders

The Company enters into transactions with its shareholders. When consistent with the nature of the transaction (i.e. when these transactions are not at arm's length prices), the Company's accounting policy is to recognize any gains or losses with equity holders, directly through equity and consider these transactions as the receipt of additional capital contribution or the distribution of dividends. Similar transactions with non-equity holders, or parties which are not under the control of the parent company, are recognized through the income statement in accordance with IFRS 9 "Financial Instruments". The Company believes that this policy provides a fair representation of the Company's activities.

The Board of Directors expects that the adoption of these financial reporting standards in the future periods will not have a material effect on the financial statements of the Company.

Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9, are as follows:

Financial instruments

Non-derivative financial assets
Non-derivative financial instruments comprise loans receivable, trade and other receivables and cash and cash equivalents.

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has the following non-derivative financial assets: cash and cash equivalents, loans receivable and trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and demand deposits with maturity of three months or less from the date of acquisition. 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 of the statement of cash flows.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except from maturities greater than twelve months after the statement of financial position date. These are classified as noncurrent assets. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise of other receivables and cash and cash equivalents.

Financial liability
A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavorable. Financial liabilities would include, for instance, debt issued by the Company, trade payables, etc. Financial liabilities are initially measured at fair value and subsequently are measured at amortised cost.

Other payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Impairment
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 any 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.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse exchanges in the payment status of borrowers or issuers in the Company.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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. Losses are recognised in profit or loss and reflected in an allowance account against receivables. 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.

5. Administrative and other expenses

Expressed in Euros	**2018**	**2017**
Auditors' remuneration for the statutory audit of annual financial statements	40,000	55,000
Other expenses	188,876	95,870
	228,876	**150,870**

Audit fees amount to EUR 40,000 (2017: EUR 55,0000) charged by the Company's statutory audit firm, and out-of-pocket expenses of EUR 4,000. The Company's statutory audit firm did not offer any non-audit services in 2018 and 2017.

The Company did not have any employees during 2018 and 2017.

6. Dividends per share

The Board of Directors may at a later stage consider the payment of interim dividends out of retained earnings, in accordance with the relevant provisions of the Cyprus Companies Law and the Articles of Association of the Company.

No dividends were announced and paid in 2018 and 2017.

7. Finance income/(costs), net

Expressed in Euros	**2018**	**2017**
Recognized in profit or loss		
Foreign exchange gain	-	8,226,812
Interest income on bank deposits	685,222	1,216,062
Finance income	**685,222**	**9,442,874**
Interest expense on loans and borrowings	(1,591,116)	(3,259,844)
Foreign exchange loss	(4,275,150)	(1,496,473)
Interest expense on overdrafts	(2,128,974)	(2,499)
Other	(581)	(9,174)
Finance costs	**(7,995,821)**	**(4,767,990)**
Finance (costs)/income, net	**(7,310,599)**	**4,674,884**

8. Income tax expense

Expressed in Euros	2018	2017
Current tax:		
Corporation tax	-	2,210

Expressed in Euros	2018	2017
Profit before tax	373,082,380	4,524,014
Tax calculated at the applicable corporation tax rate of 12,5%	46,635,298	565,501
Tax effect of expenses not deductible for tax purposes	3,050,627	278,276
Tax effect of allowances and income not subject to tax	(49,662,178)	(841,567)
Tax effect of tax loss for the year	(23,747)	-
Income tax charge	-	2,210

The Company is subject to income tax on taxable profits at the rate of 12.5%.

9. Investments in subsidiaries

Expressed in Euros	2018	2017
Opening balance	427,570,943	427,570,943
Capital contributions:		
Bevmar GmbH	57,052,226	
Disposals:		
SUN Inbev Russia	(398,337,830)	
Bevmar GmbH	(69,608,481)	
Liquidated:		
Interbrew YNTR Holding B.V.	(14,136,705)	-
Written off:		
Abberton Consultants Limited	(1,300,000)	-
Devize Investments Limited	(1,238,000)	-
Sun Interbrew Finance LLC	(867)	-
Closing balance	**1,286**	**427,570,943**

The Company's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	Country of incorporation	Principal activities	% interest held 2018	% interest held 2017
SB Management Services Ltd (d)	Cyprus	Dormant	-	100%
SUN Breweries CIS	Cyprus	Investment and consulting services	100%	100%
SUN Interbrew Finance LLC (d)	Russia	Dormant	100%	100%
SUN InBev Russia *	Russia	Manufacturing, marketing and distribution of beer and soft drinks	-	95,26% (direct and indirect)
Bevmar GmbH *	Germany	Investment holding	-	100%
Interbrew YNTR Holding B.V. (d)	Netherlands	Investment and consulting services	-	100%
Abberton Consultants Limited (d)**	Cyprus	Investment and consulting services	100%	100%
Devize Investments Limited (d)**	Cyprus	Investment services	100%	100%
Flexbury Ventures Ltd (d)**	Cyprus	Dormant	-	100% (indirect)
SUN InBev Ukraine **	Ukraine	Manufacturing, marketing and distribution of beer and soft drinks		98,32% (indirect

* The Company, prior to the disposal, held directly 93,72% of SUN InBev Russia and indirectly 1,54% through Bevmar GmbH, which was acquired in 2013.

** The Company, prior to the disposal, held 98,32% of SUN InBev Ukraine through Interbrew YNTR Holding, Abberton Consultant Ltd and Devise Investments.

a. On 13th of March 2018 Sun Interbrew Plc contributed to the free capital reserve to Bevmar GmbH (Germany) in amount in EUR 57,052,226 being equal to RUB 4 billion against the exchange rate of European Central Bank (ECB) RUB 70,1112 per EUR, with the purpose to provide further loan to SUN InBev (Russia) in the same amount.

b. On 23rd of March 2018, the Company entered into a sale agreement with AB INBEV WESTERN EUROPEAN HOLDING B.V, for the sale of its subsidiaries SUN InBev Russia and Bevmar Gmbh (direct and indirect interest in the operating subsidiary in Russia) for the consideration of EUR 754,985,000 and EUR 69,422,226 respectively.

Disposal of investments in SUN Inbev and Bevmar:

Date of transfer of shares	Number of shares transferred (ordinary/privileged)	Entity transferring the shares	Entity whom the shares were transferred to
23rd of March 2018	4,660,732,631 / 92,943	SUN Interbrew Plc	AB InBev Western European Holding B.V.
23rd of March 2018	270,842,500	Abberton Consultants Limited	AB InBev Western European Holding B.V.
23rd of March 2018	270,842,500	Devize Investments Limited	AB InBev Western European Holding B.V.
23rd of March 2018	8,811,042,571	Interbrew YNTR Holding B.V.	AB InBev Western European Holding B.V.
23rd of March 2018	76,365,959	SUN Interbrew Plc (indirectly through Bevmar GmbH)	AB InBev Western European Holding B.V.

Profit from the disposal of investments in subsidiaries:

Expressed in Euros	2018
Consideration received by SUN Interbrew	824,407,226
Cost of investments in SUN Inbev Russia and Bevmar	(467,946,311)
Profit from the disposal of investments in subsidiaries	**356,460,915**

c. The indirect holding in SUN InBev Ukraine was also disposed through the direct subsidiaries Interbrew YNTR Holding B.V., Abberton Consultants Limited and Devize Investments Limited. The Company received dividends from these subsidiaries in the total amount of EUR 40,836,512, as below:

Abberton Consultants Limited – EUR 1,941,637
Devize Investments Limited – EUR 1,876,018
Interbrew YNTR Holding B.V. – EUR 37,018,857

d. During 2018, SB Management Services Ltd, Interbrew YNTR Holding B.V. and Flexbury Ventures Ltd were liquidated. The carrying amount of the investment in Interbrew YNTR Holding B.V. was written off during the year 2018, whereas the investments in SB Management Services Ltd and Flexbury Ventures Ltd were written off in previous years.

In addition, Abberton Consultants Limited, Devize Investments Limited and Sun Interbrew Finance LLC are in the process of liquidation as of 31 December 2018. In this regard, investments in subsidiaries in the amount of EUR 1,300,000, EUR 1,238,000 and EUR 867, respectively, were written off in 2018.

Impairment of investments in subsidiaries

The Company assessed the recoverable amount of the investments in subsidiaries and compared to its carrying amount. An impairment charge was deemed necessary for the year ended 31 December 2018 as analysed in point (d) above, because following the disposal of the indirect share in the Ukrainian operating subsidiary SUN Inber Ukraine, and the subsequent dividend distribution as outlined in point (c), the subsidiaries do not have any other assets.

10. Cash and cash equivalents

Expressed in Euros	2018	2017
Demand deposits	809,634,415	14,102,330
Cash and cash equivalents in the statement of financial position	**809,634,415**	**14,102,330**

In 2017, the Company signed a current account agreement with Cobrew S.A. (hereinafter "Cobrew)" a related party. This agreement has no fixed maturity date and provides notification period for payments from or deposits to this account of 2 to 5 days. Interest rate applied by Cobrew is based on 1 month market interest rate minus 0.20%.

The Company classifies the balance at Cobrew account as cash and cash equivalent. The net amount of outstanding balance at current account with Cobrew, included into cash and cash equivalents in the statement of cash flows for the year ended 31 December 2018 is EUR 748,906,260 (2017:EUR 6,705,829).

Expressed in Euros	**2018**	**2017**
Cash and cash equivalents	809,634,415	14,102,330
Overdrafts used for cash management purposes (Note 14)	(60,728,155)	(7,396,501)
Cash and cash equivalents in the statement of cash flows	**748,906,260**	**6,705,829**

Cash and cash equivalents are denominated in the following currencies:

	2018	**2017**
Euro - functional and presentation currency	799,061,662	(7,396,501)
USD	(60,728,155)	2,674,483
RUB	10,572,753	11,427,847
	748,906,260	**6,705,829**

11. Share capital and share premium

Number of shares unless otherwise stated	**Class A shares 2018**	**Class A shares 2017**	**Class B shares 2018**	**Class B shares 2017**
Authorised shares	125,278,614	125,278,614	30,000,000	30,000,000
Par value	GBP 0.01	GBP 0.01	GBP 0.01	GBP 0.01
On issue at 1 January	88,832,710	88,832,710	27,796,220	27,796,220
On issue at 31 December, fully paid	**88,832,710**	**88,832,710**	**27,796,220**	**27,796,220**

Ordinary shares (Class B)

All shares rank equally with regard to the Company's residual assets.

The holders of class B 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.

Ordinary shares (Class A)

The special rights, restrictions and provisions applicable to the Class A shares are as follows:

- The dividends on the Class A shares in any year shall be paid in an amount not less than and in equal priority to the dividend payable to the ordinary shareholders in such year;
- On winding up of the Company, the surplus assets available for distribution to its members shall be distributed proportionately amongst the holders of the Class A shares and the Class B shares according to the amounts of their respective holdings of such shares in the Company;
- The holders of the Class A shares do not have right to vote in shareholders' meeting, except for the matters affecting the rights of the holders of Class A shares, including "change of control" transaction as defined in the "Article of Association" of the Company.

Share premium

Share premium is a difference between the fair value of the consideration receivable for the issue of shares and the nominal value of shares. Share premium account can only be resorted to limited purposes, which do not include the distribution of dividends and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Distributable reserves

The amounts available for distribution to the Company's shareholders in the form of dividends are the distributable reserves of the Company presented within retained earnings.

12. Earnings per share

2018	Profit (Numerator) EUR	Number of shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	**284,165,506**	**88,832,710**	**3,199**
Attributable to holders of class "B" participating shares	**88,916,874**	**27,796,220**	**3,199**
Total attributable to participating shares	**373,082,380**	**116,628,930**	**3,199**

2017	Profit (Numerator) '000 EUR	Number of shares (Denominator)	Per share-amount EUR
Basic and diluted EPS			
Attributable to holders of class "A" participating shares	**3,444,121**	**88,832,710**	**0,039**
Attributable to holders of class "B" participating shares	**1,077,683**	**27,796,220**	**0,039**
Total attributable to participating shares	**4,521,804**	**116,628,930**	**0,039**

13. Other payables

Expressed in Euros	**2018**	**2017**
Other payables to third parties	135,182	103,092
	135,182	**103,092**

The fair value of other payables which are due within one year approximates their carrying amount at the statement of financial position date.

14. Loans and borrowings

Expressed in Euros	**2018**	**2017**
Bank overdraft (Note 10)	60,728,155	7,396,501
Current loans from related parties	-	58,503,696
Total current loans and borrowings	**60,728,155**	**65,900,197**

a) Bank overdraft is denominated in USD with no fixed maturity date. Interest rate is changed based on 1 month market interest rate plus 0.20%. In 2017, the Company signed a current account agreement with Cobrew, see Note 10. The loan from related party was denominated in USD with interest rate LIBOR+2% and was repayable in 2018. Interest payable presented within loans and borrowings for the year ended 31 December 2018 was NIL (2017: EUR 136,296).

b) The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	1/1/2018	Interest paid	Interest expense	Foreign exchange loss	Repayment	31/12/2018
Current loans from related parties	58,503,696	(1,727,412)	1,591,116	1,694,855	(60,062,255)	-
	58,503,696	**(1,727,412)**	**1,591,116**	**1,694,855**	**(60,062,255)**	**-**

	1/1/2017	Interest paid	Interest expense	Foreign exchange gain	Repayment	31/12/2017
Current loans from related parties	67,145,906	(3,677,741)	3,262,343	(8,226,812)	-	58,503,696
	67,145,906	**(3,677,741)**	**3,262,343**	**(8,226,812)**	**-**	**58,503,696**

15. Financial instruments and risk management

Financial instruments by category

Expressed in Euros	2018	2017
Loans and receivables		
Cash and cash equivalents	809,634,415	14,102,330
	809,634,415	**14,102,330**
Financial liabilities measured at amortized cost		
Trade and other payables	135,182	103,092
Current loans and borrowings	60,728,155	65,900,197
	60,863,337	**66,003,289**

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest Rate risk
- Currency risk
- Capital risk management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has established a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's demand deposits held through ABI's cash pool.

Cash and cash equivalents

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings of Moody's about counterparty default rates:

Expressed in Euros	31 December 2018 Demand deposits	31 December 2017 Demand deposits
Unrated	809,634,415	14,102,330
	809,634,415	**14,102,330**

The Company keeps current bank accounts under the name of Cobrew, a subsidiary of the Company's ultimate parent Anheuser Busch InBev (hereinafter «ABI»), see Note 10. ABI group attempt to minimize its credit exposure to counterparties by entering into agreements with major international A rated financial institutions as issued by Moody's. There is no established credit rating for Cobrew account, accordingly, for the purposes of impairment assessment, the estimated credit loss was based on the ABI group rating, which is Baa1 (2017: A3). For demand deposits that have no fixed maturity and can be withdrawn by the Company on a very short notice, the estimated credit loss is limited to the contractual notice period, therefore the estimated credit loss is very low.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. As at 31 December 2018, the Company following the disposal of its operating subsidiaries has sufficient funds to be able to settle its liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

2018 Expressed in Euros	Carrying amount	Contractual cash flows	0-12 mths	1-2 yrs
Non-derivative financial liabilities				
Trade payables and other payables	135,182	135,182	135,182	-
Current loans and borrowings	60,728,155	60,728,155	60,728,155	
	60,863,337	**60,863,337**	**60,863,337**	-

2017 Expressed in Euros	Carrying amount	Contractual cash flows	0-12 mths	1-2 yrs
Non-derivative financial liabilities				
Trade payables and other payables	103,092	103,092	103,092	-
Current loans and borrowings	65,900,197	68,986,701	68,986,701	-
	66,003,289	**69,089,793**	**69,089,793**	-

(i) Currency risk

The Company is exposed to currency risk on cash and cash equivalent and borrowings that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions primarily are denominated are Russian Rubbles (RUB) and United States Dollar (USD).

Interest on cash and cash equivalent and borrowings is denominated in the currency of the financial instrument.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on nominal amounts:

Expressed in Euros	USD-denominated 2018	RUB-denominated 2018	USD-denominated 2017	RUB-denominated 2017
Loans and borrowings	(60,728,155)	-	(58,503,696)	-
Cash and cash equivalent	-	10,572,753	2,674,483	11,427,847
Net exposure	**(60,728,155)**	**10,572,753**	**(55,829,213)**	**11,427,847**

Sensitivity analysis

A strengthening/weakening of the functional currency, against the following currencies at 31 December would have increased (decreased) equity and profit or loss before taxes by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates remain constant. The analysis is performed on the same basis for 2017.

Expressed in Euros	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
31 December 2018				
USD (+/-10% movement in exchange rate)	6,072,816	6,072,816	(6,072,816)	(6,072,816)
RUB (+/-10% movement in exchange rate)	(1,057,275)	(1,057,275)	1,057,275	1,057,275
31 December 2017				
USD (+/-10% movement in exchange rate)	5,582,921	5,582,921	(5,582,921)	(5,582,921)
RUB (+/-10% movement in exchange rate)	(1,142,785)	(1,142,785)	1,142,785	1,142,785

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Company's exposure should be to fixed or variable rates, as the majority of the Company's loans is drawn from related parties.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
Expressed in Euros	**2018**	**2017**
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	(58,503,696)
	-	**(58,503,696)**
Variable rate instruments		
Financial assets	809,634,415	14,102,330
Financial liabilities	(60,728,155)	(7,396,501)
	748,906,260	**6,705,829**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial instruments as fair value through profit or loss or as fair value through other comprehensive income. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss before taxes by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
Expressed in Euros	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
2018				
Variable rate instruments	7,489,063	(7,489,063)	7,489,063	(7,489,063)
Cash flow sensitivity (net)	**7,489,063**	**(7,489,063)**	**7,489,063**	**(7,489,063)**
2017				
Variable rate instruments	67,058	(67,058)	67,058	(67,058)
Cash flow sensitivity (net)	**67,058**	**(67,058)**	**67,058**	**(67,058)**

(d) Accounting classifications and fair values

As at the year end, the Company has no financial instruments measured at fair value.

Fair values versus carrying amounts

Management believes that there is no significant difference between the carrying amounts and fair values of financial assets and liabilities.

(e) Capital management

The Company has overall responsibility for the establishment and oversight of the capital management framework. The Company is continuously optimizing its capital structure targeting to maximize shareholder value while keeping the desired financial flexibility to execute its strategic prospect plans. The capital of the Company comprises of share capital, share premium, accumulated losses and translation reserve. Net debt comprises of the Company's total loans and borrowings less cash and cash equivalents.

The Company manages its capital based on its debt to capital ratio. The Company's debt to capital ratio at the end of the reporting period was as follows:

Expressed in Euros	**2018**	**2017**
Total loans and borrowings	(60,728,155)	(65,900,197)
Less: cash and cash equivalents	809,634,415	14,102,330
Net debt	**809,634,415**	**(51,797,867)**
Total equity	(748,914,789)	(375,832,409)
Debt to capital ratio at 31 December	**N/A**	**0.14**

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The decrease of debt to capital ratio is due to the disposal of the Company's operations in Russia and Ukraine at a significant profit (Note 9). Following their transaction, the Company did not invest in new business.

16. Related party transactions

The Company is controlled by Worldoor Limited, incorporated in Cyprus, which effectively owns 73.14% of the Company's shares. 26.22% are also effectively controlled by other related companies within the Shareholder Group. The Company's ultimate controlling party is Anheuser-Busch InBev ("Parent").
Related parties represent fellow subsidiaries under common control within the Anheuser-Busch InBev Group, unless otherwise stated.

Related parties may enter into transactions, which unrelated parties may not and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The following transactions were carried out with related parties:

(a) Year-end balances

Expressed in Euros	2018	2017
Receivables from related parties	-	20,000
Cash and cash equivalent balances (Note 10):		
Demand deposits	809,634,415	14,102,330
Overdraft used for cash management purposes	(60,728,155)	(7,396,501)
Loans from related parties (Note 14)	-	(58,503,696)

During 2018, the Company repaid the loan from the Brandbev S.a.r.l in amount of EUR 60,062,255 and the loan interests were paid to the related party in amount of EUR 1,727,412.

(b) Transactions with related parties

Expressed in Euros	2018	2017
Dividend income from subsidiaries (Note 9)	40,836,512	-
Interest income on demand deposit	685,222	993,330
Interest expense on overdraft and loans	(3,720,090)	(3,262,343)
Consideration on disposal of subsidiaries (Note 9)	824,407,226	-

(c) Management and directors remuneration

The Company did not have any employees during 2018 and 2017. The remuneration of the Directors is payable by the subsidiaries of the Company. The total remuneration of the Directors for 2018 was EUR 729 thousand (2017: EUR 460 thousand)

17. Contingencies

As at 31 December 2018, the Company had no contingent liabilities (31 December 2017: zero).

The Company does not have any legal, tax or other risks associated with the subsidiaries SUN Inbev Russia and SUN Inbev Ukraine disposed on the 23rd of March 2018, as these risks were transferred to the buyer together with the legal ownership of the shares of the above entities. To this effect, any contingencies that may result to unrecorded liabilities are transferred to the Buyer and no claim will be made to the Company following the disposal date.

18. Commitments for expenditure

As at 31 December 2018, the Company had no outstanding contractual commitments (31 December 2017: zero).

19. Events after the balance sheet date

The management of the Company currently reviews the option and feasibility to cease the activities of the Company and distribute the cash held by the Company to its shareholders (possibly through a liquidation of the Company) and to seek a delisting of the shares/GDRs of the Company from the Luxembourg Stock Exchange.

On 21 February 2019, the subsidiary Company Sun Breweries (C.I.S.) Limited, declared the payment of a dividend of EUR 46,336,813.

On 28 February 2019, it was resolved to accept the resignation of Mr. Evgeniy Vizhul as Director of the Company and approve the appointment of Ms. Yulia Ponomarenko in his stead with effect as of 28 February 2019.

On 25 April 2019, the Management resolved to convene Extraordinary General Meeting on 22 May 2019, during which the shareholders approved the change of the Company's name from 'Sun Interbrew Plc' to 'Interbrew Plc'.

There were no other material post balance sheet events, which have a bearing on the understanding of the separate financial statements.