# Unaudited interim financial report
## As at and for the six month period ended 30 June 2005

## Unaudited consolidated income statement

Prepared in accordance with International Financial Reporting Standards (IFRS)

| For the six month period ended 30 June<br>Million euro (except per share figures) | 2005 | 2004[1] |
|---|---|---|
| **Revenue** | **5 220** | **3 513** |
| Cost of sales | (2 308) | (1 710) |
| **Gross profit** | **2 912** | **1 803** |
| Distribution expenses | (615) | (404) |
| Sales and marketing expenses | (922) | (729) |
| Administrative expenses | (483) | (312) |
| Other operating income/expenses | 43 | (39) |
| **Profit from operations before non-recurring items** | **935** | **319** |
| Restructuring | (35) | - |
| Business disposal | 5 | - |
| Impairment | (15) | - |
| **Profit from operations** | **890** | **319** |
| Net financing costs | (179) | (54) |
| Share of result of associates | - | 21 |
| **Profit before tax** | **711** | **286** |
| Income tax expense | (169) | (67) |
| **Profit** | **542** | **219** |
| Attributable to: | | |
| Equity holders of InBev | 382 | 205 |
| Minority interests | 160 | 14 |
| | **542** | **219** |
| Weighted average number of ordinary shares (million shares) | 594 | 432 |
| Diluted weighted average number of ordinary shares (million shares) | 598 | 435 |
| Period-end number of ordinary shares (million shares) | 607 | 434 |
| Earnings per share before non-recurring items | 0.67 | 0.47 |
| Earnings per share | 0.64 | 0.47 |
| Diluted earnings per share before non-recurring items | 0.67 | 0.47 |
| Diluted earnings per share | 0.64 | 0.47 |
| Earnings per share before goodwill and non-recurring items | 0.67 | 0.65 |
| Earnings per share before goodwill | 0.64 | 0.65 |
| Diluted earnings per share before goodwill and non-recurring items | 0.67 | 0.65 |
| Diluted earnings per share before goodwill | 0.64 | 0.65 |

## Unaudited consolidated statement of recognized gains and losses

| For the six month period ended 30 June<br>Million euro | 2005 | 2004[1] |
|---|---|---|
| Foreign exchange translation differences | 1 357 | 134 |
| Full recognition of actuarial gains and losses | - | - |
| Cash flow hedges: | | |
| Effective portion of changes in fair value | (43) | (14) |
| **Net result recognized directly in equity** | **1 314** | **120** |
| Profit attributable to equity holders of InBev | 382 | 205 |
| **Total recognized gains and losses** | **1 696** | **325** |

[1] 2004 figures as published, restated to reflect the adoption of IFRS 2 *Share-based Payment* (-4m euro) and the early adoption of the IAS 19 option to recognize actuarial gains and losses in full (+4m euro).

# Unaudited consolidated balance sheet

Prepared in accordance with International Financial Reporting Standards (IFRS)

| As at<br>Million euro | 30 June<br>2005 | 31 December<br>2004[1] |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 5 847 | 5 298 |
| Goodwill | 10 519 | 7 459 |
| Other intangible assets | 502 | 246 |
| Interest-bearing loans granted | 30 | 49 |
| Investments in associates | 5 | 6 |
| Investment securities | 225 | 274 |
| Deferred tax assets | 896 | 792 |
| Employee benefits | 44 | 39 |
| Trade and other receivables | 595 | 550 |
| | **18 663** | **14 713** |
| **Current assets** | | |
| Interest-bearing loans granted | 14 | 11 |
| Investment securities | 71 | 2 |
| Inventories | 962 | 847 |
| Income tax receivable | 100 | 119 |
| Trade and other receivables | 2 090 | 1 977 |
| Cash and cash equivalents | 447 | 976 |
| Assets classified as held for sale | 40 | - |
| | **3 724** | **3 932** |
| **Total assets** | **22 387** | **18 645** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Issued capital | 468 | 444 |
| Share premium | 7 285 | 6 471 |
| Reserves | 1 027 | (324) |
| Retained earnings | 1 922 | 1 743 |
| Equity attributable to equity holders of InBev | 10 702 | 8 334 |
| Minority interests | 409 | 359 |
| | **11 111** | **8 693** |
| **Non-current liabilities** | | |
| Interest-bearing loans and borrowings | 3 264 | 2 217 |
| Employee benefits | 815 | 741 |
| Deferred tax liabilities | 296 | 242 |
| Trade and other payables | 500 | 401 |
| Provisions | 571 | 502 |
| | **5 446** | **4 103** |
| **Current liabilities** | | |
| Bank overdrafts | 91 | 100 |
| Interest-bearing loans and borrowings | 2 351 | 2 074 |
| Income tax payables | 175 | 310 |
| Trade and other payables | 3 122 | 3 284 |
| Provisions | 91 | 81 |
| | **5 830** | **5 849** |
| **Total equity and liabilities** | **22 387** | **18 645** |

[1] 2004 figures as published, restated to reflect the adoption of IFRS 2 *Share-based Payment* and the early adoption of the IAS 19 option to recognize actuarial gains and losses in full.

# Unaudited consolidated cash flow statement

Prepared in accordance with International Financial Reporting Standards (IFRS)

| Million euro<br>For the period ended | 30 June 2005 | 30 June 2004[1] |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit | 542 | 219 |
| Depreciation | 398 | 267 |
| Amortization and impairment of goodwill | - | 78 |
| Amortization of intangible assets | 32 | 24 |
| Impairment losses (other than goodwill) | 16 | 1 |
| Unrealized foreign exchange losses/(gains) | (24) | (8) |
| Net interest (income)/expense | 182 | 64 |
| Net investment (income)/expense | (3) | (3) |
| Loss/(gain) on sale of plant and equipment | (5) | (19) |
| Equity-settled share-based payment expense | 9 | 4 |
| Income tax expense | 169 | 67 |
| Share of result of associates | - | (21) |
| **Cash flow from operating activities before changes in working capital and provisions** | **1 316** | **673** |
| Decrease/(increase) in trade and other receivables | 35 | (177) |
| Decrease/(increase) in inventories | (13) | (54) |
| Increase/(decrease) in trade and other payables | (311) | 60 |
| Increase/(decrease) in provisions | (21) | (21) |
| **Cash generated from operations** | **1 006** | **481** |
| Interest paid | (259) | (94) |
| Interest received | 51 | 29 |
| Dividends received | 2 | 4 |
| Income tax paid | (251) | (80) |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **549** | **340** |
| **INVESTING ACTIVITIES** | | |
| Proceeds from sale of property, plant and equipment | 27 | 58 |
| Proceeds from sale of intangible assets | - | 2 |
| Proceeds from sale of investments | 84 | - |
| Repayments of loans granted | 25 | 1 |
| Disposal of subsidiary, net of cash disposed of | 5 | - |
| Acquisition of subsidiaries, net of cash acquired | (1 124) | (714) |
| Acquisition of property, plant and equipment | (444) | (259) |
| Acquisition of intangible assets | (134) | (24) |
| Acquisition of other investments | (66) | (9) |
| Payments of loans granted | (8) | (4) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | **(1 635)** | **(949)** |
| **FINANCING ACTIVITIES** | | |
| Proceeds from the issue of share capital | 3 | 15 |
| Proceeds from borrowings | 3 858 | 2 515 |
| Reimbursement of capital | (4) | (6) |
| Repayment of borrowings | (2 965) | (1 810) |
| Payment of finance lease liabilities | (3) | (3) |
| Dividends paid | (360) | (168) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | **529** | **543** |
| **Net increase/(decrease) in cash and cash equivalents** | **(557)** | **(66)** |
| Cash and cash equivalents less bank overdrafts at beginning of period | 875 | 360 |
| Effect of exchange rate fluctuations | 38 | (5) |
| **Cash and cash equivalents less bank overdrafts at end of period** | **356** | **289** |

[1] 2004 figures as published, restated to reflect the adoption of IFRS 2 *Share-based Payment* and the early adoption of the IAS 19 option to recognize actuarial gains and losses in full.

# Notes to the unaudited consolidated interim financial statements

## BASIS OF PRESENTATION

These unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee. The consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2004 annual financial statements except for the changes set out below. This interim financial report is presented in accordance with IAS 34 *Interim Financial Reporting*.

## CHANGES IN ACCOUNTING POLICIES

During 2004 and 2003 the IASB issued five new standards and amended fifteen existing standards which are effective since 1 January 2005. Below is a summary of the impact of the new requirements on our financial statements. The adoption of the amended IFRS requirements resulted in a modification of certain key terms in the financial statements which can be summarized as follows:

| New term | Old term |
|---|---|
| Equity attributable to equity holders of InBev | Capital and reserves |
| Profit | Net profit |
| Share of result of associates | Income from associates |
| Revenue | Net turnover |

### GOODWILL AND INTANGIBLE ASSETS

On 31 March 2004 the IASB issued IFRS 3 *Business Combinations*, revised IAS 36 *Impairment of Assets*, and revised IAS 38 *Intangible Assets*. InBev prospectively adopted the standards for goodwill and intangible assets existing at 31 March 2004 on 1 January 2005, whereas goodwill and intangible assets recognized from business combinations entered into after 31 March 2004 were accounted for immediately in accordance with the new requirements. As a result, goodwill was not amortized during the first half of 2005 but instead is reviewed at least annually for impairment in accordance with the revised IAS 36 *Impairment of Assets*. During the 2004 comparative period goodwill amortization amounted to 78m euro. IFRS 3 *Business Combinations* requires a separate recognition of intangible assets acquired in a business combination while historically such intangible assets have been subsumed under goodwill.

### SHARE-BASED COMPENSATION

In February 2004 the IASB published IFRS 2 *Share-based Payment*. This standard requires share-based payments made to employees to be recognized in the financial statements based on the fair value of the awards measured at grant date. InBev adopted IFRS 2 on 1 January 2005 and restated the comparative 2004 income statement by recognizing an additional compensation expense of 9m euro (4m euro at half year). As the grants are equity settled the net impact on the 1 January 2004 equity is zero. In conformity with IFRS 2, InBev applied the new share-based payment accounting requirements to all awards granted after 7 November 2002 which had not yet vested at 1 January 2005.

### POST-EMPLOYMENT BENEFITS: ACTUARIAL GAINS AND LOSSES

In December 2004 the IASB issued an amendment to IAS 19 *Employee Benefits* that provides companies reporting under IFRS with an option to recognize actuarial gains and losses in full in the period in which they occur in the statement of recognized income and expense. Before the amendment IAS 19 required actuarial gains and losses (i.e. unexpected changes in value of the defined benefit plan) to be recognized in profit or loss, either in the period in which they occur or spread over the remaining service lives of the employees. InBev concluded that a full recognition of the actuarial gains and losses enhances the transparency of its financial statements and therefore decided to apply the new option. In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, InBev applied this change in accounting policy retrospectively leading to a net reduction of equity as at 1 January 2004 by 269m euro and to an increase of the 2004 profit by 9m euro (4m euro at half year).

### NON-CURRENT ASSETS HELD FOR SALE

On 31 March 2004 the IASB published IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. This standard adopts the classification “held for sale” and introduces the concept of a “disposal group”, being a group of assets to be disposed of, by sales or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. IFRS 5 requires that assets or disposal groups that are classified as held for sale are: (i) carried at the lower of carrying amount and fair value less costs to sell – which means that the related assets cease to be depreciated – and (ii) presented separately on the face of the balance sheet. At 30 June 2005 non-current assets held for sale amounted to 40m euro.

## MINORITY INTERESTS AND EARNINGS PER SHARE

The amended IAS 27 *Consolidated and Separate Financial Statements* requires minority interests to be presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity. Further, the revised IAS 1 *Presentation of Financial Statements* prescribes that profit attributable to minority interests and profit attributable to equity holders of InBev need to be presented as allocations of profit instead of an expense. As a result, the prior period profit was grossed up to include the minority interests share of 14m euro. Earnings per share continue to be calculated based on profit attributable to InBev shareholders.

## CHANGES IN EQUITY

| Million euro<br>For the six month period ended 30 June 2004 | Attributable to equity holders of InBev | | | | | | | | | Minority interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Issued capital | Share premium | Treasury shares | Share-based payment reserves | Translation reserves | Hedging reserves | Actuarial gains/ losses | Retained earnings | Total | | |
| **As per 31 December 2003** | **333** | **3 215** | **(6)** | **-** | **(220)** | **(6)** | **-** | **1 404** | **4 720** | **410** | **5 130** |
| Changes in accounting policies | - | - | - | 2 | - | - | (269) | (2) | (269) | - | (269) |
| **Restated balance** | 333 | 3 215 | (6) | 2 | (220) | (6) | (269) | 1 402 | 4 451 | 410 | 4 861 |
| Total recognized gains and losses | - | - | - | - | 134 | (14) | - | 205 | 325 | 47 | 372 |
| Shares issued | 1 | 14 | - | - | - | - | - | - | 15 | - | 15 |
| Dividends | - | - | - | - | - | - | - | (156) | (156) | (15) | (171) |
| Share-based payments | - | - | - | 4 | - | - | - | - | 4 | - | 4 |
| Treasury shares | - | - | - | - | - | - | - | - | - | - | - |
| Scope changes | - | - | - | - | - | - | - | - | - | (121) | (121) |
| **As per 30 June 2004** | **334** | **3 229** | **(6)** | **6** | **(86)** | **(20)** | **(269)** | **1 451** | **4 639** | **321** | **4 960** |

| Million euro<br>For the six month period ended 30 June 2005 | Attributable to equity holders of InBev | | | | | | | | | Minority interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Issued capital | Share premium | Treasury shares | Share-based payment reserves | Translation reserves | Hedging reserves | Actuarial gains/ losses | Retained earnings | Total | | |
| **As per 31 December 2004** | **444** | **6 471** | **(6)** | **-** | **(326)** | **(20)** | **-** | **1 967** | **8 530** | **412** | **8 942** |
| Changes in accounting policies | - | - | - | 13 | 15 | - | (211) | (13) | (196) | (53) | (249) |
| **Restated balance** | 444 | 6 471 | (6) | 13 | (311) | (20) | (211) | 1 954 | 8 334 | 359 | 8 693 |
| Total recognized gains and losses | - | - | - | - | 1 357 | (43) | - | 382 | 1 696 | 299 | 1 995 |
| Shares issued | 24 | 814 | - | - | - | - | - | - | 838 | - | 838 |
| Dividends | - | - | - | - | - | - | - | (225) | (225) | (178) | (403) |
| Share-based payments | - | - | - | 37 | - | - | - | - | 37 | 11 | 48 |
| Treasury shares | - | - | - | - | - | - | - | (23) | (23) | - | (23) |
| Prospective adoption IFRS 3 | - | - | - | - | - | - | - | 45 | 45 | - | 45 |
| Scope changes | - | - | - | - | - | - | - | - | - | (82) | (82) |
| **As per 30 June 2005** | **468** | **7 285** | **(6)** | **50** | **1 046** | **(63)** | **(211)** | **2 133** | **10 702** | **409** | **11 111** |

# SEGMENT INFORMATION

## PRIMARY SEGMENT

Million euro, except volume (million hl).

| For the six month period ended 30 June | North America | | Central & South America | | Western Europe | | Central & Eastern Europe | | Asia Pacific | | Holding companies and global export | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| **Volume** | **6.9** | **8.3** | **47.4** | **-** | **20.1** | **18.6** | **18.0** | **16.8** | **10.9** | **9.9** | **0.9** | **1.1** | **104.2** | **54.7** |
| **Revenue** | **778** | **879** | **1 634** | **-** | **1 757** | **1 654** | **665** | **614** | **341** | **294** | **45** | **72** | **5 220** | **3 513** |
| Cost of goods sold | (307) | (382) | (640) | - | (813) | (783) | (334) | (336) | (175) | (152) | (39) | (56) | (2 308) | (1 710) |
| Distribution expenses | (119) | (119) | (181) | - | (202) | (189) | (85) | (72) | (28) | (25) | - | - | (615) | (404) |
| Sales and marketing expenses | (159) | (211) | (168) | - | (376) | (334) | (116) | (97) | (74) | (61) | (29) | (25) | (922) | (729) |
| Administrative expenses | (58) | (58) | (114) | - | (156) | (143) | (56) | (38) | (25) | (19) | (74) | (54) | (483) | (312) |
| Other operating income/(expenses) | (7) | (27) | 9 | - | (43) | (65) | (16) | (16) | (1) | (21) | 101 | 90 | 43 | (39) |
| **Normalized profit from operations (EBIT)** | **128** | **81** | **539** | **-** | **167** | **140** | **58** | **54** | **39** | **17** | **4** | **27** | **935** | **319** |
| Restructuring | (32) | - | - | - | (3) | - | - | - | - | - | - | - | (35) | - |
| Business disposal | - | - | - | - | - | - | 5 | - | - | - | - | - | 5 | - |
| Impairment | (10) | - | (1) | - | (3) | - | (1) | - | - | - | - | - | (15) | - |
| **Profit from operations (EBIT)** | **86** | **81** | **538** | **-** | **161** | **140** | **62** | **54** | **39** | **17** | **4** | **27** | **890** | **319** |
| Net financing cost | - | - | - | - | - | - | - | - | - | - | - | - | (179) | (54) |
| Share of result of associates | - | - | - | - | - | - | - | - | - | - | - | - | - | 21 |
| Income tax expense | - | - | - | - | - | - | - | - | - | - | - | - | (169) | (67) |
| **Profit** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **542** | **219** |
| **Normalized profit** | - | - | - | - | - | - | - | - | - | - | - | - | 570 | 219 |
| EBITDA | 138 | 136 | 656 | - | 322 | 322 | 136 | 127 | 72 | 71 | 9 | 31 | 1 333 | 687 |
| Normalized EBITDA | 170 | 136 | 656 | - | 325 | 322 | 131 | 127 | 72 | 71 | 9 | 31 | 1 363 | 687 |
| EBITDA margin (normalized) in % | 21.8 | 15.5 | 40.2 | - | 18.5 | 19.4 | 19.8 | 20.7 | 21.0 | 24.3 | N/A | N/A | 26.1 | 19.5 |
| Segment assets | 2 309 | 1 932 | 8 083 | - | 5 279 | 5 568 | 2 491 | 1 544 | 2 070 | 1 676 | 691 | 428 | 20 923 | 11 148 |
| Investm. in associates | - | - | - | - | - | - | - | - | - | - | - | - | 5 | 474 |
| Intersegment elimination | - | - | - | - | - | - | - | - | - | - | - | - | (390) | (411) |
| Non-segmented assets | - | - | - | - | - | - | - | - | - | - | - | - | 1 849 | 873 |
| **Total assets** | | | | | | | | | | | | | **22 387** | **12 084** |
| Segment liabilities | 789 | 608 | 1 108 | - | 2 271 | 1 842 | 333 | 350 | 362 | 327 | 275 | 256 | 5 138 | 3 383 |
| Intersegment elimination | | | | | | | | | | | | | (390) | (411) |
| Non-segm. liabilities | | | | | | | | | | | | | 17 639 | 9 112 |
| **Total liabilities** | | | | | | | | | | | | | **22 387** | **12 084** |
| Gross capex | 47 | 26 | 116 | - | 218 | 131 | 161 | 95 | 33 | 28 | 3 | 3 | 578 | 283 |
| Impairment losses/(reversals) | 10 | - | 2 | - | 3 | - | 2 | 1 | - | - | - | - | 18 | 1 |
| Depreciation & amortization | 43 | 55 | 116 | - | 158 | 182 | 74 | 72 | 33 | 54 | 6 | 4 | 430 | 367 |
| Additions to/(reversal of) provisions | 12 | 2 | 1 | - | 4 | 1 | - | 1 | - | 1 | - | 11 | 17 | 16 |

## SECONDARY SEGMENT

| For the six month period ended 30 June | Beer | | Non-beer | | Consolidated | |
|---|---|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Volume | 89.1 | 52.9 | 15.1 | 1.8 | 104.2 | 54.7 |
| Revenue | 4 818 | 3 450 | 402 | 63 | 5 220 | 3 513 |
| Total assets | 20 112 | 11 925 | 2 275 | 159 | 22 387 | 12 084 |
| Gross capex | 556 | 276 | 22 | 7 | 578 | 283 |

## ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The following major transactions took place during the six month period ended 30 June 2005:

- On 31 January, InBev announced the closings of the amended transaction with SUN Trade (International) Ltd, whereby InBev purchased all of SUN Trade's holding of voting and non-voting shares in SUN Interbrew Ltd., announced on 10 January, and of the transaction with Alfa-Eco, whereby InBev acquired all of Alfa-Eco's holding of voting and non-voting shares in SUN Interbrew, announced on 3 January. Upon closing of these transactions, InBev owned 97.3% of the voting shares and 98.8% of the non-voting shares in SUN Interbrew Ltd., which, in total, gave it a 98.5% economic interest in SUN Interbrew Ltd.. The goodwill resulting from this transaction amounted to 611m euro. Following the IFRS 3 rules, goodwill is not amortized but subject to an impairment test on an annual basis and whenever there is an indication that the unit to which goodwill has been allocated, may be impaired.

- On 31 March, InBev announced the results and settlement mechanics and timing of the mandatory tender offer launched in relation to AmBev common shares in Brazil ("MTO"). The MTO started on 14 February 2005 and ended on 29 March 2005, on which date the "auction" was held in Brazil. The results of the MTO were the following:
    - 1 612 915 545 common AmBev shares have been tendered to the cash option.
    - 1 347 155 632 common AmBev shares have been tendered to the stock-for-stock option.

  The AmBev common shares tendered to the cash option and to the stock-for-stock option represented, on an aggregate basis, 81.23% of the total number of outstanding AmBev common shares concerned by the MTO and brought the total participation held, directly or indirectly, by InBev in AmBev to a 80.99% voting interest and a 54.16% economic interest (55.79 % economic interest net of treasury shares).

- On 26 May, InBev closed its offer to acquire the remaining minority interest in Sun Interbrew Ltd. After settlement InBev now owns a 99.8% economic interest in Sun Interbrew Ltd.

## SEASONALITY OF OPERATIONS

Beer consumption is seasonal, typically resulting in higher demand during the summer season and accordingly lower profitability and revenue during the first half of the year. Further, December is a peak month in the UK and in Canada. In Central and South America, however, the first quarter is a peak season.

## UNUSUAL ITEMS

There were no material unusual items affecting assets, liabilities, equity, profit, or cash flows during the six month period ended 30 June 2005.

## CONTINGENCIES

InBev U.S.A. L.L.C., Labatt Brewing Company Limited, and numerous other U.S., Canadian and European beer and alcohol producers have been named in a putative class action lawsuit seeking damages and injunctive relief over alleged marketing of alcoholic beverages to underage consumers. Lawsuits filed in various states thus far have been filed by the same plaintiff attorneys, and are essentially similar in nature. The company will vigorously defend this litigation. It is not possible at this time to estimate the possible loss or range of loss, if any, of this lawsuit.

In the course of December 2004 and in the first half of 2005, certain subsidiaries of AmBev have received tax assessments totaling 3 010m real (approximately 899m euro), related to corporate Brazilian taxation of income generated outside Brazil. AmBev disputes the validity of these tax assessments and intends to vigorously defend its case. No provision has been recorded related to these tax assessments.

## SUBSEQUENT EVENTS

Subsequent to 30 June 2005, the following events have occurred:

- On 11 July, InBev announced the proposed merger between InBev Holding Brazil and AmBev. The merger will lead to financial benefits for all shareholders. The merger is part of a corporate structure simplification which already resulted in the merger of other Brazilian companies into AmBev and into InBev Holding Brazil.

- On 18 July, InBev announced its agreement to acquire 100% of Tinkoff, the St. Petersburg, Russia-based brewer, for an enterprise value of 167m euro. The acquisition of Tinkoff is subject to regulatory approval and is expected to close during the second half of 2005.

- On 20 July, InBev announced the sale of its 62.4% interest in Bremer Erfrischungsgetränke GmbH to Coca-Cola Erfrischungsgetränke AG based on an enterprise value of 137m euro. These Coca-Cola bottling activities in Germany became part of InBev following the acquisition of Beck & C° in 2002. The sale results in a one time gain of some 17m euro as compared to the book value. InBev expects this transaction to close in September 2005.
- On 5 August, InBev announced that it has reached an agreement to sell the totality of its 12.02% minority stake in the Spanish brewer Damm S.A. ("Damm") for a minimum cash consideration of 176m euro. InBev remains active in the Spanish beer market through its existing wholly-owned subsidiary which imports a number of InBev's leading brands including Beck's, Stella Artois and Franziskaner. InBev acquired its minority stake in Damm for 84m euro in 2002, when the Spanish regulatory authorities obliged Group Mahou/San Miguel to dispose of its stake in Damm. The sale will result in a capital gain, which will be shared equally with Group Mahou/San Miguel in accordance with the agreement signed in 2002.
- On 2 September, InBev announced the acquisition of the remaining 30% interest in K.K.'s brewing activities, located in the Zhejiang province in China. The total consideration paid for our 100% ownership is 61.5m US dollars.

None of the above transactions have been reflected in the 30 June 2005 financial statements.