Introduction

Interbrew is one of the oldest beer companies in the world - and the newest global brewer. Our growth has been nimble, brisk and purposeful: since 1991 we have made 30 acquisitions in 14 countries. The resulting pattern of operations makes our strategy clear. We are achieving our global ambitions through strong regional positions.

Interbrew is distinctive among global brewers in the way we build a local power base. We do not just buy breweries, we buy brands and distribution. We have the expertise to make a good brand even stronger - an immediate asset, and a foundation for the market developments that will follow.

In the short term, our acquisitions give us high volumes from core brands in the largest sector of the market. We also secure the distribution needed to support our international flagship brand, Stella Artois. Additionally we establish a platform in the region for further consolidation in the years of industry rationalisation ahead.

Our brewing and brand expertise is the key to advance in each region, as we invest with commitment, and evolve our portfolio for each market - whether by expanding local brands into national and regional brands, or by introducing premium and specialty brands from our unrivalled portfolio as segmentation opportunities arise.

This strategy of global advance based on strong regional platforms is aided by our ability to adapt to local markets and cultures, a characteristic linked to the company's origins in Belgium and Canada. The psychology of countries with powerful neighbours nurtures a realistic and flexible approach to partnership. It has made us pragmatic in our market collaborations. It is this combination of respect for what is local, and commitment to global standing that makes us “the World's Local Brewer” - the major theme of this report, and the central idea behind each chapter.

Contents

Introduction 1
Key figures 2
Letter to Shareholders 4
Corporate Governance 9
Board of Directors & Board Committees 10
Executive Committees 11
Interbrew as a global brewer 14
Local platforms as the foundation of our strategy 24
Improving the way we operate 32
Financial Report 36
Interbrew Network . . . . . Back cover

Key figures

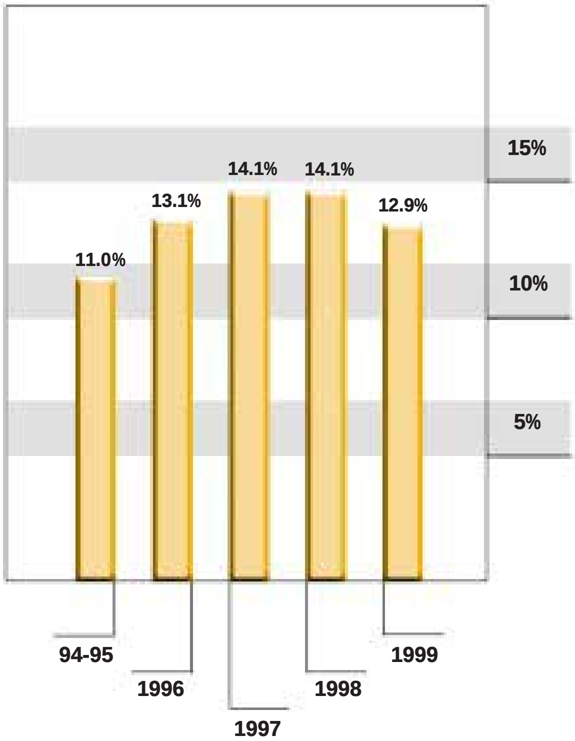
As of 1996 financial results are reported on the basis of the 12 month calendar year.
The 1994-1995 financial results cover a period of 15 months which include 5 months of Labatt results. Therefore these results are not directly comparable.

	94-95	1996	1997	1998	1999	▲99/98
Total sales (000HL) (1)	28,854	32,857	34,721	38,570	49,001	+27.0%
Personnel (number)	13,237	13,735	13,835	16,727	24,348	+45.6%

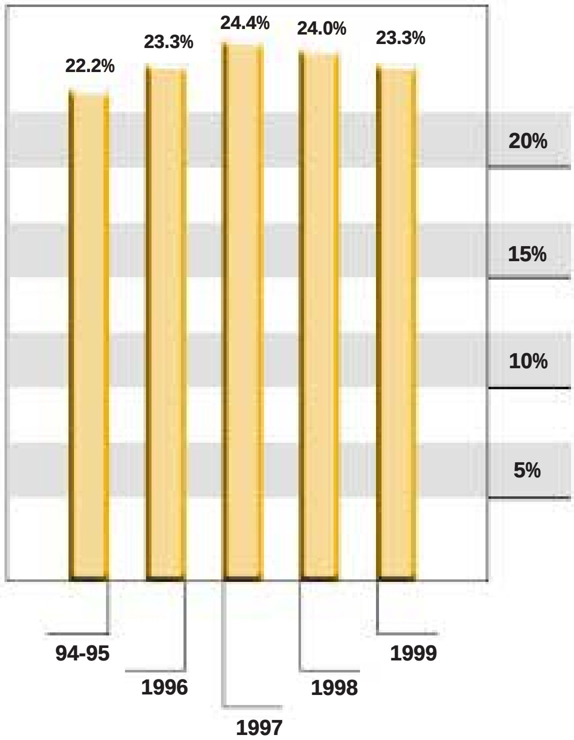
Results in MioEuro	94-95	1996	1997	1998	1999	▲99/98
Net turnover (2)	1,882	2,289	2,511	2,715	3,244	+19.5%
Simplified operating cash flow (3)	351	378	454	479	556	+16.1%
Net profit	86	101	132	190	230	+21.0%
Capital and reserves (4)	962	1,052	1,220	1,300	1990	+53.1%
Investments (5)	176	150	167	177	264	+49.1%

(1) Volumes do not include minority participations.
(2) The turnover was calculated after deduction of rebates and excise duties. Compared with previous years, we excluded from the Net Turnover the other operating income (mainly rental income and re-charges). The Net Turnover of the previous years was restated to reflect this change in presentation.
(3) The simplified operating cash flow includes net profit of the consolidated companies after deduction of undistributed earnings of companies accounted for under the equity method, increased by the addition (+) and substraction (-) of depreciations, write offs and provisions for liabilities and charges, as well as deferred taxes; reduced by capital subsidies taken into the profit and loss account but without the exceptional capital gains during the respective fiscal years.
(4) Minority interests included.
(5) Tangible fixed assets.

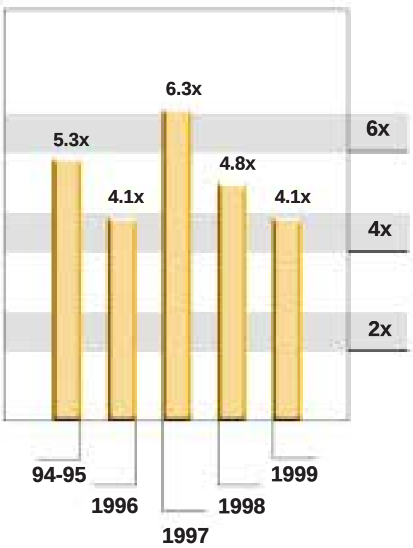
OPERATING PROFIT (EBIT)
AS PERCENT OF NET TURNOVER



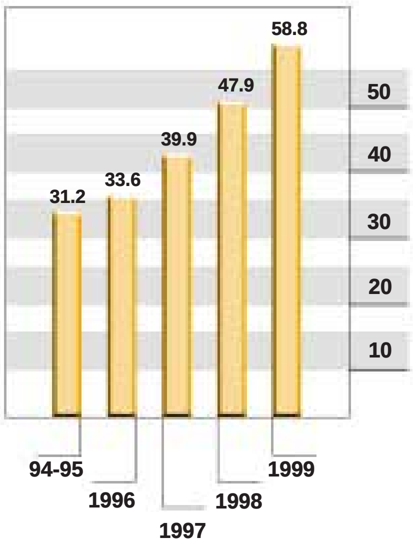
EBITDA AS PERCENT OF NET TURNOVER



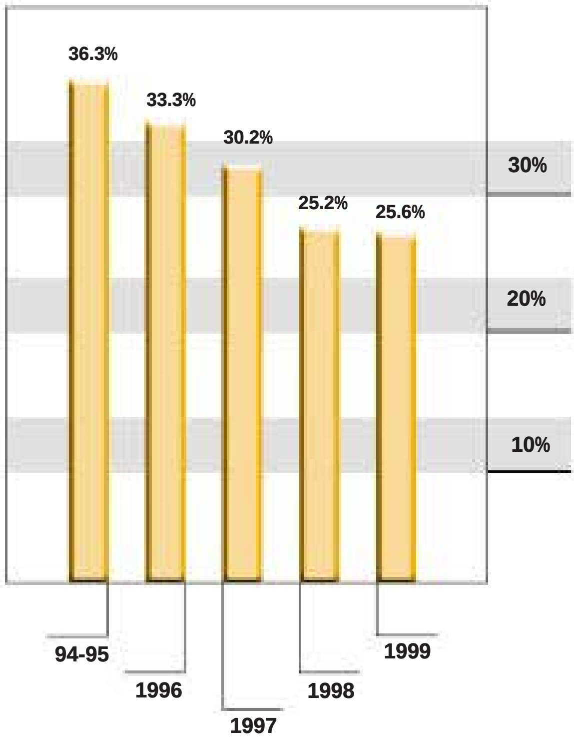
INTEREST COVER



GROSS DIVIDEND MioEuro



PAY-OUT DIVIDEND PERCENT OF NET RESULT



Letter to Shareholders

Western Europe: **Stella Artois**, our flagship international brand, broke the three million hectolitre barrier in the UK.

PERFORMANCE

1999 was the year when our strategy became visible. We confirmed our role as a consolidator, at the forefront of industry change, as our transactional growth continued at an accelerated pace. New acquisitions changed our place on the map - the regional platforms are now evident. From often modest initial investments, we moved in 1999 into leading positions in more of our existing growth markets. Interbrew's ambitions are based on growth, geographic diversity and brands. We made progress on all three fronts in 1999, while continuing our sound financial performance. We are happy with the results we achieved. But we know that we still can do better.

1999 was a good year for most of our existing business. Sales and profitability increased in all key markets thanks to strong industry volumes and good individual performances. Excluding new acquisitions, volumes grew by 7.1% as most of our international and local brands maintained or increased their market shares. Sales of our international flagship, Stella Artois, continued to grow impressively especially in the UK and in Central Europe.

Our operating profit increased by 9.3% from 383.0 MioEuro to 418.8 MioEuro. The progress of our net profit was even more impressive as it was up 21.1% from 190.1 MioEuro to 230.3 MioEuro fuelled by the very strong contribution from our equity accounted Mexican affiliate, Femsa Cerveza. This good contribution was based on strong operational performance and on the favorable evolution of the Mexican Peso.

In spite of our external growth, our debt-equity ratio improved from 1.35 to 1.04 thanks to the strong cash flow of the year and to favorable exchange rates at the year end. Our overal performance allows us to propose a 17% increase of our gross dividend, up from 47.9 MioEuro to 56.88 MioEuro.

KEY EVENTS

SWITCH TO A SINGLE STRUCTURE Our financial performance continued the unbroken line of good results in recent years. But 1999 also saw a new stage in Interbrew's development. To manage further expansion in the global beer market, we adopted a single management structure. After 1995 the company was run as two zones, to reinforce the identity and thrust of operations managed from Belgium and Canada. Looking ahead, a unified structure will be essential for the global direction of a much bigger business.

Interbrew is no longer a Belgium-dominated or Canada-dominated business. Our operations elsewhere are increasingly significant. By establishing five zones - the Americas, Western Europe, Central Europe, Eastern Europe and Asia - we confirmed the extent of our geographic diversification, moved senior managers closer to customers, and eased the way to greater synergies and sharing of services.

Interbrew is now a five-zone company, a business powered by five engines. Each of those engines represents a sizeable thrust - even the smallest zone is producing between 6m and 7m hectolitres of beer a year. In each zone we have the opportunity to add additional brands to our portfolio when the time is right, and can continue to transform external growth by organic growth.

Americas: **Labatt Blue** was stabilised as the number one brand in Canada, and grew well in the States where it was our top import brand and the number three US import.

The key to our reorganisation is simple - no new layers, more focus on operating markets, and an internationalised executive. We now have a unified team, looking out on the world with plans which are more than the sum of the parts.

EXTERNAL GROWTH 1999 will also be remembered for the quality of our external growth. Forming the SUN-Interbrew joint venture made us number two in Russia and number one in Ukraine. In Korea the acquisition of Cass, previously number three in the market, put us alongside the industry leader. Three transactions in Central Europe (in Bosnia-Herzegovina, Bulgaria and Romania) improved our geography, critical mass and capacity.

We took a big step forward not just in the number of our acquisitions, but in their compoundability. In each case the result was not only to add new business, but to improve what was there, and make further transactions more probable.

Asia: **Cass** complemented OB Lager in our Korean portfolio, and took us to a 49% share of the market.

ORGANIC GROWTH Meanwhile, there was no slackening in the pace of our organic growth. The performance of Stella Artois in Central Europe, the UK and New Zealand was a powerful expression of the will to create organic growth by putting in place a global brand. Labatt USA confirmed its success through the year's volume, share and profit results. The continued growth of our local brands in emerging markets proved once again that there is adroit management as well as commitment behind our local brand philosophy.

Overall, as we review Interbrew's five zones, we see strong pointers to future success in all of them - Stella Artois in the UK, Labatt USA, a perfectly timed entry into Korea, a step change in Eastern

Europe, and cumulative strength in Central Europe. We start the first full year under the new structure with all engines firing.

THE CHALLENGES AHEAD Not that we expect an easy ride. Our industry faces many uncertainties - the possibility of more restrictive legislation in relation to alcohol and health, levels of duty in Central Europe which may depress consumption, rapidly evolving legislation in emerging markets affecting the framework for brewing operations, and a not yet stable political situation in Eastern Europe. Any or all of these could have a big impact on the beer business. We therefore plan with caution.

Central Europe: **Pleven**, our newest brand in Bulgaria, made us the country's number one brewer.

THE UNIQUENESS OF INTERBREW

Interbrew is a company with a distinctive approach. We stand out among other global brewers for the way we approach our local partners, customers and markets. Our priority is to leverage on local strengths, local brands, local customer networks - rather than simply to use local markets to build our own international brands. We are quintessentially the World's Local Brewer - doing everything possible to get results, but with respect for everything at our disposal in the local frame.

We believe this approach corresponds with the way the world's economy is now developing. Conquering foreign markets was the old way to expand. Being good at local partnering is the new way to grow. We have found that our approach is a clear asset when transactions are in the offing. We have often been preferred as a partner. The descriptor “the World's Local Brewer” is a badge of relevance, of excellence. Being local is powerfully good. It means we are involved in local communities, sensitive to trends, and socially responsible - based on a code of ethics which governs the decisions of all our managers. Being good at being local is the essence of our global strategy.

OUR CRITERIA FOR SUCCESS Interbrew has made a rapid transition from small West European brewer to global player. We now have what it takes to be a success - in our grasp or within reach:

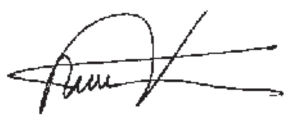
- strong market share positions within mature markets
- exposure to leading emerging market groups
- the development of Stella Artois as an international brand
- good capital resources
- and talented people

Eastern Europe: **Klinskoe**

a leading brand in the Moscow market,

helped us become the second

largest brewer in Russia.



Baron Paul De Keersmaeker
Chairman of the Board of Directors

Hugo G.L. Powell
Chief Executive Officer

Corporate Governance

Although privately owned, Interbrew is among the leading Belgian companies in terms of modern practices of corporate governance. For more than a decade the respective responsibilities of the Board of Directors and the management of the company have been clearly defined. They are regularly reviewed.

The Board of Directors

Composition The Board of Directors consists of twelve members, who are appointed by the Shareholder's Meeting. Seven Directors represent shareholders exercising a decisive or significant influence on the company. The other five Directors are independent Directors chosen for their particular professional expertise. All Directors are non-executive Directors. The Chairman of the Board is appointed by the Board from among its members. The duration of any directorship is three years, except if the Shareholders' Meeting determines a shorter duration. Directors can be re-appointed. Other than in special cases, the term of office of Directors ends immediately after the Shareholders' Meeting following their 70th birthday. The following table shows the current members of the Board of Directors:

Directors	*Initially appointed*	*Term expires*
Baron Paul De Keersmaeker (Chairman)	1998	2001
Allan Chapin	1999	2002
Count Arthur Cornet de Ways Ruart (2)	1998	2001
Count Christophe d'Ansembourg	1999	2002
Harald Einsman	1999	2002
Baron Frédéric de Mévius (1)	1997	2000
Viscount Philippe de Spoelbergh	1998	2001
Count Arnoud de Pret Roose de Calesberg	1999	2002
Bernard Hanon	1999	2002
Pierre-Jean Everaert (1)	1997	2000
Alexandre Van Damme	1998	2001
Remmert Laan	1998	2001
Charles Adriaensen (3)	2000	2003

Chief Executive Officer

Hugo Powell

Corporate Secretary

Patrice J.Thys

(1) Mandates renewable on April 25, 2000

(2) Has reached age limit. Mandate ending on April 25, 2000

(3) Mandate starting on April 25, 2000

Functioning The Board meets regularly and as frequently as required by the company's interests. In 1999, the Board has held ten one day meetings. The Board regularly holds meetings in countries where it has subsidiaries, in order to be fully acquainted with the activities, issues and situation in such countries. The Board is a collegial body. Its decisions are adopted by simple majority of the votes cast. In the event of a tie, the vote of the Chairman of the Board is decisive. In the event of a director having a conflicting interest of a financial nature with the company, such director mentions such interest to his fellow directors and the statutory auditors and does not participate in the deliberations concerned, as provided by company law. The Board is the ultimate decision-making and controlling body within the Company, without prejudice to the powers reserved to the Shareholders' Meeting by law and the charter. The Board is responsible for deciding upon the Company's strategy and objectives, all major investments and disinvestments and for controlling the successful completion of such decisions. The Board appoints the CEO and, upon recommendation of the latter, the Executive Vice Presidents. It is also the Board's task to report to shareholders.

All documents with respect of the daily management of the company and sustaining decisions which are not under the mandate of the Chief Executive Officer are provided to the Board. Administrative assistance to the Directors is provided by the Corporate Secretary, who attends Board Meetings. In addition, there exists a formal procedure allowing Directors to obtain advise from independent experts when required. Special mandates may be granted by the Board to certain Directors, after a specific discussion has taken place within the Board with a view to determining the duration and objectives of such mandates. The mandated Director reports regularly to the Board. Certain Directors also serve on the Audit, Compensation or Strategic Committees.

Board Committees

The Board has been assisted for many years by three formal Committees : the Audit Committee, the Compensation Committee and the Strategic Committee. Such Committees meet regularly (and at least three times per year as concerns the Audit Committee and the Strategic Committee). The Committees are composed of Directors chosen by the Board of Directors. Certain top managers also participate in these Committees. Their current composition is the following :

Audit Committee

Baron Paul De Keersmaeker
Baron Frédéric de Mevius
Count Arnoud de Pret Roose de Calesberg
Remmert Laan

Hugo Powell
Luc Missorten
Jo Van Biesbroeck
Michel Janssens (secretary)

Compensation Committee

Baron Paul De Keersmaeker
Pierre Jean Everaert
Viscount Philippe de Spoelberch
Count Arthur Cornet de Ways Ruart (1)
Hugo Powell

Strategic Committee

Baron Paul De Keersmaeker
Viscount Philippe de Spoelberch
Bernard Hanon
Alexandre Van Damme
Hugo Powell
Patrice J. Thys
Luc Missorten
Stéfan Descheemaeker (secretary)

(1) Has reached age limit. Mandate ending on April 25, 2000

In addition, as concerns the Audit Committee, the CEO, Executive Vice Presidents and/or the statutory auditors of the company attend meetings of the Committee when necessary for the discussion of specific subjects. Upon the request of the statutory auditors and/or the Corporate Audit Director, the Audit Committee meets in the absence of members of the management. The Audit Committee makes recommendations to the Board with a view to ensuring that adequate systems of control are in place and complied with and that the annual accounts reflect the actual economic situation of the company. The Audit Committee works in close cooperation with the statutory auditors of the company. It is also the body to which the company's internal audit team reports, so as to ensure its independence. The Compensation Committee advises the Board on the management of human resources, in particular concerning management continuity and remuneration. The Compensation Committee also takes decisions with respect to the individual compensation of the CEO and the Executive Vice Presidents, in the latter case upon the CEO's recommendation.The Strategic Committee advises the Board on the group's strategy, in particular with respect to partnerships, acquisitions and disinvestments.

Chief Executive Officer and Executive Management Committee

The company's daily management in the broadest sense is entrusted to the CEO, who, as indicated above, is appointed by the Board and reports to the latter. The CEO further ensures the implementation of the company's overall strategy, coordinating the five zones of the company and addressing challenges in a global context. The CEO presides over the Executive Management Committee. Its members, in addition to the CEO, consist of the Executive Vice Presidents. Without prejudice to the daily management powers of the CEO, the Executive Management Committee deals with all major operations of the company which are not reserved to the Board, under the latter's general control. It meets regularly and at least once a month. Except in special cases to be decided upon by the Board, the term of office of the CEO and the Executive Vice Presidents expires at the end of the calendar year in which they turn 65 years, without prejudice to the terms of employment contracts.

Chief Executive Officer

Hugo Powell

Executive Vice-Presidents

Patrice J.Thys
Legal & Corporate Affairs

Luc Missorten
Chief Financial Officer

Stefan Descheemaeker
Strategy & Business Development

Paul Cooke
Marketing and International Business Development

Jo Van Biesbroeck
Controlling & Planning

Larry Macauley
Technical Americas

Ludo Degelin
(Acting) Technical Europe-Asia

Ignace Van Doorselaere
Western Europe

Jaak De Witte
Central Europe

Michel Naquet-Radiguet
Eastern Europe

Don Kitchen
North America

André Weckx
Asia

The World's

Local Brewer

Transactions in 1999 strengthened our operations in five countries - Bulgaria, Korea, Romania, Russia and Ukraine - while our flagship international brand Stella Artois entered a further five countries and accelerated in Central Europe, North America, Australasia and the UK.

The WORLD'S Local Brewer

Interbrew as a global brewer

Past

Interbrew was still a small Western European company focused on Belgium when we acquired Labatt in 1995. Now, just four years later, we are in five zones around the world, with Belgium representing only 10% of our volumes. There is a consistent pattern to our expansion. When we entered Central Europe, Korea and Russia, we took the initial step at a time when it was unglamorous and unpopular. We planted our seeds at a time when few others believed in the opportunity.

Not that ours is a contrarian philosophy. We observe the basics. We choose strong and reliable partners (such as SUN in Russia, Doosan in Korea and Femsa in Mexico). We look to pay an acceptable price for the positions we take, and are confident we have the skills which will make a difference to the situation. If the long-term fundamentals of the market are attractive, if we do not overpay coming in, and we bring value to the operation, there are only two things missing - consistency and patience.

After those initial steps, we acted on the need to be the right size relative to our competitors in all the regions where we have a significant presence. 1999 was another year of such progress - in creating a coherent clustering of operations, and building a business with a sound and intelligent balance between mature markets and emerging markts. Here we review our progress as a global brewer - first, by reporting on the outcome in 1999 of new initiatives taken in 1998, and, second, by detailing the new initiatives taken in 1999 that will bear fruit in 2000 and after.

1999

Significant transactions in 1998 took us into Russia and Korea, at a time when both countries were suffering severe economic difficulties. One year later, the picture is somewhat different.

UPDATE ON KOREA Our timing could not have been better. 1998 was the bottom of the curve, and the economy recovered faster than the economic community predicted, recording GDP growth in 1999 of 9%. The Korean won recovered against the dollar, raising the intrinsic value of our business. Our debt payments were eased as interest rates came down rapidly, from 16% to 10%. The government also amended its policy on excise duties which previously favoured the national drink soju. The duty on soju rose from 40% to 72% in January 2000, while that on beer will drop 15% a year from 130% last year to 100% in 2001. Even before the impact of this adjustment, the beer market in Korea started growing again in the second half of 1999. We would have liked to have made more progress with OB Lager. We flattened the long-term decline, but improving its market position will take longer than anticipated. Immediate savings in operational costs, however, were significant.

UPDATE ON RUSSIA Post-devaluation management in Russia was good, with industrial output improving steadily after the start of 1999. The beer market grew strongly, up 26%, influenced by a fashionable preference for beer among young adults, and the increasing switch from vodka by consumers. Pricing improved, offset to some extent by devaluation. Even so we grew well ahead of the market in Siberia, where a booming oil business increased prosperity. We increased our share, with Rosar volumes up 36%.

UPDATE ON CHINA We are acquiring a further 20% of the Jinling brewery, matching Interbrew's 80% ownership of our second brewery in Nanjing. We have now integrated the workforce and operations of the two plants. After a period of decline, we achieved a 15% sales uplift in Nanjing, and successfully launched Hupi as a winter seasonal beer. For all that, we intend to freeze further acquisitions until we are fully satisfied that we can run a business in China efficiently.

2000 +

CONSOLIDATION IN KOREA At the end of 1999 we leapt ahead in Korea when we acquired Cass, the country's third brewer. Our market share rose to 49%, a scale increase that will cut costs in production, distribution and marketing. Cass is a brand popular with young adults, an excellent complement to OB Lager, Cafri and Budweiser under license in our portfolio. With OB Lager and Cass together we are playing in a different league. Interbrew is now a sizeable company in Korea, producing 7.5m hectolitres a year, making this our second largest market in terms of volume.

This stronger company will operate in an environment where the indicators are increasingly favourable - the high proportion of young adults in the population, the beer/soju duty realignment, and the move back towards pre-crisis levels of beer consumption. We are confident the opportunity is there once we grow market share and increase pricing.

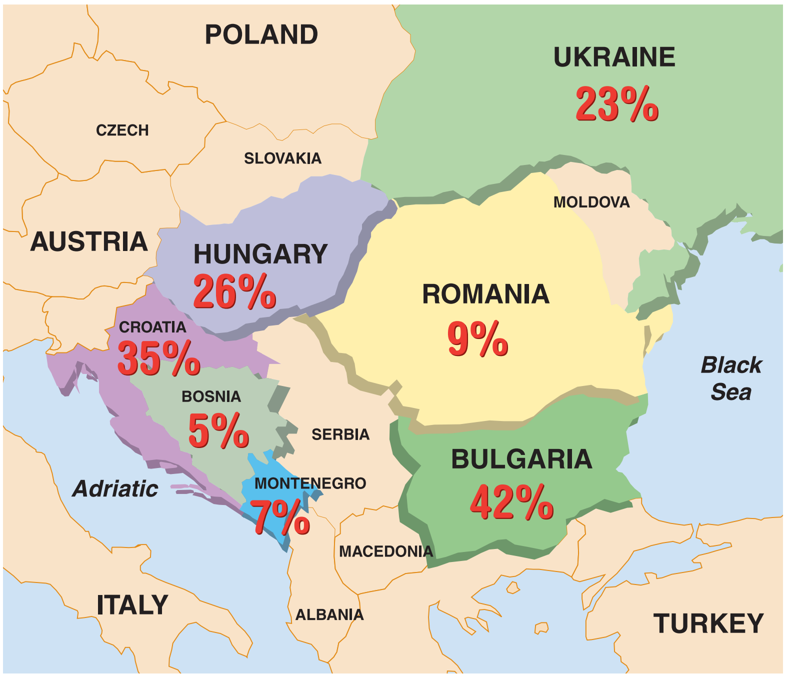
CONSOLIDATION IN EASTERN EUROPE In June we formed a strategic partnership with Sun Brewing to set up SUN-Interbrew. The parties' eight breweries in Russia and Ukraine produced on a full year basis 8m hectolitres. Each partner holds a 34% stake, with 32% held by public market investors. SUN-Interbrew is a classic Interbrew partnership, drawing on the Khemka family's long local experience and knowledge of the market's particular nuances, while Interbrew contributes a cash capital increase of $40m, brewing expertise and managerial leadership.

SUN-Interbrew subsequently acquired a majority stake in three additional breweries - Krimea and Yantar in Ukraine, and Klin near Moscow. Klin has 17% of the Moscow market, which moves the balance of our business from the provinces more towards the capital. Our plan now is to focus investment on specific regions where we can do well, and to use quality as a lever in building our business.

SUN-Interbrew is now number two in Russia with a 16.8% share. We also have a leading position in Ukraine, with a 23.3% share. Meanwhile per capita consumption is currently growing by 20-25% a year and reached 30 litres, compared with 75 litres in Western Europe. We are confident it will increase further. If we do a good job, much growth is possible.

CONSOLIDATION IN CENTRAL EUROPE We reinforced our strategic presence in Central Europe through transactions in Bulgaria, Bosnia-Herzegovina and Romania. In Bulgaria we became market leader with a 42% share when we acquired 82.5% of the Pleven brewery, which gave us critical mass in our operations, as well as national distribution for all the country's Interbrew brands. We added Bosnia-Herzegovina to the zone when we acquired 51% of the Uniline brewery near the border with Croatia. Grude is a brownfield facility with 300,000 hectolitres capacity which will allow us to continue developing our Croation brand Ozujsko as customs barriers are raised, and give us another future platform for Stella Artois.

In Romania we entered a 50/50 partnership with Efes to operate a new 1m hectolitre brewery, which supplies the additional capacity required for our long-range plan. All these transactions put resources behind existing competitive advantage, strengthening us for the future.

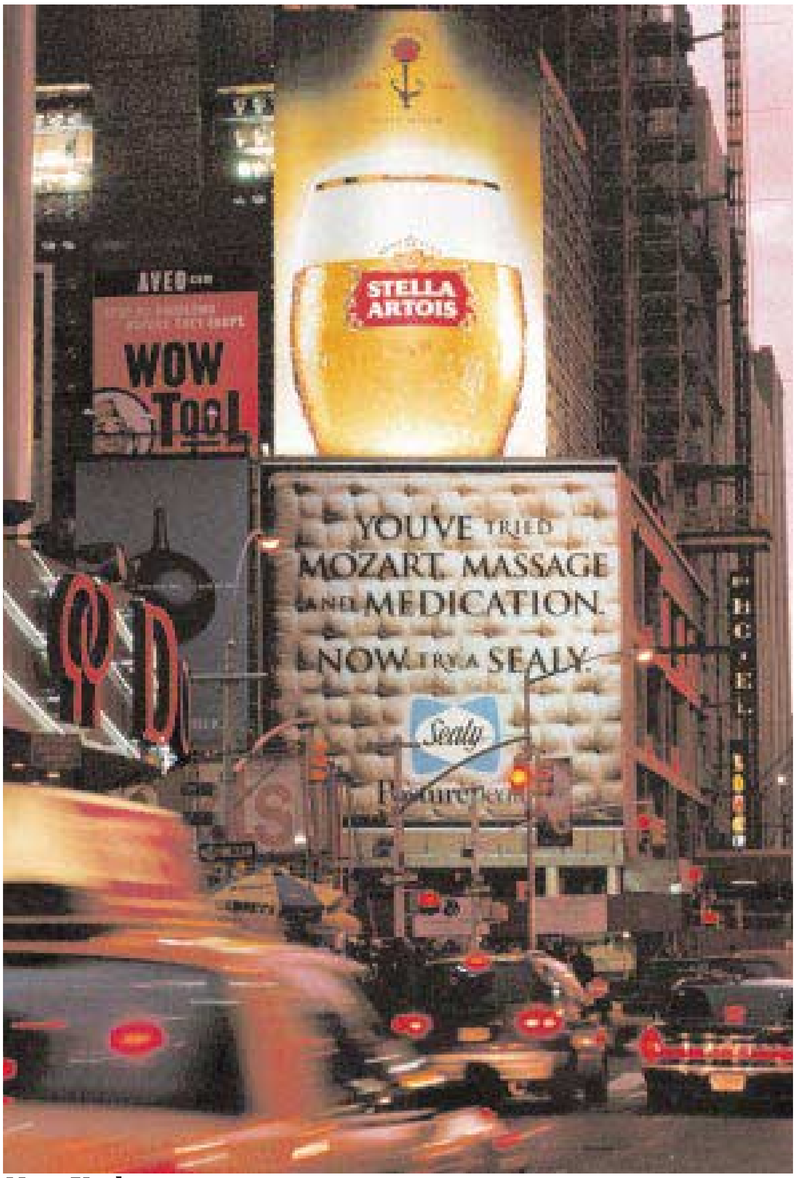


OTHER TERRITORIES In Luxembourg we exchanged minority stakes in two operations for a stronger participation in the holding company. We also made a strategic decision to exit our marketing joint venture in the Dominican Republic which has had disappointing results, in order to focus our resources on existing business propositions with superior growth potential.

GLOBAL CAMPAIGN FOR STELLA ARTOIS For the first time, Interbrew developed an international campaign with a unified platform for Stella Artois. The positioning is unique for an international brand, based on tradition, nobility and quest. The wit of the core idea - the juxtaposition of historic values and modern tastes - provides rich opportunities for marketing support.

To make optimal use of the Stella Artois name in sponsorship, we are creating our own television programming for global use.

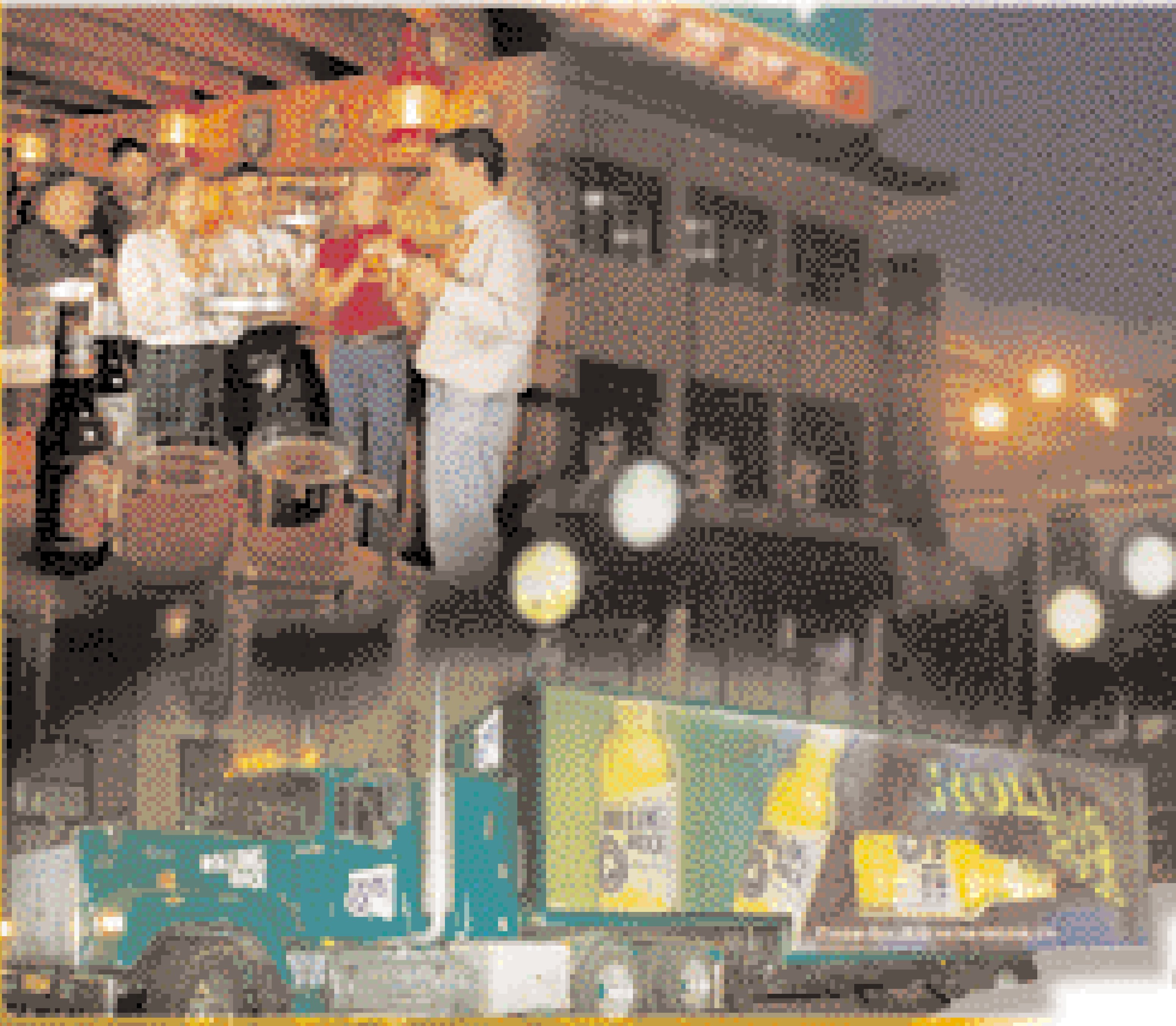
Results from countries as far afield as Hungary and New Zealand demonstrated that the campaign works across diverse cultures and countries. The campaign in the US and Canada was launched with promising results in New York, Boston, San Francisco and Toronto. It prompted growth in Italy, New Zealand and Australia, while development of the brand started well in France.

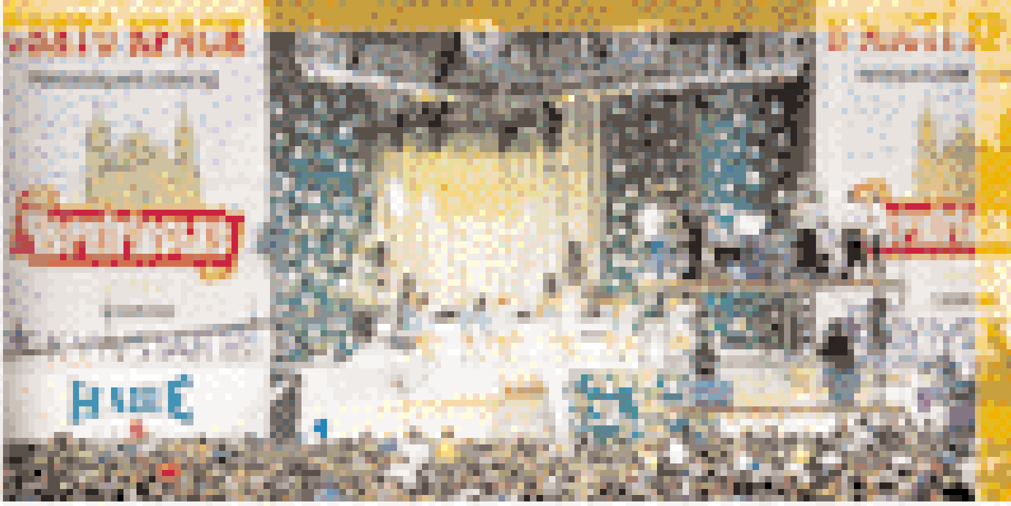


New York

Boosted by the campaign, Stella Artois continued its strong progress in Central Europe. Volumes were up 14% in Croatia, 37% in Hungary, and 88% in Romania, topping 100,000 hectolitres in each market. Meanwhile in the UK the brand continued to soar, breaking the 3m hectolitre barrier with a further 20% growth. Sales in this market have tripled in six years. To give a measure of the achievement, Stella Artois volumes in the UK are now equal to the number one imported beer in the US, though the UK market is a quarter the size.

The World's





Local Brewer

Today our local brands are
doing well virtually everywhere.
In 1999 they pushed up their sales volumes
by 2.8m hectolitres, a rise of 6.4%.

Local platforms as the foundation of our strategy

Past

Interbrew is brand rich. This wealth helps us create a balanced portfolio for each market - an appropriate mix of brands to deal with national preferences and emerging international positions. In that mix, our local brands are central. Beer markets are essentially core lager markets, and core lager is covered by local brands almost everywhere in the world. These are the brands that will continue to dominate the world market. They represent the bulk of the volume, and deliver the economies of scale required in an industry with huge fixed costs.

Our international expansion has been brand, rather than brewery, driven. In each new market it is vital to select the right local brands to develop. Meanwhile in our mature markets we focus on strengthening the core brands at the heart of our operations. Today our local brands are doing well virtually everywhere. Here we review our local markets - first by reporting results in our underlying businesses, and second by setting out the new initiatives that will bring results in 2000 and after.

Overall sales volumes were up 20.6%, an additional 7.9m hectolitres before full consolidation. Of these increased sales, 5.1m hectolitres related to new acquisitions - in Korea, Russia, Ukraine and Bulgaria. All the rest, 2.8m hectolitres, represented organic growth, a rise of 6.4%.

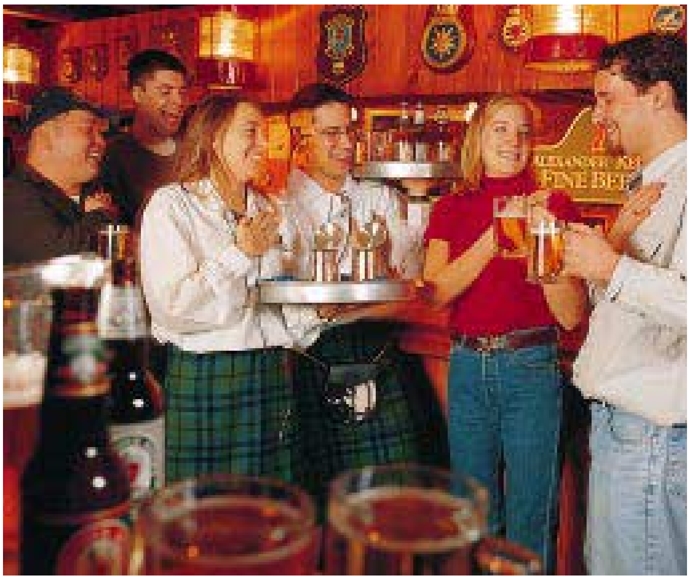
1999

WESTERN EUROPE Here the long-term trend is for beer volumes to decline by 1 to 1.5% a year. In our Western Europe zone, which covers Belgium, Netherlands and France, as well as licences, duty free and exports, our volumes were up 6%, from 14.2m to 15.0m hectolitres. A fine summer kept market volumes roughly at the level of 1998, with some growth in Holland and Belgium, and a slight decline in France. Interbrew defended well in maintaining share in Belgium, but barely increased share in Holland, where we are number two, and France, where we are number three. Jupiler remained a powerhouse in the Belgian core lager segment, and we also achieved strong performance from Hertog Jan in Holland, and Leffe in all three countries. In both Holland and France we increased the percentage of premium and specialty beers in the mix.

EASTERN EUROPE Our overall volume was up 250% in Russia and Ukraine, from 0.6m to 2.1m hectolitres before full consolidation, as we expanded our operations. Stripping out acquisitions, our organic growth was up 45%. We easily outperformed the beer market, which grew by 26% in Russia and 22% in Ukraine. The news on brands is rather positive. Sibirskaya Korona increased volumes by 54% in Siberia. In Ukraine, Chernigivkoje rose 45%, and we launched a local brand Taller with promising results.

CENTRAL EUROPE The beer market grew slightly in Romania and Bulgaria, but declined in Hungary, Croatia and Montenegro, due in part to the crisis in Kosovo. Our volumes, none the less, grew by 13% from 6.1m to 6.9m hectolitres. We increased our share in all markets, with particularly strong performances in Croatia, Hungary and Bulgaria. Among our brands Borsodi Sör (Hungary) and Ožujsko (Croatia) did particularly well, and Kamenitza (Bulgaria) contined the growth that has virtually quadrupled its share over four years.

AMERICAS For the second consecutive year we saw slight market growth in Canada, and Interbrew volumes rose in line with the market. A key development was the performance of Labatt Blue, which reached stability after ten years of volume decline, and increased its share in almost every market in Canada. In its second year, the Oland Specialty Beer Company continued its growth, with volumes up 25%. Once again Alexander Keith's surged ahead, and Kokanee grew as a regional leader. In the US we achieved strong growth in a positive sector of the biggest beer market in the world. Interbrew volumes were up 11%. Not only did we increase our share of the US import/ specialty segment, we reached a point where our volumes in that country are almost 50% of the total we made in Canada. Having shed non-strategic brands from our portfolio, we gained extra momentum from the rest. Labatt Blue gained ground as the number three import brand, up 15%, while Blue Light once



again achieved 41% growth. Rolling Rock, our US domestic specialty brand, confirmed the success of its restage with 4% growth in a category down 5%. It now represents 30% of our US volumes.

Our Mexican brands - Tecate, Dos Equis and Sol - were up 17%, with a particularly strong performance from Tecate, which grew by 18% to gain seventh place in the import rankings. In Mexico itself, volumes of our partner Femsa were up 3%, while profits rose by 16%.

2000 +

BEER.COM Interbrew pulled off an industry first when it launched beer.com, an interactive web site for beer lovers, providing everything they like best - sociability, the latest in sports and music, an on-line dating service and chat room, an interactive guide to bars and concerts, plus promotions and contests. Anyone searching the Internet for content on beer is immediately directed to beer.com, giving Interbrew a leadership position in a revolutionary medium that is changing the way all businesses work.

The advantages are multiple. The web site will improve our US reach, and give us a global vehicle for Stella Artois. It initiates an interactive relationship with consumers - an ideal way to reach the new generation of young adults who are differently wired. Television for them means the Internet. Not only is the Internet a more effective medium with this target audience, it opens up opportunities for other partnerships and revenue streams in beer-related fields. The web site provides a showcase for all Interbrew brands around the world, and gives us another arrow in our quiver

when we approach potential partners in our strategy of consolidation. Beer.com also marks us out as a forward-thinking company, looking beyond the brewing industry for ideas and solutions.

MATURE MARKET BRANDS 1999 saw several brand initiatives, all with premium pricing. We acquired Löwenbräu in the US

import/specialty segment, launched Loburg in France, and introduced new alco malts, Boomerang and Bungee, in Canada. Awareness of Belgian beers in North America noticeably grew. The Oland Specialty Beer Company laid the foundations for our specialty brands Hoegaarden, Leffe and Belle-Vue in Canada, while the US market was boosted by the fashionable success of Belgian-style bars. Our own Belgian Beer Café franchise expanded around the world - there are now 20 cafés open, in Germany, France, New Zealand and Australia, with plans for Singapore and Korea.

Oakland-New Zealand

DOING MORE FOR CUSTOMERS Our efforts to serve customers better spawned significant initiatives on both sides of the ocean. As part of the Total Interface Management project, we acquired and formed agreements with wholesalers in Belgium, France and the Netherlands to create a network characterised by fast decision-making to support bar keepers and help them grow their business. We also used packaging innovation as a way to pursue customer and consumer advantage - exploiting new in-mould labelling technology to produce crates for Hertog Jan and Dommelsch Pilsener with much more graphic impact, and introducing shrink film multi-packaging on the canning line in Leuven to increase consumer convenience while cutting costs. In Canada we created a new centre for excellence in sales that focuses on national key accounts, offering them specific sales expertise to help them grow their businesses.

INVESTING AHEAD The results we report include investments in new developments - in the supply chain, IT systems and marketing channels - where the outcome of the investments should become visible within a reasonable time frame. In 1999 this spend was an important amount - $40m in the Americas, and 10m Euros in the Western - Europe zone. These developments will put money in our pocket in 2000 and beyond, as our investments, particularly on the supply side, bear fruit.


The World's

Local Brewer

Interbrew is now organised into five zones, to make it easier for us to leverage our competencies and skills around the world and improve the way we operate.

Improving the way we operate

Past

What makes Interbrew different is that we are growing faster than any other global brewer. During the past five years our volumes have increased almost fourfold. We had 32 breweries at the start of last year and 45 at the end. Such rapid expansion requires parallel changes in the way the company is run.

Interbrew is constantly evolving into a more international company. Year by year we do more to exploit our economies of scale, in terms of know-how and expertise as well as production, marketing and distribution. There is still a long way to go. That process took a big step forward in 1999 when we reorganised the company into five zones, to better leverage our competencies and skills around the world. Here we report on some of our major operational achievements in 1999, and give a flavour of how we are preparing to do even better in the future.

1999

CAPACITY UTILISATION Utilisation in Central and Eastern Europe was pushed even higher by the introduction of high gravity brewing and optimised brewing processes. We managed capacity more effectively in Canada by improving cycle times, optimising the package mix across the major breweries, and introducing greater crewing flexibility. In Western Europe we took the first steps in closing the old brewery in Leuven.

COST SAVINGS Operational costs in Western Europe were cut by some 7 MioEuro. We achieved an initial saving of $8m in supply chain costs in Canada, with even greater impact expected in 2000.

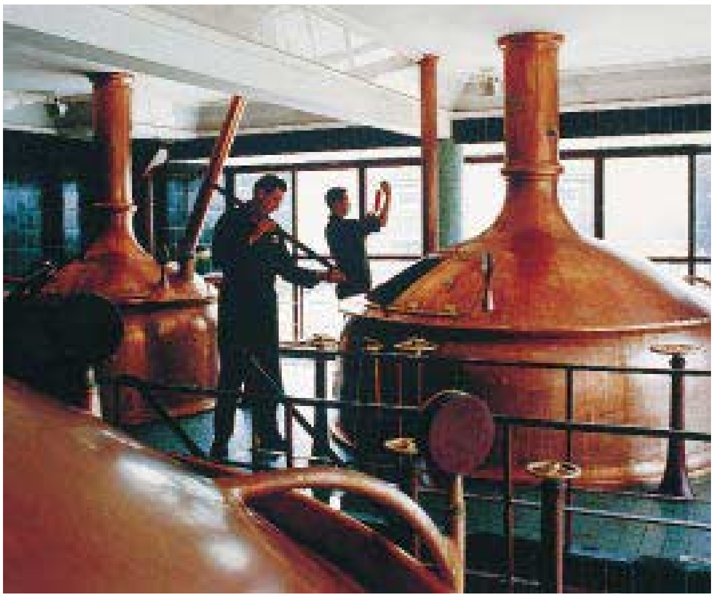
PRODUCTIVITY Breweries in Western Europe achieved a 1.8% improvement in technical productivity, despite an increase in complexity. In Hungary we ran world class manufacturing projects which brought significant improvements in bottling efficiency, increasing overall efficiency by some 40%.

2000 +

GLOBAL MANAGEMENT More and more of our activities are being managed globally, to spread hard won expertise into new markets, and exploit our size. Strategic sourcing is an important example: preliminary discussions with global suppliers are underway. Meanwhile additional sourcing projects to be activated in Western Europe in 2000 covered an additional 30 MioEuro of purchasing, a further 12% of the total.

A centralised marketing group was set up, to ensure the growth of Stella Artois and enable us to be more systematic in what we do across the world - whether measuring and tracking brand health, or briefing advertising agencies on positioning and objectives. Using advertising for multiple markets brought us immediate pay-offs - the Jupiler positioning was a winner for some of our brands in Central Europe, particularly Kamenitza. As a global brewer, we can spot the opportunity for a core position, and move success out of one market into another.

CAPITALISING ON LEARNING We pay for our learning, and need to get the most out of it. We already transfer our learning from brewery to brewery. For example, with each new packaging line we have installed in Canada, we have improved productivity further through additional refinements. The cumulative benefit can be seen in the latest line for London, Ontario, which will provide a 70% increase in hectolitres per hour worked. As a bigger company, Interbrew now has richer opportunities to gain competitive advantage by spreading learning from country to country, and from zone to zone. A Canadian innovation will be adopted by Labatt USA when the Beer Institute concept, invented by the Oland Specialty Beer Company to promote the culture of beer and the aura of specialty brands, is extended in 2000 to New Hampshire. Elsewhere world class manufacturing projects pioneered in Western Europe, and since extended to Hungary, will be rolled out to Croatia, Ukraine and Romania in 2000. The growing technical expertise of our breweries in Central Europe means that we now train managers from new affiliates in Hungary, Romania and Croatia, not just Belgium. The five zone structure creates the kind of organisation which increases regional cross-fertilisation.



MAKING BETTER USE OF OUR PEOPLE Interbrew now offers a much wider world of opportunity. Globalisation of job grading is underway. Competency management is in place for most employees in Western Europe and senior managers everywhere. We are defining the competencies needed for each position as the first step in creating individual development plans. Interbrew helps employees define a credible progression, while employees take ownership of their careers.

Interbrew's priority is to fill new opportunities from within. The company's growth offers employees a unique chance to be part of a real success story. At the same time, we are increasingly able to attract talented people into the company by offering a fast track and international experience - good building blocks for a serious career. We are then invigorated by new people, fresh talent and new ideas.

THE SPIRIT OF INTERBREW The introduction of a change management project at the new Leuven brewery symbolises the way the company is developing - a flat organisation, with high levels of autonomy and a basis of trust in people. It is focused on processes, and sensitive to customers. People work in teams, each taking responsibility for a key operation or process, with the emphasis on prompt response and adaptability to problems within well-defined boundaries. It makes for a more interesting way to work, giving individuals more responsibility, and also more opportunity

to gain recognition for what they achieve. It is appropriate to end this report on another year of achievement by talking about recognition. We have reported the year's improvements, and we know there are no invisible hands steering that. We take off our hats to staff, and thank you for all your efforts.

Financial report

Consolidated financial statements

- Management report on consolidated financial statements 38
- Consolidated balance sheet 42
- Consolidated income statement 44
- Consolidated statement of changes in financial position 46
- Notes to the financial statements 47
- Statutory auditor's report 65

Management report on consolidated financial statements

Here we review the activities, operational results and financial circumstances of the Group Interbrew for the fiscal year ended on December 31, 1999 compared to the fiscal year ended December 31, 1998. This information should be read in conjunction with the Group's 1999 consolidated financial statements.

As was the case in the past years, 1999 brought substantial changes to the scope of the Group. The size and timing of these changes must be taken into account in understanding the evolution of the statements from 1998 to 1999.

The significant scope changes in 1999 were as follows:

- In June 1999, the Group entered into a strategic joint venture with the Sun Group, covering Russia and Ukraine. Interbrew contributed its earlier acquired Russian and Ukrainian affiliates to the new joint venture.
- In November 1999, the Group acquired the Klin Brewery located in the Moscow region. It will be included in the joint venture. Our joint operations will sell approximately 9.8 million hectolitres a year and represent 15.8 % market share in Russia and 24.1 % in Ukraine.
- In December 1999, the Group, jointly with its Korean partner Doosan, concluded the acquisition of the Cass brewery, the 3rd largest brewer in the Korean market. Our combined operations in Korea will have sales of 7 mio hectolitres a year and have approximately 50 % market share.
- Interbrew consolidated its position in Luxembourg. The former minority stakes of Interbrew in Luxembourg have now been combined into an Interbrew controlled entity and are now fully consolidated into the statements.
- A few minor scope changes were realised in areas where Interbrew already had established a position.
  In Bulgaria, Interbrew acquired a 4th brewery, Pleven in the North of the country.
  In Romania, close to Bucharest, a joint venture deal was concluded with the Efes brewery.
  Finally, Interbrew started a greenfield operation in Bosnia, in the former Yugoslavia.

The implications of these changes to the scope variances of the Group are noted where appropriate.

Results of operations

Total Interbrew volume increased in 1999 over 1998 by 27 % to 49 million hectolitres. The scope variance accounts for the majority of the volume increase. Our newly acquired Russian and Korean operations contributed to this evolution. The Korean venture, Oriental Brewery, was only included in our 1998 results for four months.

Organic volume growth was very satisfactory with + 2.7 million of hectolitres or 7.1 % growth. This increase was fuelled by strong beer industries in our main countries, as well as strong market share performances of our affiliates during the year 1999.
Stella Artois continued its growth, especially in the U.K. and Central Europe. Some new territories were added and are expected to deliver strong volume growth over the next years.

The acquisitions in Russia and Korea allowed Interbrew to further balance sales in mature and emerging markets. The ratio evolved from 28 % to 42 %.

On a consolidated basis, the net net sales revenues (gross sales less discounts and excise taxes) grew by 19.5 % up from 2,715 MioEuro in 1998 to 3,243.8 MioEuro in 1999.
The net net sales growth rate is lower than the volume growth rate, as the newly acquired affiliates bring net net sales/hl figures below mature market standards. However, they are expected to bring further value to Interbrew in the future.

The operating profit increased by 9.3 % from 383.0 MioEuro in 1998 to 418.8 MioEuro in 1999. The growth rate of the operating profit before depreciations and amortisations was 16.1 %, pushing EBITDA from 650.9 MioEuro in 1998 to 755.7 MioEuro in 1999.

The difference in growth rate of operating profit before and after depreciation and amortization is explained by the substantial increase in depreciation and amortisation resulting from fair market value adjustments and goodwill due to acquisitions.

Excluding the impact of the scope changes, our operational expenses only increased in services and other goods fuelled primarily by our continuous support of our brands in all territories in order to achieve brand equity growth.

We also recorded some non recurring operational charges linked to operational tax claims and important transactional costs.
The operating profit margin dropped from 14.1 % in 1998 to 12.9 % in 1999 because of the inclusion of sizeable emerging markets acquisitions.

These platforms will be part of our future growth engines.

The financial interests slightly increased, mainly as a result of the Korean debt linked to acquisitions in 1998.

The newly acquired Korean venture does not materially influence the financial results yet (acquisition in December 1999), but will do so in 2000. We have opted for an important local leverage of our two businesses in Korea.

The Group's interest cash cover decreased from 4.7 in 1998 to 4.1 in 1999. We continue to manage our debt prudently, to minimise borrowing costs and related risks.

The extraordinary results for the Group amount up to - 43.3 MioEuro and are related to restructuring projects, provisions for claims and provisions for businesses held for sale.

Income taxes remained stable in spite of improved profitability. No deferred tax asset is recorded on our Korean joint venture losses.

Equity income nearly doubled with + 30.2 MioEuro versus 1998. This was a result of strong operational growth in our 30% held Mexican affiliate and a strong Peso versus the Euro.

Finally, the NAT share of the Group increased by 21.1 % or from 190.1 MioEuro to 230.3 MioEuro. An important part of this growth was realised in our fully controlled operations.
The profit before extraordinary and equity income and taxes increased by 9.6 % or from 279.7 MioEuro to 306.5 MioEuro in 1999.

The rise in extraordinary expenses is compensated by the strong equity income increase.

Currencies

The Group has material foreign operations, transactions and balances denominated in foreign currencies. The accounts of foreign subsidiaries and associated companies are translated in MioEuro in accordance with official exchange rates. Average exchange rates are used for the income statement and year end rates are used for the balance sheet. The most significant movement in exchange rates during the year was the weakening of the Euro against all major currencies.

Inflation

The Group operates in a number of countries where inflation rates continue to be high. Therefore, in evaluating the performance of operating units in the income statement, the Group adjusts results for the effects of inflation.

Inflation affects the way we do business in many markets around the world, particularly the emerging markets. In our operations we attempt to offset increasing costs and generate cash flow by appropriate price increases.

Financial position, liquidity and capital ressources

Our financial debt as at December 31, 1999 totalled 2,060.8 MioEuro, an increase over 1998 of 310.4 MioEuro or 17.7 %. The increase is mainly caused by the financing of the Cass brewery in Korea, which we have leveraged significantly in the local currency.

The normal generated cash flow during the year was sufficient to finance all other acquisitions in 1999.

The operating free cash flow increased from 289.9 MioEuro in 1998 to 298.5 MioEuro in 1999 as a result from strong operational earnings growth and well managed capital expenditures. Dividends as proposed to Interbrew S.A.'s annual shareholders' meeting increase by 21 % versus 1998.

The ROE declined from 16.6 % to 15 %, due to increased net equity brought about by currency adjustments. The ROCE dropped from 12.6 % in 1998 to 10.4 % in 1999. The inclusion of assets from emerging markets with lower profitability levels explains this evolution. Both the Korean and Russian operations, will further contribute to future growth of this ratio. Our mature markets continued to deliver operational growth and increased their ROCE ratio.

Euro and Y2K

Substantial and successful efforts were made to make the Group compliant on Euro and Y2K. Both projects were successfully managed and prevented interruptions of our businesses.

Environmental

We continue to invest in environmental friendly capital expenditure in mature and emerging markets. Our close cooperation with several reputable universities was sustained, in order to maximize our technical environmental standards.

Outlook

During 1999, Interbrew invested sizeable amounts in the creation of a platform for future growth, combining mature markets and emerging markets.
Acquisitions in emerging markets in the short run penalise some of the operating ratios, but we are convinced of the strong growth potential that they will have in the future.
In the next year(s), we will continue to invest in these markets (mainly through capital expenditures) to allow us to increase capacity and operational
quality.

Our mature markets will continue to push operating performance via value creation in brands and operating cost excellence.

Consolidated balance sheet

ASSETS

		31.12.1999 MioEuro	31.12.1998 MioEuro
CAPITAL ASSETS AND INVESTMENTS		4,590.5	3,352,5
Intangible assets	Note 3.	49.4	26.2
Goodwill	Note4.	1,368.0	1,038.3
Property, plant and equipment	Note 5.	2,495.5	1,699.6
Land and buildings		*859.1*	*581.9*
Plant, machinery and equipment		*1,271.4*	*805.2*
Furniture and vehicles		*129.9*	*105.7*
Property under capital leases and other similar rights		*32.4*	*41.9*
Other tangible assets		*130.4*	*123.4*
Assets under construction & advance payments		*72.3*	*41.5*
Investments	Note 6.	677.6	588.4
Companies accounted for under the equity method		*534.5*	*422.3*
Shares		*534.5*	*422.3*
Other investments carried at cost		*143.1*	*166.1*
Shares		*113.2*	*142.0*
Receivables		*29.9*	*24.1*
CURRENT ASSETS AND LONG TERM RECEIVABLES		1,662.0	1,135.7
Receivables due after one year		80.9	58.6
Trade Debtors		*52.2*	*37.7*
Other receivables		*28.7*	*20.9*
Inventory and contracts in progress		235.9	164.9
Inventory		*235.9*	*164.9*
Raw materials and consumables		*130.7*	*86.0*
Work in progress		*33.7*	*21.1*
Finished goods		*32.7*	*24.2*
Goods purchased for resale		*35.6*	*33.6*
Prepayments		*3.2*	*0.0*
Receivables within one year		811.6	557.5
Trade receivables		*547.1*	*416.6*
Other receivables		*264.5*	*140.9*
Term deposits and marketable securities		163.3	194.0
Own shares	Note 7.	*34.7*	*3.3*
Other short term investments and deposits	Note 8.	*128.6*	*190.7*
Cash in bank and on hand		306.5	116.1
Deferred charges and accrued income		63.8	44.6
TOTAL ASSETS		6,252.5	4,488.2

Consolidated balance sheet

LIABILITIES

		31.12.1999 MioEuro	31.12.1998 MioEuro
CAPITAL AND RESERVES		1,536.1	1,146.4
Capital		252.1	248.4
Issued capital	Note 9.	252.1	248.4
Contributed surplus	Note 9.	48.3	40.0
Appraisal surplus		12.2	13.2
Retained earnings	Note 10.	974.5	862.9
Cumulative translation adjustment	Note 11.	248.6	-18.6
Government grants		0.4	0.5
MINORITY INTEREST		454.2	153.3
Minority interest		454.2	153.3
PROVISIONS AND DEFERRED TAXES		697.0	429.2
Provisions for liabilities and charges		539.4	342.3
Pensions and similar obligations	Note 12.	*327.9*	*146.9*
Other liabilities and charges		*211.5*	*195.4*
Deferred taxes	Note 13.	157.6	86.9
CREDITORS		3,565.2	2,759.3
Long-term obligations		2,110.8	1,740.1
Financial debt	Note 14.	*1,953.0*	*1,609.5*
Non-subordinated debentures		*0.3*	*0.3*
Obligations under capital leases and other similar obligations		*25.1*	*11.5*
Credit institutions		*1,926.3*	*1,597.5*
Other loans		*1.3*	*0.2*
Trade Debts		*3.1*	*0.0*
Suppliers		*3.1*	*0.0*
Other amounts payable		*154.7*	*130.6*
Amounts payable within one year		1,311.9	920.0
Current portion of long-term obligations	Note 14.	*137.1*	*126.3*
Financial debt		*316.7*	*246.5*
Credit institutions		*298.7*	*236.6*
Other loans		*18.0*	*9.9*
Trade payables		*349.3*	*251.6*
Suppliers		*349.3*	*251.6*
Taxes, payroll and related obligations		*360.5*	*226.6*
Income and other taxes and payroll withholdings		*256.4*	*135.9*
Payroll and social security		*104.1*	*90.7*
Other amounts payable		*148.3*	*69.0*
Accrued charges and deferred income		142.5	99.2
TOTAL LIABILITIES		6,252.5	4,488.2

Consolidated Income Statement

		1999 MioEuro	1998 MioEuro
OPERATING REVENUE		4,500.1	3,599.3
Sales	Note 15.	*4,346.4*	*3,478.5*
Increase (Decrease) in inventory of finished goods, work and contracts in progress		*2.2*	*-2.6*
Operating expenses capitalized to capital assets		*7.1*	*6.6*
Other operating revenues		*144.4*	*116.8*
OPERATING EXPENSES		-4,081.3	-3,216.3
Raw materials, consumables and goods for sale		*2,117.3*	*1,562.5*
Purchases		*2,122.4*	*1,560.0*
(Increase) Decrease in inventory		*-5.1*	*2.5*
Services and other goods		*910.0*	*761.6*
Payroll and benefits	Note 15.	*635.9*	*581.6*
Depreciation and amortization		*303.2*	*237.0*
Inventory provisions and bad debt expense		*14.6*	*6.3*
(Decrease) in provisions for liabilities and expenses		*-28.5*	*-34.7*
Other operating expenses		*95.1*	*71.1*
Amortization of goodwill		*33.7*	*30.9*
OPERATING PROFIT		418.8	383.0
FINANCIAL INCOME		109.7	65.6
Investment income		*8.1*	*4.2*
Income from term deposits and marketable securities		*19.3*	*18.2*
Other financial income		*82.3*	*43.2*
FINANCIAL EXPENSES		-222.0	-168.9
Interest and other financing expenses		*134.2*	*114.8*
Amounts written off other current assets		*0.1*	*0.5*
Other financial expenses		*87.7*	*53.6*
PROFIT BEFORE EXTRAORDINARY ITEMS AND INCOME TAXES		306.5	279.7

Consolidated Income Statement

Continued		*1999 MioEuro*	*1998 MioEuro*
EXTRAORDINARY INCOME		30.2	22.6
Extraordinary income to amounts written off on financial investment		*0.5*	*0.0*
Extraordinary adjustments to provisions for liabilities and expenses		*0.6*	*1.1*
Gain on disposal of capital assets and investments		*16.6*	*18.7*
Other extraordinary income		*12.5*	*2.8*
EXTRAORDINARY EXPENSES		-73.5	-43.7
Amounts written off investments		*0.5*	*0.0*
Extraordinary provisions for liabilities and expenses		*58.9*	*13.3*
Loss on disposal of capital assets and investments		*4.2*	*1.6*
Other extraordinary expenses		*9.9*	*28.8*
PROFIT FOR THE YEAR BEFORE INCOME TAXES EQUITY INCOME AND MINORITY INTEREST,		263.2	258.6
INCOME TAXES		-93.4	-93.7
Current taxes		*-104.0*	*-66.0*
Adjustment of income taxes and write-back of tax provisions		*2.3*	*0.1*
Deferred income taxes	Note 15.	*8.3*	*-27.8*
PROFIT AFTER TAXES OF THE CONSOLIDATED COMPANIES		169.8	164.9
SHARE IN THE RESULTS OF ASSOCIATED COMPANIES		60.5	30.3
Profit		60.5	30.3
CONSOLIDATED PROFIT		230.3	195.2
SHARE OF THE GROUP IN THE RESULT		230.3	190.1
SHARE OF MINORITY INTERESTS IN THE RESULT		0.0	5.1

Consolidated statement of changes in financial position

		1999 MioEuro	1998 MioEuro
OPERATING ACTIVITIES			
Net profit		230.3	190.1
Minority interest		0.0	5.1
Equity income net of dividend received		- 52.2	- 22.6
Gain on disposal of capital assets and investments		- 17.7	- 18.7
Loss on disposal of capital assets and investments		5.1	1.6
Depreciation		336.9	268.0
Operating expenses capitalized to capital assets		- 7.1	- 6.6
Amounts written off		29.6	33.0
Movements on provisions		29.8	- 22.5
Movements on deferred taxes		- 8.3	27.8
Amortization of government grants/appraisal surplus		- 0.1	- 0.9
CASH GENERATED BY OPERATIONS		546.3	454.3
CHANGES IN WORKING CAPITAL, TRANSLATION ADJUSTMENTS AND OTHERS		- 23.4	- 16.0
OPERATIONAL CASH FLOW		522.9	438.3
INVESTMENT ACTIVITIES			
Acquisition of capital assets		289.7	188.5
Operating expenses capitalized to capital assets		- 7.1	- 6.0
Acquisition of investments		301.0	677.7
SUB-TOTAL INVESTMENTS		583.6	860.2
Proceeds on disposal of capital assets		58.2	34.2
Proceeds on disposal of investments		2.5	37.2
Repayment of loans		125.9	93.5
SUB-TOTAL DISPOSALS		186.6	164.9
CASH (USED IN) INVESTMENT ACTIVITIES		- 397.0	- 695.3
FINANCING ACTIVITIES			
Capital increase subscribed by third parties	*Note 16.*	80.6	1.0
Capital reduction		0.0	- 0.5
Capital reduction of equity accounted affiliates	*Note 16.*	50.0	0.0
Gross dividend to be paid to shareholders		- 58.0	- 47.9
Gross dividend paid to minority interests	*Note 16.*	- 33.5	- 9.1
Repayment of loans		- 236.3	- 119.0
New loans		191.6	458.5
CASH GENERATED BY (USED IN) FINANCING ACTIVITIES		- 5.6	283.0
INCREASE IN CASH DEPOSITS AND CASH		120.3	26.0
Cash deposits and cash at the beginning of the year [1]		- 130.4	50.0
Cash deposits and cash at the end of the year		- 10.1	76.0

[1]The difference between last year's ending cash position and this year's opening cash position is due to the reclassification of a USD loan from long term to short term.

Notes to the Consolidated financial statements

1. Significant Accounting Policies

(A) Basis of Preparation

The consolidated financial statements are prepared in accordance with the requirements of the Belgian Royal Decree of 8 October 1976, and its subsequent amendments and with the requirements of the Belgian Royal Decree of March 6, 1990. The aforementioned Royal Decrees incorporate the requirements of the 4th and 7th Directives of the Commission of the European Union.

In general the Group's accounting policies comply with International Accounting Standards. The consolidated financial statements are not, however, prepared in accordance with International Accounting Standards as a number of accounting policies differ from their requirements.

The consolidated financial statements are prepared as of and for the period ending on 31 December 1999.

They are presented after the effect of the profit appropriation of the parent company proposed to the General Assembly of Shareholders.

(B) Principles of Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been fully consolidated.

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group has between 20 % and 50 % of the voting rights and over which the Group exercises significant influence, but which it does not control.

Investments over which the Group has less than 20 % of the voting rights and over which the Group does not exercise significant influence are accounted for under the historical cost method.

All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Group's significant subsidiaries and associated undertakings is set out in note 2.

(C) Scope of Consolidation

The following major companies have been included for the first time in the Group's consolidated financial statements as of and for the period ending on December 31, 1999:

- Sun Interbrew Ltd (Russia and Ukraine);
- Cass Brewery (South Korea);
- Efes Brewery S.A. (Romania);
- Pleven (Bulgaria)
- Brasseries Réunies de Luxembourg Mousel et Clausen S.A. (Luxembourg)
- Klin Brewery (Russia)
- Uniline D.O.O (Bosnia Herzegovina)
- Brasserie de Diekirch (Luxembourg) has been consolidated under the full consolidation method. In 1998, this company was consolidated under the equity method.

The Group holds investments in a number of sports-related companies operating in Canada. In accordance with article 13,4° of the Royal Decree of March 6, 1990, these investments are not consolidated as they are held exclusively for subsequent sale. They are recorded at their estimated realisable value.

(D) Foreign Currencies

Foreign currency transactions in Group companies are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year-end exchange rates.
Income statements of foreign entities are translated into Euro at average exchange rates for the year and the balance sheets are translated at the year-end exchange rates ruling on 31 December. The components of Shareholders' equity are translated at historical rates. Exchange differences arising from the retranslation of shareholders' equity at year-end exchange rates are taken to "Cumulative translation adjustment" in shareholders' equity.

The financial statements of foreign operations in hyperinflationary economies are remeasured into the reporting currency (USD or Euro) as if it was the operation's functional currency. As a result, nonmonetary assets, liabilities and related income statement accounts are remeasured using historical rates in order to produce the same result in terms of the reporting currency that would have occurred if the underlying transaction was initially recorded in this currency. In some hyperinflationary economies remeasurement of the local currency denominated nonmonetary assets, liabilities, related income statement accounts as well as equity accounts is made by applying a general price index. For subsidiaries and associated companies in countries where such method is stabilized and provides reliable results, these remeasured accounts are used for conversion into Euro at the closing exchange rate instead of using a remeasurement into a reporting currency first.

The following exchange rates have been used in preparing the financial statements:

Currency		Closing rate		Average rate	
		1999	1998	1999	1998
Canadian Dollar	CAD	0.684556	0.553670	0.626146	0.612039
US Dollar	USD	0.995421	0.857092	0.933997	0.904748
Korean Won	KRW	0.000876	0.000713	0.000783	0.000656
Mexican Pesos	MXN	0.104700	0.086400	0.097547	0.100354
Russian Ruble	RUB	0.036765	0.039772	0.038217	0.089481
Ukrainian Hryvna	UAH	0.190830	0.249606	0.233184	0.400947
Hungarian Forint	HUF	0.003926	0.003914	0.003951	0.004224
Bulgarian Lev	BGN	0.511300	0.511300	0.511300	0.511355
Rumanian Lei	ROL	0.000055	0.000078	0.000063	0.000104
Yugoslavian Dinar	YUM	0.085215	0.085226	0.085215	0.108597
Chinese Yan	CNY	0.120200	0.103520	0.112747	0.109307
Croatian Kuna	HRK	0.130220	0.136693	0.132485	0.141700

(E) Intangible Assets

Intangible assets are amortised using the straight line method over their useful lives with a maximum of 5 years.
The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

(F) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associated undertaking at the date of acquisition.

Goodwill is amortised using the straight line method over its estimated useful life. Goodwill arising on the acquisition of breweries is generally amortised over 20 years. Goodwill arising on the acquisition of distribution companies is generally amortised over 5 years. The goodwill which arose from the acquisition of Labatt Brewing Company Ltd is being amortised over 40 years due to the strategic importance of the acquisition to the long term development of the Group, the nature and stability of the markets in which the company operates and its position on these markets.

Goodwill is expressed in the currency of the subsidiary to which it relates (except for subsidiaries operating in highly inflationary economies) and is translated in Euro using the year-end exchange rate.

The carrying amount of goodwill is reviewed annually and written down for permanent impairment when it is considered necessary.

(G) Property, Plant and Equipment

All property, plant and equipment is recorded at historical cost less depreciation. Cost includes the purchase price and other direct acquisition costs (e.g. taxes, transport).
Depreciation is calculated from the date of acquisition using the straight line method over the estimated useful life of the assets.

The rates used are as follows:

Industrial buildings	20 years
Production plant and equipment:	
• Production equipment	10 or 15 years
• Storage and packaging equipment	6 or 8 years
• Handling and other equipment	5 years
• Duotanks	6 years
Identified reusable packaging:	
• Kegs	10 years

• Bottles	5 years
• Crates	5 or 10 years
Point of sale furniture and equipment	5 years
Vehicles	5 years
Information processing equipment	3 or 5 years
Other real estate properties	33 years

Land is not depreciated as it is deemed to have an infinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance which do not prolong the economic life of the assets to which they relate are expensed as incurred.

(H) Accounting for Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts is depreciated over the useful life of the asset.
Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(I) Investments

Investments comprise non-consolidated associated companies and companies in which the Company holds less than 20% of the voting rights.

Receivables classified as other investments represent receivables from non-consolidated investments and are written off when there is doubt as to their recoverability.

(J) Inventories

Inventories are valued at the lower of weighted average cost and net realisable value. Cost is determined by the weighted average method.

The cost of finished product and work in progress comprises raw materials, other production materials, direct labour and other direct cost but excludes overhead.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

(K) Trade Receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

(L) Investments and Deposits

Investments and Deposits includes term deposits with credit institutions, marketable securities and investment assets held for sale. They are valued at the lower of acquisition cost and market value. Listed securities are valued at quoted market prices, unlisted securities at estimated value (approaching “mark to market”) and investment assets held for resale are valued at estimated realisable value.
Investments taken up as a hedge instrument are carried at acquisition cost.

(M) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(N) Pension Obligation

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries.

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans each year. The pension obligations are measured as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability. All actuarial gains and losses exceeding a corridor of 10 % of the higher of plan assets or plan obligations are spread forward over the average remaining service lives of employees with a maximum of 5 years. In 1999 the Group implemented IAS 19 (revised 1998) Employee Benefits and accounted for the transitional liability by adjusting retained earnings at 1 January 1999.

The Group's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate.

(O) Other Post-Retirement Obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries.

(P) Deferred Income Taxes

Deferred income taxes are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Under this method the Group is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, provisions for pensions and other post retirement benefits and tax losses carried forward.

(Q) Revenue Recognition

In relation to the sale of goods, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding the consideration, associated costs or the possible return of goods.

Interest, royalties and dividends arising from the use by others of the Company's resources are recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Interest income is recognised as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(R) Research and Development, Advertising and Promotional Costs and Systems Development Costs

Research and Development, advertising and promotional costs and systems development costs are expensed in the year in which these costs are incurred.

(S) Derivative Financial Instruments

The Group uses derivative financial instruments primarily to reduce the Group's exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. The Group's policy prohibits the use of derivatives for speculation. The Group neither holds nor issues financial instruments for trading purposes.
Gains and losses resulting from the use of derivative instruments are deferred and recorded in the Income Statement at the appropriate time.

2. Companies included in the financial statements

Listed below are the most important Group companies.
A complete list of the Group's investments is available at Interbrew S.A., Vaartstraat 94, B-3000 LEUVEN (BELGIUM). The total number of companies (fully consolidated and accounted for under the equity method) is 194.

Name	*Registered Office*	*V.A.T. Num. or N.N.*	*% of shareholding*
	(A) List of fully consolidated companies		
BELGIUM			
INTERBREW S.A.			Consolidating
Grand'Place 1	Brussels	BE 417,497.106	company
BRASSERIE DE L'ABBAYE DE LEFFE S.A.			
Place de l'Abbaye 1	Dinant	BE 402,531.885	98.54 %
BRASSERIE BELLE VUE S.A.			
Chaussée de Mons 144	Brussels	BE 402,110.431	100 %
BROUWERIJ VAN HOEGAARDEN N.V.			
Stoopkensstraat 46	Hoegaarden	BE 421,085.413	100 %
COBREW N.V.			
Vaartstraat 98	Leuven	BE 428,975.372	100 %
CREPARTI N.V.			
Industrielaan 21	Brussels	BE 403,557.810	100 %
DE WOLF-COSYNS MALTINGS N.V.			
Gentsestraat 80	Aalst	BE 400,291.482	100 %
IMMOBREW N.V.			
Industrielaan 21	Brussels	BE 405,819.096	99.88 %
INTERBREW BELGIUM N.V.			
Industrielaan 21	Brussels	BE 433,666.709	99.98 %
FRANCE			
INTERBREW FRANCE S.A.			
Avenue Pierre Brossolette 14	Armentières	-	100 %
AUXINDAL S.A.			
Avenue Pierre Brossolette 14	Armentières	-	100 %
THE NETHERLANDS			
INTERBREW NEDERLAND N.V.			
Brouwerijplein 84	Valkenswaard	-	100 %
INTERBREW INTERNATIONAL B.V.			
Ceresstraat 19	Breda	-	100 %
CROATIA			
ZAGREBACKA PIVOVARA D.D.			
Ilica 224	Zagreb	-	72 %
ROMANIA			
PROBERCO S.A.			
Str. Fabricii 7	Baia Mare	-	76.7 %
BIANCA INTERBREW BERGENBIER S.A.			
Str. Gh. Baritiu 30 b	Blaj	-	51 %
N.D.C. S.A.			
Av. M. Zorileanu Street 18 - District 1	Bucarest	-	56 %
INTERBREW EFES BREWERY			
BLVD - Basarabiei nr 250, Sector 3	Ploiesti	-	50 %

Name	*Registered Office*	*V.A.T. Num. or N.N.*	*% of shareholding*
HUNGARY			
BORSODI SÖRGYAR Rt. Rackoczi UT 81	Böcs	-	98.7 %
CANADA			
LABATT BREWING COMPANY LTD 181 Bay Street Ste. 200	Toronto-Ontario	-	100 %
U.S.A.			
LABATT'S U.S.A. INC. 101 Merritt 7	Norwalk	-	70 %
LATROBE BREWING COMPANY 101 Merritt 7	Norwalk	-	70 %
BULGARIA			
KAMENITZA LTD. Karp. Raitcho Str. 95	Plovdiv	-	70.7 %
BURGASKO K-S Slavelkov 70	Bourgas	-	78.9 %
ASTIKA Severna Industrialna Zona	Haskovo	-	82 %
PLEVENSKO PIVO AD 5 Vit St.	Pleven	-	62.6 %
UKRAINE			
CHERNIHIV BREWERY DESNA Instrumentalnaya Street 20	Chernigiv	-	28.5 %
JSC "MYKOLAIV" BREWERY "YANTAR" 320 Yantarna Street	Nykolayev	-	22.7 %
KRYM BEER AND SOFT DRINK PLANT 12 Geroi Stalingrada Street	Sympheropol	-	33.7 %
SOUTH KOREA			
ORIENTAL BREWERY CO., LTD Doosan Tower 16th Floor Ulchi-Ro 6-K ChungKu	Seoul	-	50 %
CASS BREWERY CO LTD 52 Jungsam-Ri, Hyundo-Myun Chungwon-Kun	Chungbuk	-	50 %
CHINA			
NANJING JINLING BREWERY CO., LTD 20 Qi Li Street	Nanjing	-	60 %
NANJING INTERBREW BREWERY CO., LTD Qi Li Bridge Jiang Pu	Nanjing	-	80 %
MONTENEGRO			
TREBJESA BREWERY 29 Novembra 18	Niksic	-	67.8 %

Name	Registered Office	V.A.T. Num. or N.N.	% of shareholding
BOSNIA-HERZEGOVINA			
UNILINE D.O.O.			
Ivana Gundulica b.b.	Grude	-	51 %
RUSSIA			
SUN INTERBREW LIMITED			
6 Vorontsovsky Park	Moscow	-	44.5 %
ZAO ROSAR			
27a Solnechnaya Street	Omsk	-	35.6 %
KLIN BREWING COMPANY			
28 Moscowskaya Street, Moscow region	Klin	-	33.4 %
GRAND DUCHY OF LUXEMBOURG			
BRASSERIE DE DIEKIRCH S.A.			
Rue de la Brasserie 1	Diekirch	-	25.7 %
BRASSERIES REUNIES DE LUXEMBOURG MOUSEL ET CLAUSEN			
Rue Emil Mousel	Luxembourg	-	27 %

(B) List Of Companies Consolidated Under the Equity Method

Name	Registered Office	V.A.T. Num. or N.N.	% of shareholding
BELGIUM			
SPADEL S.A.			
Kolonel Bourgstraat 103	Brussels	BE 405.844.436	34.83 %
MEXICO			
FEMSA CERVEZA			
Ave. Alfonso Reyes 2202	Monterrey	-	30 %

3. Intangible Assets

MioEuro	*Research & development*	*Concessions, patents, licences, etc.*	*Goodwill*	*Down payments*	*TOTAL*
ACQUISITION COST					
As at the end of the previous year	0.2	85.5	2.8	0.0	88.5
Movements during the year :					
• Consolidation scope	0.0	8.2	2.8	0.0	11.0
• Additions	0.0	20.8	3.9	0.1	24.8
• Sales and disposals	0.0	-3.1	0.0	0.0	-3.1
• Transfers between asset categories	-0.2	-0.8	2.8	0.0	1.8
• Translation adjustments	0.0	2.6	0.0	0.0	2.6
• Others	0.0	-4.5	4.5	0.0	0.0
As at the end of the year	0.0	108.7	16.8	0.1	125.6
DEPRECIATION AND AMOUNTS WRITTEN OFF					
As at the end of the previous year	0.2	60.9	1.2	0.0	62.3
Movements during the year :					
• Consolidation scope	0.0	5.6	1.0	0.0	6.6
• Charge for the year	0.0	12.5	2.8	0.0	15.3
• Disposals	0.0	-2.5	0.0	0.0	-2.5
• Transfers between asset categories	-0.2	-7.8	1.7	0.0	-6.3
• Translation adjustments	0.0	0.8	0.0	0.0	0.8
• Others	0.0	-1.8	1.8	0.0	0.0
As at the end of the year	0.0	67.7	8.5	0.0	76.2
THE NET BOOK VALUE					
AT THE BEGINNING OF THE YEAR	0.0	24.6	1.6	0.0	26.2
AT THE END OF THE YEAR	0.0	41.0	8.3	0.1	49.4

Intangible assets include mainly supply rights and computer software. Since 1999, this caption also includes the consideration paid to acquire the Internet domain “Beer.com”. All subsequent re-design and development costs were expensed as incurred.

The increase compared to 1998 is explained by scope changes, by the investments in supply rights mainly in Western Europe and by our investment in Beer.com.

4. Goodwill

MioEuro	*Consolidated companies*	*Equity accounted*	*Total*
Net book value at the end of the previous year	1,038.3	0.0	1,038.3
Movements during the year :			
• Acquisitions	122.9	0.0	122.9
• Amortization	-33.7	0.0	-33.7
• Translation adjustments	240.5	0.0	240.5
Net book value at the end of the year	1,368.0	0.0	1,368.0

The net increase, after an amortisation charge of 33.7 MioEuro, is 329.7 MioEuro.

The goodwill increased significantly due to the following factors :

- Acquisitions of the year mainly in South Korea and in Russia;
- Increase in the value against the Euro of the Canadian dollar and the South Korean Won.

The main component of our goodwill remains linked to the acquisitions of Labatt. This goodwill is amortised over 40 years.

The carrying values of the goodwill were reviewed at year-end in order to ensure that there was no indication that they were impaired. As no such indication existed, no impairment loss was recorded.

5. Property, Plant and Equipment

MioEuro	*Land and buildings*	*Plant, machinery and equipment*	*Furniture and vehicles*	*Property under capital leases and other similar rights*	*Other tangible assets*	*Assets under construction and advance payments*	*Total*
ACQUISITION COST							
As at the end of the previous year	900.8	2,168.6	431.7	48.1	223.6	41.6	3,814.4
Movements during the year :							
• Consolidation scope	231.9	412.7	27.6	2.2	6.5	42.8	723.7
• Acquisitions, including property, plant equipment and own construction	16.0	136.3	48.2	2.8	8.7	51.9	263.9
• Sales and disposals	-12.5	-41.9	-15.8	-0.4	-5.8	-0.8	-77.2
• Transfers between asset categories	3.8	62.2	-0.2	-16.1	7.7	-62.7	-5.3
• Translation adjustments	99.6	227.4	15.4	5.0	0.0	0.5	347.9
• Others	17.6	-20.4	0.1	0.0	0.1	0.0	-2.6
As at the end of the year	1,257.2	2,944.9	507.0	41.6	240.8	73.3	5,064.8
REVALUATIONS							
As at the end of the previous year	48.6	13.9	0.1	0.0	27.7	0.0	90.3
Movements during the year							
• Reversals	0.0	0.0	0.0	0.0	-0.3	0.0	-0.3
• Transfers between asset categories	0.0	0.0	0.0	0.0	-0.3	0.0	-0.3
As at the end of the year	48.6	13.9	0.1	0.0	27.1	0.0	89.7
DEPRECIATION AND AMOUNTS WRITTEN OFF							
As at the end of the previous year	367.5	1,377.3	326.1	6.2	127.9	0.1	2,205.1
Movements during the year :							
• Consolidation scope	4.1	39.6	9.3	0.2	1.5	0.0	54.7
• Charge for the year	40.3	191.8	47.6	3.6	7.7	0.9	291.9
• Written back	-0.5	-1.5	-1.6	0.0	0.0	0.0	-3.6
• Disposals	-3.5	-16.1	-10.7	-0.1	-2.7	0.0	-33.1
• Transfers between asset categories	0.6	3.8	-4.9	-1.3	3.6	0.0	1.8
• Translation adjustments	16.1	121.6	8.7	0.6	0.0	0.0	147.0
• Others	22.1	-29.1	2.7	0.0	-0.5	0.0	-4;8
As at the end of the year	446.7	1,687.4	377.2	9.2	137,5	1.0	2,659.0
NET BOOK VALUE							
At the beginning of the year	581.9	805.2	105.7	41.9	123.4	41.5	1,699.6
At the end of the year	859.1	1,271.4	129.9	32.4	130.4	72,3	2,495.5

Property, plant and equipment increased strongly by 795.9 MioEuro after deducting depreciation charges of 291,9 MioEuro. This very significant net increase can be explained by :

- Scope changes following the acquisition of new affiliates mainly in South Korea and in Russia. The net impact of the scope changes amounts to 669 MioEuro.
- Currency movements (mainly the increase of the Canadian dollar and the Korean Won) which had a net positive impact of 200.9 MioEuro on the value of the assets.

Excluding the scope changes, the investments of the year (263.9 MioEuro) remained lower than the depreciation charges as the Group maintains its strong commitment to keeping capital expenditure under control.

6. Investments

MioEuro	*Companies Accounted for under the equity method*	*Other investments carried at cost*	*Total*
SHARES			
As at the end of the previous year :	422.3	142.0	564.3
• Shares	481.2		
• Equity accounted investments at December 31, 1998	-58.9		
Movements during the year :			
• Acquisitions	0.9	21.0	21.9
• Divestments	0.0	- 10.2	- 10.2
• Equity income for the year	60.4	0.0	60.4
• Dividends on equity accounted investments	- 8.3	0.0	- 8.3
• Change from the cost method or equity accounting to consolidation (or vice versa)	- 2.4	0.0	- 2.4
• Transfers	0.0	- 75.4	- 75.4
• Revaluation	0.0	3.5	3.5
• Translation adjustments	111.6	19.5	131.1
• Others	- 50.0	12.8	- 37.2
Net book value at the end of the year	534.5	113.2	647.7
RECEIVABLES			
Net book value at the end of the previous year	0.0	24.1	24.1
Movements during the year :			
• Companies entering the consolidated Group	0.0	2.6	2.6
• Additions	0.0	1.6	1.6
• Reimbursements	0.0	- 2.2	- 2.2
• Translation adjustments	0.0	4.3	4.3
• Others	0.0	- 0.5	- 0.5
Net book value at the end of the year	0.0	29.9	29.9

The main component of this caption remains our investment in Femsa Cerveza which is accounted for under the equity method. The strong increase in Femsa's results and the significant revaluation of the Mexican Peso against the Euro explain the very significant increase in the Companies accounted for under the equity method.

The goodwill relating to the acquisition of Femsa Cerveza is shown as a component of the companies accounted for under the equity method and is amortised over 40 years. The amortisation charge is recorded in the Income Statement on the line “Share in the results of associated companies”.

The Group's “Other investments carried at cost” declined by 28.8 MioEuro compared to 1998 following the full consolidation in 1999 of our Rosar and Mousel affiliates which were carried at cost in 1998. This decrease was partially compensated by the increase in value of our Epsim/Mico investment following the increase in the value of the Canadian dollar.

7. Own shares

During the year, the Group bought back some own shares and options for a total value of 31.4 MioEuro. At the end of the year, the Group held through an affiliate 2,126,600 own shares representing 1.3 % of the shares outstanding.

8. Other Short Term Investments and deposits

The caption includes short term deposits and the carrying value of some assets held for sale.

The carrying value of the assets held for sale is based on Management's best estimate of the anticipated proceeds.
The decrease in the caption compared to 1998 is explained by a decrease of the short term deposits.

9. Capital and contributed surplus

Five capital increases occurred during the year. They resulted in the increase in the captions "Capital" and "Contributed surplus" of 3.7 MioEuro and 8.3 MioEuro respectively.
During the year, each of Interbrew S.A.'s shares was split in 200 new ones. As a result of this split and of the capital increases, the number of shares outstanding increased from 805.577 at the end of 1998 to 163,560.200 shares at the end of 1999.

10. Retained earnings

MioEuro

As at the end of previous year	862.9
• Net profit	230.3
• Dividend	- 58.0
• Transfer from Appraisal surplus	0.7
• Impact of changes in accounting principles	- 60.0
• Sundry movements	- 1.4
As at the end of the year	974.5

During the year, the Group implemented two major changes in its accounting policies :

- Adoption of IAS 19 (revised 1998) for accounting for employee benefits;
- Reversal of general provisions on doubtful debtors and doubtful loans.

The impact as of January 1, 1999 of implementing these new accounting principles were recorded against retained earnings. The after tax impact was a 60 MioEuro reduction of the opening retained earnings.

The impact for the year of the changes in accounting principles were recorded in the income statement. They resulted in a net increase of the charges of 1.6 MioEuro.

11. Cumulative translation adjustment

The translation adjustment increased by 267.2 MioEuro mainly as a result of the increase in the value of the Canadian Dollar, the Mexican Peso and the Korean Won against the Euro.

12. Provisions

The significant increase compared to 1998 (+ 197 MioEuro) is mainly due to the impact of the adoption of IAS 19 (revised 1998) on the provisions for pension and the increase in the value of the Canadian Dollar.

13. Deferred tax liabilities

Deferred tax liabilities increased by 70.7 MioEuro. This increase can be mainly explained by the companies acquired during the year.

This increase is partially compensated by an increase in the Group's deferred tax assets which are shown in part in the "Receivables due after one year" and the "Other receivables within one year". The increase in the deferred tax assets is mainly explained by the impact of adopting IAS 19 (Revised 1998).
On a net basis, the Group has deferred tax liabilities amount to 64 MioEuro (58.3 MioEuro in 1998).

14. Statements of Amounts Payable

A) Analysis of long-term obligations by maturity dates

MioEuro

	Payable within one year	*Payable between one and five years*	*Payable after five years*
Financial debt	136.6	1,556.6	396.5
• Non-subordinated debentures	0.0	0.3	10.2
• Capital leases and other similar obligations	9.6	14.9	386.3
• Credit institutions	121.0	1,540.1	0.0
• Other loans	6.0	1.3	0.0
Creditors	0.0	3.0	0.0
Other amounts payable	0.5	154.7	0.0
TOTAL	137.1	1,714.3	396.5

B) Guaranteed Debts

MioEuro

	Real guarantees given or irrevocably promised on the Group's assets
Taxes, remunerations, social security	9.5
• Income and other taxes and payroll withholdings	9.5
Total	9.5

15. Consolidated Income Statement

(A) Sales

The Group's sales were realised by companies situated in the following areas :

MioEuro

	1999	*1998*
Belgium		
Beverages	708.0	684.5
Others	24.4	31.0
Other countries		
Beverages	3,556.9	2,719.1
Others	57.1	43.9
TOTAL	4,346.4	3,478.5

(B) Employment costs

	1999	1998
Average number of personnel (units)	24.348	16.727
Total employment costs (MioEuro)	635.9	581.6
• Personnel costs	624.5	552.4
• Pensions	11.4	29.2

(C) Income taxes

MioEuro

	1999	1998
The difference between tax charged in the consolidated income Statement for the period and previous periods and the amount of tax paid or payable in respect of those periods	8.3	- 27.8

16. Consolidated Statement of Changes in Financial Position

The Group's operational cash flow amounts to 522.9 MioEuro which represents an increase of 19.3 % compared to 1998.

The following should be noted :

- The line "capital increase subscribed by third parties" includes on the one hand the proceeds of the parent company's capital increase (12 MioEuro) and the contribution of our partner Doosan to the capital increase of our Oriental Brewery joint-venture (68.6 MioEuro).
- The line "Capital reduction of equity accounted affiliates" includes the proceeds of the capital reduction of our Mexican affiliate.
- The increase in the "Gross dividend paid to minority interests" is mainly due to the large interim dividend paid by our Mousel affiliate.

17. Commitments not Reflected in the Balance Sheet

MioEuro

	31.12.1999
Personal guarantees given or irrevocably promised by companies included in the scope of the consolidation for security for debts or commitments from third parties.	165.9
Real guarantees on own assets given or irrevocably promised by companies included in the scope of consolidation as a security, respectively, for debts and commitments.	1.9
Real guarantees on own assets given or irrevocably promised by companies included in the consolidation scope as a security, respectively, for debts and commitments for the account of third parties.	40.5
Commitments to acquire fixed assets	36,9
Commitments resulting from operations relating to :	
• Exchange rates	32.4
• Prices of raw materials or goods purchased for resale	320.7
• Others	51.3

From time to time we have been, and we expect to continue to be, subject to legal proceedings and claims arising in the ordinary course of our business. We are not currently aware of any legal proceedings or claims against us or our property that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial position or results of operations.

The European Commission has been investigating whether Interbrew has engaged in anti-competitive practices in violation of the competition rules of the European Community. The Commission has conducted an inspection of our offices as well as of the offices of other brewers and trade associations. This investigation is currently ongoing.

18. Issue of Subscription Rights - Long Term Incentive Program

Further to the authorisation given by the general shareholders meeting of June 24, 1999 to the Board of Directors in order to increase the corporate capital of the company by means of the authorised capital, the Board has decided on June 29, 1999 :

- To suppress the preferential subscription right for the benefit of key management employees of the company, to be determined by the "Compensation Committee" or by the "Chief Executive Officer", and for the benefit of Directors of the company and of its subsidiaries, and

- To issue 683.800 nominative subscription rights for a price of 28.46 Euro by subscription right, for the benefit of those same key management employees and Directors.

Furthermore, the Board of Directors has decided on November 5, 1999 :

- To suppress the preferential subscription right for the benefit of key management employees of the company, to be determined by the "Compensation Committee" or by the "Chief Executive Officer", and

- To issue 23.200 nominative subscription rights for a price of 27.51 Euro by subscription right, for the benefit of those same key management employees.

Each subscription right gives the right to subscribe to a new ordinary share in the company. Those rights may be exercised, in principle, as from the expiry of the third calendar year following the year of the notification of the offer thereof, until the expiry of the tenth calendar year following the year of the notification of the offer thereof.

The issues of rights described above are in accordance with the interest of the company as well as with the interest of its shareholders, since they have as purpose to motivate the management of the company with a view to the development of its activities on the long run.

Considering the number of shares representing the capital, the issues of rights described above are relatively moderate and shall, in case of exercise of the subscription rights, only result in a limited dilution of the holding of the current shareholders. Hence, the suppression of the preferential subscription right has only a slight impact for the shareholders, among others, as regards their share in the profits and proper funds.

19. Article 60 of the Coordinated Laws on Commercial Companies

With respect to the resolutions of the Board of Directors of June 29, 1999 described above, the Directors Paul De Keersmaeker, Allan Chapin, Harald Einsmann and Bernard Hanon have declared to have a conflicting interest, as beneficiaries with others of the subscription rights.

The Directors did not take part in the deliberations nor in the vote. They have also declared to have informed the auditor of the company of this conflicting interest.

20. Important Events Subsequent to December 31, 1999

During December 1999 an agreement was reached with our associated company Spadel S.A. whereby Interbrew agreed to sell its shareholding in this company. The payment for these shares is to be realised following a capital decrease of Spadel S.A., which will be subject to the requirements of article 72bis § 1 of the Company Law, including the requirement to respect a two month period during which creditors of the Company may object against the proposed captital decrease.
The Spadel investment, consistent with the previous years, is valued using the equity method based on the latest published information (third quarter results 1999). Out of prudence, it was decided to recognise the capital gain on the sale of the investment of 24.8 MioEuro in the following year at the time when all legal requirements in respect of Spadel's capital decrease have been fully satisfied. The aforementioned capital gain is the difference between the investment valued using the equity method, compared to the proceeds of the sale. Such capital gain will be recognised as exceptional income and will improve our cash prosition. Non-inclusion in 1999 does not affect our operational income and has limited impact on the

presentation of our accounts. No other subsequent events which have an important influence on the financial situation and/or the profitability of the Group have occurred following the end of the financial year.

21. Abridged Financial Statements Of Interbrew S.A.

Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Interbrew Group.

Since Interbrew S.A. is essentially a holding company, which records its investments at acquisition cost in its non-consolidated annual financial statements, those statements present no more than a limited view of the Group's financial position. For this reason, the Board of Directors, acting in accordance with article 80Bis of the Coordinated Companies Acts, deemed it advisable to publish only an abridged version of the annual financial statements, as at and for the year ended December 31, 1999, namely:
- the Balance Sheet;
- the Income Statement;
- the Annual report of the Board of Directors to the General Assembly of Shareholders on April 25, 2000.

These documents are extracts of the annual financial statements of Interbrew S.A. which will be filed with the National Bank of Belgium within the statutory periods. This abridged version is accompanied by the complete text of the management report.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Interbrew S.A. for the financial year ended December 31, 1999, showing a balance sheet total of 2,012,488 (‘000) Euro and a profit of 203.496 (‘000) Euro for the 1999 financial year, give a true and fair view of the financial position and results of the company in accordance with all applicable legal and regulatory provisions.

NON CONSOLIDATED BALANCE SHEET

	31.12.1999 in thousands of Euro	31.12.1998 in thousansd of Euro
ASSETS		
CAPITAL ASSETS AND INVESTMENTS	1,390,587	1,524,134
Property, plant & equipment	148	2,702
Investments	1,390,439	1,521,432
CURRENT ASSETS	621,901	235,458
TOTAL ASSETS	2,012,488	1,759,592
LIABILITIES		
CAPITAL AND RESERVES	1,515,740	1,359,015
Capital	252,145	248,430
Contributed surplus	48,321	40,014
Legal reserve	25,214	24,843
Reserves not available for distribution	81	81
Tax-exempt reserves	4,270	4,270
Reserves available for distribution	260,451	260,451
Profit carried forward	925,258	780,926
PROVISIONS FOR LIABILITIES AND DEFERRED TAXES	1,216	1,900
CREDITORS	495,532	398,677
Long term obligations	332,132	327,128
Amounts payable within one year, accrued charges and deferred income	163,400	71,549
TOTAL LIABILITIES	2,012,488	1,759,592

NON CONSOLIDATED INCOME STATEMENT

	1999 in thousands of Euro	1998 in thousands of Euro
OPERATING REVENUES	58,688	46,704
OPERATING RESULTS	2,561	- 9,053
FINANCIAL RESULTS	46,258	261,115
EXTRAORDINARY RESULTS	160,372	65,455
INCOME TAXES	- 5,695	- 92
PROFIT AFTER TAXES	203,496	317,425
NET PROFIT FOR THE YEAR AVAILABLE FOR APPROPRIATION	203,496	317,425

Annual Report of the Board of Directors to the General Assembly of April 25, 2000

In accordance with the requirements of article 77 of the “Lois Coordonnées sur les Sociétés Commerciales”, we have the pleasure to submit our management report on the year ending on December 31, 1999.

We remind you that the corporate objective of Interbrew SA is to manage and control the companies of the Group.

Comments on the Balance Sheet

Intangible assets

There were no investments during the year.

Tangible assets

The decline in the tangible assets can be explained by the following :

- Depreciation of the year of the vehicles;
- Decrease of the “Other tangible assets” following the contribution of our land, buildings and other tangible assets to Immobrew SA as part of a contribution of a branch of activities.

Financial assets

Several transactions were completed during the year. They bring about a decrease of our financial assets. The most important transactions of the year are as follow :

- Merger of Brewfin SA with Interbrew Belgium SA on January 1, 1999;
- Sale of our investment in Créparti SA to Interbrew Belgium SA on June 9, 1999;
- Sale of our investment in Nadco SA to Interbrew International BV on July 1, 1999;
- Sale of our AFV shares in Interbrew Belgium SA to Immobrew SA and Belle-Vue SA on December 31, 1999;
- Contribution of fixed assets to Immobrew SA against the creation of 54.336 nominative shares of Immobrew SA;
- Purchase of 5.471 shares of Brasserie Mousel;
- Contribution of 9.017 Mousel shares to BM Investment.

Amounts receivable after one year

The trade receivable increase by 1.339 (‘000) Euro following a loan granted to Patrinvest SCA.
The other amounts receivable (intercompany loans) increase with 29.351 (‘000) Euro following the purchase of loans previously held by Creparti SA.

Amounts receivable within one year

The increase can be mainly explained by a 120 BioWon advance to Interbrew Asia Holding to be used for the capital increase of Oriental Brewery.

Capital and reserves

The increase in the net equity can be explained by :

- Five capital increases for a total of 3.715 (‘000) Euro. The total number of shares outstanding now amounts to 163,560.200;
- The result of the year, net of the dividend.

Financial debt payable after one year.

The increase is mainly the result of the purchase of a group debt of 8.180 (‘000) Euro.

Amounts payable within one year

The increase can be mainly explained by an amount of 48.339 (‘000) Euro deposited by Creparti SA as well as new loans for a total of 21.517 (‘000) Euro.

Comments on the Income Statement

The fiscal year shows a net profit after taxes of 203.496 (‘000) Euro to be compared with a profit of 317.425 (‘000) Euro in 1998.

The significant decrease in financial income can be explained by the receipt of less dividends from group companies compared with 1998. The difference amounts to 220.600 (‘000) Euro.

The “profit on disposal of assets” are the result of the gains on the disposal of 53.892 shares of SA Creparti on June 9, 1999 as well as on the disposal of 768.638 AFV shares of Interbrew Belgium SA on December 31, 1999.

Profit appropriation

The profit to be appropriated is as follows :

	Thousands of Euro
Profit of the year	203.496 (‘000)
Profit brought forward	780.925 (‘000)
Profit to be appropriated	984.421 (‘000)

We propose to increase the dividend to 14.5 Bef per share (0.36 Euro).

We propose the following profit appropriation :

	Thousands of Euro
Gross dividend	58.791 (‘000)
Transfer to the legal reserve	371 (‘000)
Profit to be carried forward	925.259 (‘000)

If you approve this appropriation, the net dividend of 10.88 Bef or 0,27 Euro per share will be payable as of April 25, 2000 against delivery of coupon nr. 44.

Issue of Subscription Rights
Long Term Incentive Program

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Furthermore, the Board of Directors has decided on November 5, 1999 :

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Considering the number of shares representing the capital, the issues of rights described above are relatively moderate and shall, in case of exercise of the subscription rights, only result in a limited dilution of the holding of the current shareholders. Hence, the suppression of the preferential subscription right has only a slight impact for the shareholders, among others, as regards their share in the profits and proper funds.

Article 60 of the Coordinated Laws on Commercial Companies

With respect to the resolutions of the Board of Directors of June 29, 1999 described above, the Directors Paul De Keersmaeker, Allan Chapin, Harald Einsmann and Bernard Hanon have declared to have a conflicting interest, as beneficiaries with others of the subscription rights.

The Directors did not take part in the deliberations nor in the vote. They have also declared to have informed the auditor of the company of this conflicting interest.

Important events subsequent to the end of the year

No subsequent events which have an important influence on the financial situation and/or the profitability of the company have occurred subsequent to the end of the financial year

Discharge of the Board of Directors and the Statutory Auditor

We recommend the approval of the financial statements as presented to you and, by a special vote, the discharge of the Board of Directors and the Statutory Auditor in respect of the execution of their mandate during the past financial year.

Brussels, March 28, 2000.

Statutory Auditor's Report on the Consolidated Accounts of the Interbrew Group submitted to the General Shareholders' Meeting

Consolidated Accounts for the year ended December 31, 1999

In accordance with legal and statutory requirements, we are reporting to you on the completion of the mandate which you have entrusted to us.

We have audited the consolidated financial statements for the year ended December 31, 1999 with a balance sheet total of Euro 6,252.5 MioEuro and a profit for the year of Euro 230.3 MioEuro.
These consolidated financial statements have been prepared under the responsibility of the Board of Directors of the Company. The financial statements of the American part of the group were audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors. In addition we have reviewed the directors' report.

Unqualified audit opinion on the consolidated financial statements

Our audit was performed in accordance with the standards of the Institut des Reviseurs d'Entreprises-Instituut der Bedrijfsrevisoren. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the Belgian legal and regulatory requirements relating to the consolidated financial statements.

In accordance with these standards we have taken into account the administrative and accounting organization of your group as well as the system of internal control. The group's management have provided us with all explanations and information which we required for our audit. We have examined on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the accounting policies used, the basis for consolidation, the significant accounting estimates made by the Company and the overall presentation of the consolidated financial statements. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the consolidated financial statements of Interbrew SA/NV for the year ended December 31, 1999 present fairly the financial position of the group and the consolidated results of its operations, in conformity with the prevailing legal and regulatory requirements, and the disclosures made in the notes to the accounts are adequate.

Additional assertion and information

As required by generally accepted auditing standards the following additional assertion and information are provided. This assertion and information do not alter our audit opinion on the consolidated financial statements:

- The consolidated directors' report contains the information required by law and is in accordance with the consolidated financial statements.
- As indicated in the Group's accounting principles, the impact on previous periods of adopting a new accounting policy is included in the consolidated financial statements by adjusting opening retained earnings. During 1999 a net impact of 69.1 MioEuro (-) and 9.1 MioEuro (+) was recognised as a result of adopting IAS 19 (revised 1998) principles for accounting post employment benefits and respectively reversing prior year's provisions for potential future losses on receivables.
- The group decided not to recognise a capital gain of 24.8 MioEuro on the sale of its investment in Spadel S.A. until all legal requirements in respect of the resulting capital decrease of its former associated company are satisfied, as specified in the subsequent events note of the consolidated financial statements.

Brussels, March 28, 2000.

Klynveld Peat Marwick Goerdeler
Bedrijfsrevisoren/Réviseur d'Entreprises.,
Statutory Auditor

represented by Erik Helsen

Bedrijfsrevisor/Reviseur d'Entreprises

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