Interim Report

2007

STRONG GROWTH IN FIRST HALF

SABMiller plc, one of the world's leading brewers with operations and distribution agreements in over 60 countries across six continents, reports its interim (unaudited) results for the six months to 30 September 2007.

Operational Highlights

- Group lager volumes up 15% to 135 million hectolitres (hl), organic growth of 11%
- EBITA up 14%, and 10% on an organic constant currency basis
- Double digit volume growth in Europe with EBITA up 29%
- Miller returns to growth in the US with organic sales to retailers up 1.4% – EBITA up 19%
- Lager volumes in Latin America up 8%, in line with expectations – investment in brands and distribution depress margin in the current period
- Africa and Asia lager volumes increase by 29% – driven by China and India
- South Africa lager volume growth of 2% despite the expected loss of premium volumes
- Increased capital investment to provide for continuing growth

Graham Mackay, Chief Executive Officer of SABMiller, said:

"This has been a good start to the year, demonstrating the strength of our brand portfolio and the health of our businesses. We have delivered another excellent performance in Europe, a pleasing return to growth in North America, and our Asian businesses have continued their momentum and made market share gains. At the second anniversary of our Bavaria transaction, our volumes have grown strongly in Latin America and our investment plans remain on track."

	Sept 2007 US$m	Sept 2006 US$m	% change	March 2007 US$m
Revenue [(a)]	**10,781**	9,344	15	18,620
EBITA [(b)]	**2,036**	1,781	14	3,591
Adjusted profit before tax [(c)]	**1,773**	1,533	15	3,154
Profit before tax	**1,579**	1,378	14	2,804
Adjusted earnings [(d)]	**1,036**	846	22	1,796
Adjusted earnings per share [(d)]				
– US cents	**69.1**	56.6	22	120.0
– UK pence	**34.5**	30.5	13	63.4
– SA cents	**492.0**	385.2	28	847.2
Basic earnings per share (US cents)	**63.9**	52.9	20	110.2
Interim dividend per share (US cents)	**16.0**	14.0	14	

(a) Revenue excludes the attributable share of associates' revenue of US$1,242 million (2006: US$1,052 million).

(b) Note 2 provides a reconciliation of operating profit to EBITA which is defined as operating profit before exceptional items and amortisation of intangible assets (excluding software) but includes the group's share of associates' operating profit, on a similar basis. EBITA is used throughout the interim announcement.

(c) Adjusted profit before tax comprises EBITA less net finance costs of US$258 million (2006: US$242 million) and share of associates' net finance costs of US$5 million (2006: US$6 million).

(d) A reconciliation of adjusted earnings to the statutory measure of profit attributable to equity shareholders is provided in note 5.

Segmental EBITA performance

	2007 EBITA US$m	Reported growth %	Organic, constant currency growth %
Latin America	**438**	13	2
Europe	**622**	29	17
North America	**300**	19	19
Africa and Asia	**277**	16	13
South Africa: Beverages	**405**	(2)	3
South Africa: Hotels and Gaming	**58**	32	38
Corporate	**(64)**	–	–
Group	**2,036**	14	10

CHIEF EXECUTIVE'S REVIEW

Business review

The start to the year reflects the momentum in SABMiller's developing markets, which are demonstrating stronger and more sustainable growth than in previous economic cycles. Improving GDP levels and government finances and moderate rates of inflation are supporting greater local infrastructure investment, which in turn is enhancing consumer disposable income. The group's premium portfolio strategy has also enabled it to capture value from the global drift to higher margin products in its developing and developed markets, as consumers continue to trade up. Despite challenging comparative growth rates during the comparable six months of last year and higher input costs in the current period, the business has reported organic growth in lager volumes of 11% and an increase in EBITA of 10% on an organic, constant currency basis. As expected, the group EBITA margin decreased slightly to 16.9%, 20 basis points below the prior year, reflecting the change in mix of our segmental profits together with higher marketing investment and input costs. Industry wide commodity cost increases have been significant with the impact varying across regions reflecting differing currency strengths and local sourcing conditions. In aggregate, our price increases and productivity have offset these input cost rises.

These results, in aggregate, continue to demonstrate the value of the group's diverse and strong brand portfolios, which include some 200 local and regional beers. Total beverage volumes were 159 million hl. Total reported lager volumes were up 15% to 135 million hl, including the impact of acquisitions in China and India.

- Miller Brewing Company delivered improved results in the US as a result of its strategy to migrate the business' brand portfolio to higher margin, higher growth segments. EBITA for the period was 19% higher than the prior year, driven primarily by price increases and higher volumes, and includes a favourable cost adjustment of US$16 million in respect of the prior year. Total sales to retailers (STRs) grew by 1.4% on an organic basis and by 5.9% on a reported basis, against a US beer industry which, excluding imports, grew at 1.0%. The flagship brand, Miller Lite, returned to solid growth, posting a 2.1% gain in STRs, at the same time increasing its average case pricing by 2.1%, some 50 basis points ahead of its largest light beer competitor. Miller's worthmore brand portfolio also delivered a strong performance.
- After six years of double digit EBITA growth, Europe has recorded another excellent performance with organic constant currency EBITA growth of 17%. This was driven by volume growth and market share gains in Poland, Russia and Romania, assisted by warm weather across Eastern Europe during the first quarter. Europe's premium brands recorded 13% volume growth, reflecting successful initiatives to capture value from consumer trends towards premium products. This growth in higher margin brands, in addition to price increases and efficiency gains, mitigated the impact of significant increases in the cost of raw materials, real wage increases and the negative mix effect of the strong growth in cans in certain markets.
- At the second anniversary of the Bavaria acquisition, the implementation of our strategy to renovate the beer category in Latin America remains on track, although the speed and scale of the initiatives being implemented has led to some inevitable market dislocation during the period. Lager volume growth of 8% for the half year is in line with the group's medium term expectations, notwithstanding the high comparatives in the prior period and a slowdown in spending on consumables in Colombia. The group remains confident that the substantial activity underway to transform the category will deliver significant volume and margin growth in the medium term.
- The group's joint venture in China, CR Snow, continued its very strong performance, with organic volume growth of 22%, well ahead of the wider Chinese beer market. All regions posted growth, with market share gains in the Central and North Eastern provinces. The national brand, Snow, which now accounts for over 70% of volumes, is expected to become the world's second largest beer brand by volume within calendar year 2007. In India, our business grew strongly, reporting lager volume growth of 28%. Capacity expansion and the integration of last year's Foster's India acquisition represent key areas of progress during the period. Momentum within Africa continued, with favourable economic conditions driving good growth in Tanzania, Mozambique and Angola, supported by ongoing brand renovations and improved execution in both sales and distribution.
- Lager volumes in South Africa grew by a pleasing 2% despite the termination of the Amstel brand licence in March 2007. The expected loss of premium volumes was mitigated by strong growth in Castle Lite and the successful launch of a new premium brand offering, Hansa Marzen Gold, which already represents some 3% of volumes for the half year. Mainstream lager volumes grew by 5%, assisted by the absence of the National Lottery over the six month period. Total soft drink volumes were up an impressive 11% as the business also benefited from a robust economic environment, with GDP growing by 5%.
- On 9 October 2007, SABMiller and Molson Coors Brewing Company announced that they had signed a letter of intent to combine the US and Puerto Rico operations of their respective subsidiaries, Miller and Coors, in a joint venture. The transaction will create a stronger, brand-led US brewer with the scale, resources and distribution platform to compete more effectively in the increasingly competitive US marketplace. Definitive agreements are expected to be signed in December 2007, but regulatory clearance is not expected before mid 2008.

Reported EBITA of US$2,036 million was up by 14% and included a 4% contribution from favourable weighted average currency rates. Net cash generated from operations before working capital movements was 13% above the prior year, illustrating the overall strength of the trading performance and our strong cash characteristics. The group's gearing decreased during the period to 43.5% from 45.8% at year end. Earnings benefited from currency strength in some major markets and lower tax rates in certain jurisdictions. Adjusted earnings and adjusted earnings per share are up by 22%, to US$1,036 million and 69.1 US cents respectively for the first six month period. An interim dividend of 16 US cents per share, a 14% increase, will be paid to shareholders on 21 December 2007.

Outlook

We have delivered a good first half performance, benefiting from the weighting of our portfolio of businesses towards emerging markets, and a focus on developing our premium brands. We are continuing to invest in our businesses to drive revenues, which, together with ongoing productivity gains, are offsetting industry wide cost pressures. We expect to make progress in the balance of the year but face a more challenging environment.

Operational review

Latin America

Financial summary	Sept 2007 US$m	Sept 2006 US$m	%
Revenue	**2,453**	2,012	22
EBITA*	**438**	387	13
EBITA margin (%)	**17.8**	19.2	
Sales volumes (hl 000)			
– Lager	**17,757**	16,460	8
– Soft drinks	**9,144**	9,730	(6)
– Soft drinks organic	**9,144**	9,284	(2)

*In 2007 before exceptional items of US$52 million (2006: US$24 million) being integration and restructuring costs in Latin America, less the net profit on the sale of soft drink and juice businesses in Costa Rica and Colombia respectively.

The implementation of our strategy to renovate the beer category in the region is on track with good initial signs of success. Lager volume growth of 8% for the half year has been achieved, notwithstanding high comparatives in the prior period, and we remain confident that our initiatives to transform the category will deliver significant volume and profit margin growth in the medium term. Reported EBITA performance for the first half has been aided by favourable exchange rates. Organic constant currency EBITA growth was 2%, reflecting substantial upfront investment in brand renovations and new brand launches. Higher US dollar raw materials costs were offset by local currency appreciation, pricing and productivity benefits. The EBITA margin declined by 140 basis points, including 40 basis points from changes to invoicing of distribution costs. These changes have also increased reported revenue growth by 200 basis points but have no net effect on EBITA.

Lager volumes in **Colombia** increased by almost 8%, with slower growth recorded in the latter part of the period, as higher consumer credit costs impacted spending on consumables, and as the business started cycling high comparative growth numbers. Beer's share of the alcohol market has increased steadily over the period. Renovation of our brand portfolio has further widened the appeal of the beer category and the recent upgrade of the market-leading Aguila brand, relaunched with a new packaging design in an enlarged 330ml bottle, has led to brand volumes increasing by 9%. In the premium segment, volume growth has been encouraging and Club Colombia grew by 50% in the half year. With the introduction of the national pricing model in December last year, retail mark-ups and regional pricing variability were reduced. Structural route-to-market changes and an increase in the sales force numbers and trade marketing capabilities are being implemented, with increased focus on extracting operational efficiencies and improving service reliability. The speed and scale of the initiatives being implemented including major changes to the route-to-market has led to some market dislocation over the period and had a minor impact on volumes. Investment in production capacity has progressed and the new Valle brewery outside Cali will be commissioned by the end of the calendar year, increasing capacity by 2.2 million hl. Further capital has been invested in product quality, in distribution, and in upgrading bottles.

Our **Peru** operations have achieved lager volume growth of 10% despite unseasonably cold weather and an earthquake in August which lowered volume momentum towards the end of the period. There has been continuing strong price discounting by competition especially with the entry of a low-priced brand from a new competitor. Our flagship brand Cristal continues to show positive momentum following its relaunch, but has been affected by the intense competition and our overall market share fell to 88% in September, on a monthly basis, from 92% in March 2007. The business continues to invest in marketing, brand renovation, improving capability at the point of sale and capacity.

Trading at our **Ecuador** operation was difficult with the loss of six trading days due to 'dry' election days. Lager volumes grew by 4% with the flagship mainstream brand Pilsener growing at 5% over very strong comparatives in the prior period. Pilsener was relaunched in the latter part of September while activities to improve visibility and availability continue. Our Club brand was also relaunched and positioned in the premium segment.

In **Panama** our lager volumes grew by over 12% in a market that has grown by 10%. Both our flagship brands Atlas and Balboa were successfully relaunched and prior year above-inflation price increases have further boosted revenue. Minority interests of 6.7% were acquired, increasing our effective interest to 95%.

Lager volumes in **Honduras** grew by 3%, aided by growth in the premium segment, while soft drinks reported growth of 9%. In **El Salvador** our soft drink market share has grown by nearly one percentage point to 47.7%. Lager volumes have grown by nearly 4% off high growth in the prior period, driven by the premium Golden Light brand, which continues to show double digit growth.

Our integration activities in the South America region are drawing to a close with a final exceptional charge recorded in the period of US$52 million. This includes a US$17 million net profit on the disposal of the juice business in Colombia and soft drinks business in Costa Rica, which have been completed in the period.

CHIEF EXECUTIVE'S REVIEW
Continued

Europe

Financial summary	Sept 2007 US$m	Sept 2006 US$m	%
Revenue	**2,876**	2,279	26
EBITA	**622**	485	29
EBITA margin (%)	**21.6**	21.3	
Sales volumes (hl 000)			
– Lager	**25,715**	23,041	12

Europe achieved an excellent result with lager organic volumes up 12% and EBITA growth of 29%. Volumes were assisted by warm weather in the earlier months, with Poland, Russia and Romania all delivering strong double digit volume increases. While volume growth moderated in the later months, most operations improved market share over the half year. Reported EBITA growth of 29% was boosted by currency translation gains and was 17% up on an organic constant currency basis. There were significant increases in raw material costs, real wage increases and the continued growth of can volumes in certain markets. The pricing environment during the period under review has shown some signs of improvement.

In **Poland**, strong economic fundamentals as well as generally warmer weather underpinned 8% growth in the beer market. Our domestic volumes were up 14% and market share for the six month period improved. Tyskie, Poland's leading brand with annual volumes of 5.7 million hl and market share over 16% continued its strong recovery and grew 11% while Zubr, the second biggest brand in the market, was up 23% with upgraded brand imagery, new packaging and increased media and trade presence. In the local premium segment, Lech was 12% ahead with strong trade activation utilising associations with music and active lifestyles. Our flavoured beer Redd's, with its three variants, is the fastest growing brand in the premium segment. Expansion projects currently under way will increase overall annual capacity to over 17 million hl by next summer.

Volumes in the **Czech Republic** were up 3%, slightly ahead of the market, and market share improved slightly. Improved sales mix has been achieved reflecting the continued focus on premium and mainstream brands. All brands have benefited from a comprehensive packaging upgrade over the past 18 months including labels, proprietary bottles, new crates, cans, multipacks and all secondary packaging. Pilsner Urquell grew 5%, supported by a successful on-trade outlet expansion programme focused on high visibility outlets, and tailored shopper activation in hypermarkets. A new specialty beer, Master, introduced in draught in April, has been well accepted by the on-trade as a super premium to complement the existing portfolio. Volumes of our largest brand, Gambrinus, were slightly down as we deliberately withdrew from competitive rounds of discounting. Kozel continued its strong momentum and was up by 21%. In order to address the sharp escalation in the cost of brewing raw materials, price rises averaging 5.8% have been announced.

In **Russia** volumes were up 18%, ahead of the beer market which grew by an estimated 14%, reflecting the combined effects of warmer spring weather and improving consumer spending. Real income growth is driving share gains for the premium segment. Miller Genuine Draft was 21% ahead, driven by expanding distribution of the new half litre bottle and Zolotaya Bochka, the fastest growing local premium brand, was up 22% buoyed by focused marketing investment. Redd's grew by 31% supported by strong brand communication targeted at female consumers. New initiatives with distributors targeting smaller cities have started to increase reach, with the sales force and cooler placements expanded significantly to increase retail coverage in more than 120,000 outlets. Construction of the new brewery at Ulyanovsk, 1,000 km east of Moscow, is on schedule to open early in 2009 with an initial capacity of 3 million hl and the ability to expand further as required.

In **Italy**, with generally warmer weather and a modestly improving economy, the beer market grew by an estimated 1%. Against this, Birra Peroni has delivered overall domestic volume growth of 2% as branded volumes gained 4% and private label volumes were reduced by 24% with the continuation of the managed exit from this segment. Focus on the on-trade, in the more affluent North, has led to volume growth in this region of 7%. This performance has been achieved with above-inflation price increases implemented early in the year. Our premium brand Peroni Nastro Azzurro was up 8%, completing ten quarters of market share growth, and premiumisation of the brand continues with selected prestige sponsorships and the launch of limited edition packs. Peroni volumes were 6% higher than prior year, with extensive activation of national football and rugby team sponsorships, expansion of draught particularly in the Northern provinces, and significant packaging renovation.

In **Romania** our volumes surged 37% with market share up 450 basis points to 24.9%, in a market up 12%, driven by a robust economy and growing consumer spending. Now largely freed of the capacity constraints which applied during the first half of last year, our portfolio is better matched to consumer demand through mainstream and economy PET offerings supported by anchor distributors, improved marketing and in trade execution. Our local premium brand Ursus Premium grew by 15% and its on-premise share stands at 15%, while Timisoreana Lux was up 67% boosted by the new two litre PET pack, and is now the market leader with annual sales of well over 2 million hl. These two brands are now the top two brands in the important on-premise channel. Production capacity is being further expanded to 6.3 million hl.

In **Hungary** the fiscal austerity measures continue to impact domestic consumption, and there are no signs yet of an end to the intense price discounting. Despite this, and the introduction of PET offerings by two competitors, our volumes grew 4%, ahead of a declining market.

In the **UK** we continue to build on last year's success, with volumes up 42% against an overall market where volumes have fallen. Peroni Nastro Azzurro grew 33% with new packs, a successful national advertising campaign, and a significant increase in draught installations. Our Polish brands, Tyskie and Lech, introduced last year, have been successfully integrated into the portfolio and are performing very strongly.

North America

Financial summary	Sept 2007 US$m	Sept 2006 US$m	%
Revenue	**2,782**	2,632	6
EBITA*	**300**	253	19
EBITA margin (%)	**10.8**	9.6	
Sales volumes (hl 000)			
– Lager – excluding contract brewing	**26,191**	24,693	6
– contract brewing	**4,065**	5,224	(22)
– Soft drinks	**54**	49	10
Lager – domestic sales to retailers (STRs)	**24,556**	23,177	6

*In 2007 including an amount of US$16 million from a settlement with Ball Metal Beverage Container Corporation in respect of can purchases in the prior year (2006: nil).

Miller Brewing Company drove improved results in the period through disciplined execution of its strategy to migrate the brand portfolio to higher margin, higher growth segments, while aggressively controlling costs to continue investments in brand marketing and product innovation.

Solid volume and pricing performance for the flagship Miller Lite brand, strong overall portfolio pricing and mix gains, with improved volume performance from higher margin brands, combined to produce a 3.9% increase in domestic net revenue per barrel.

During the period, US beer industry shipments to wholesalers (STWs) grew by 1.6%. Excluding imports, the US industry grew by 1.0%. Miller's US domestic sales to retailers (STRs) increased by 5.9% over the six months and 1.4% on an organic basis, while reported domestic STWs increased by 6.7%. Contract brewing volumes were lower by 22%, due primarily to Miller's acquisition of the Sparks and Steel Reserve brands last year which were previously brewed under contract, and were down only 5% on an organic basis.

Miller Lite returned to solid growth in the period, posting a 2.1% increase in STRs supported by a strong marketing campaign focused on product intrinsic values. Miller Lite was up 3.3% in the on-premise channel and average case pricing was up 2.1% across all channels, 50 basis points more than its largest domestic light beer competitor.

After just six weeks of market testing, Miller decided in April to fast track a national launch of Miller Chill, its new chelada-style light beer. The brand reached 74% off-premise and 30% on-premise distribution by 1 August 2007 with strong consumer trial and repeat purchase fuelling its success. Miller Chill provided significant incremental volume and margin enhancement as it reached a 0.8% value share during the peak summer sales season. While the brand is demonstrating expected seasonality, as at the end of October 2007 it had achieved STRs of 380,000 barrels, and it is well on its way to exceeding the first year retail volume target of 400,000 barrels.

Miller's worthmore brand portfolio grew volumes in the high-single digits. This strong performance was driven by 27% growth of the Leinenkugel's franchise, following the continued rollout of the Sunset Wheat variant, which is now available in 42 states, as well as the regional launch of Summer Shandy. Peroni Nastro Azzurro grew by 54% in the US using its global Italian style positioning. Sparks volume grew by 10.8% on a proforma basis during its first full year in the Miller system.

Miller High Life also returned to growth, with STRs up 1.0% on the back of a strong national marketing campaign focused on common sense values and average case prices were up 2.9% in supermarkets nationally. The Milwaukee's Best franchise STRs declined 4.0% in the face of strong competitive pressure in the economy segment. The declining trend for Miller Genuine Draft STRs continued with volumes down 9.3%, in line with its market segment. Icehouse STRs were up 2.0%, a significant trend improvement following new brand positioning.

Total revenue increased by 5.8% versus the prior period, while US domestic revenue excluding contract brewing increased by 10%. Brewing materials costs were up compared to the prior year as grain, barley and other ingredient costs increased.

EBITA for the period was 19% higher than the prior year, driven primarily by price increases and higher volumes, and includes a retrospective cost adjustment. In October 2007 Miller settled a dispute with the Ball Metal Beverage Container Corporation, which will result in a one-time payment to Miller of some US$70 million, a portion of which is attributable to our contract brewing partners. An amount of US$16 million relates to materials supplied to Miller during the prior financial year and this benefit has been included in the period under review. The settlement also includes a one-off gain of US$17 million which will be reported in the second half in respect of other contractual changes. The balance attributable to Miller is being recognised as normal costs of goods sold, across both halves of the current year.

Miller's EBITA margin increased to 10.8% from 9.6%, as unit revenue improvements, favourable mix and the effect of the Ball settlement exceeded increases in marketing and other costs. Marketing investment will remain at a high level in the second half as we invest behind brand momentum and innovations.

CHIEF EXECUTIVE'S REVIEW
Continued

Africa and Asia

Financial summary	Sept 2007 US$m	Sept 2006 US$m	%
Group revenue (including share of associates)	**1,703**	1,356	26
EBITA	**277**	240	16
EBITA margin (%)	**16.3**	17.7	
Sales volumes (hl 000)*			
– Lager	**52,830**	40,854	29
– Lager organic	**49,406**	40,854	21
– Soft drinks	**4,193**	6,914	(40)
– Soft drinks organic	**4,193**	3,438	22
– Other alcoholic beverages	**2,966**	3,126	(5)

*Excludes Castel lager volumes of 8,441 (2006: 7,563) and soft drinks of 7,256 (2006: 6,659). Soft drinks volumes include sparkling and non-sparkling beverages.

The strong growth in Africa and Asia continued in the period under review, with lager volume growth of 29% (representing organic growth of 21%) and reported EBITA growth of 16%, despite currency weakness in certain of our countries. EBITA margin reduced from 17.7% to 16.3% as a result of the higher growth in lower margin Asia markets and a slight reduction in Africa margins due to rising costs.

Africa
Momentum within Africa continued in the first half with organic lager growth of 6% and total organic volume growth of 7%, both excluding Zimbabwe. Underlying this performance is continued economic growth in most countries, improved execution in both sales and distribution and ongoing brand renovations.

Tanzania achieved lager volume growth of 8% in the six months. Performance was driven by an improving economy, improved distribution and market place activities including the re-formulation of the premium Ndovu Lager to 100% malt, the introduction of a new long neck bottle for Kilimanjaro and the launch of Eagle lager in the North East aimed at capturing share at the subsistence end of the market. The launch of Eagle will be rolled out on a national basis later in the year.

Mozambique continued its excellent performance by posting lager growth of 8%, its fourth consecutive first half year period of similar growth. The performance was underpinned by continued economic development, a stable currency and a well balanced brand and pack portfolio that provides the consumer with multiple brand and pack options at differing price points. A new brewhouse was commissioned late in the prior year and a number of capacity projects have delivered improved operating efficiencies.

Angola continues to grow rapidly with a buoyant economy and our soft drink business continues its strong growth, recording 12% volume growth despite supply side constraints. Profitability was impeded by the ending of an import tax holiday and higher can volumes which carry lower margins. Results for this year include our share of earnings from the recently privatised Empresa de Cervejas N'gola, our brewery in Southern Angola, which is performing ahead of expectation and is currently undergoing a capacity expansion.

Botswana has returned to growth in both lager and soft drinks operations. The economic pressure and inflationary impacts that followed the 2005 devaluations have largely been absorbed and are no longer impacting performance. Lager volumes are up 11% and soft drinks up 19%. We have completed the brand renovation of the market leading lager, St. Louis, and have recently launched a new returnable lager bottle aimed at reducing the cost per serving to the consumer.

Castel performed well with robust economic conditions in the countries in which they operate underpinning 10% total volume growth, and strong growth was recorded in its key markets of Cameroon, Ethiopia and Angola.

Asia
China continued its strong performance with underlying organic volume growth of 22%, ahead of industry growth. All regions posted growth over the prior period, with the North East and Central regions out-performing the others despite increased competitor activity. The Snow brand extended its position as China's number one brand by volume with a 9% overall market share and it now represents over 70% of the brand portfolio.

Input cost increases were evident and, while prices were increased in some regions, this led to overall margin pressure during the period. In addition the ongoing integration of new acquisitions and greenfield commissioning costs further added to overall margin pressures.

The business disposed of its non core Southern region water business in May 2007, thus creating a focused lager beer business.

India once again grew strongly in the first six months posting lager volume growth of 28%, (up 20% on an organic basis) with industry growth of 16%. Ongoing capacity expansion, the development of a well balanced brand portfolio and the integration of last year's Foster's India acquisition represent key areas of progress over the period, with volumes of the Fosters' brand up 47% on a proforma basis.

South Africa: Beverages

Financial summary	Sept 2007 US$m	Sept 2006 US$m	%
Group revenue (including share of associates)	**2,016**	1,950	4
EBITA	**405**	411	(2)
EBITA margin (%)	**20.1**	21.1	
Sales volumes (hl 000)			
– Lager	**12,478**	12,237	2
– Soft drinks	**7,253**	6,506	11

The South African economy continued its growth trend in the first six months of the financial year, recording GDP growth of 5%. Consumer demand remained strong and the suspension of the National Lottery was a favourable factor.

Lager volumes grew by 2% in the first half of the year. Total soft drink volumes were up 11% as the soft drink business benefited from the positive economic environment and some trade restocking in earlier months following carbon dioxide shortages at the end of the prior year.

Our mainstream lager volumes grew by 5% and flavoured alcoholic beverages (FABs) achieved strong growth. The expected loss in premium volumes was softened by the strong growth in Castle Lite (up 74%) and the successful launch of a new premium offering, Hansa Marzen Gold, in May 2007, which represents some 3% of volumes for the half year, and the launch of Peroni Nastro Azzurro in draught format. Volume growth was impacted by supply and production constraints experienced at the end of the second quarter, compounded by reduced production flexibility during new brand and pack introductions, including the implementation of our mainstream renovation programme.

Price increases in January 2007 in lager and soft drinks, which were below inflation, together with organic volume growth increased revenue by 8% in constant currency. Revenue growth reflects negative sales mix in lager and the faster growth of soft drinks.

Margins were adversely affected by higher raw material and packaging input costs, driven by rising dollar commodity prices, exacerbated by a weaker rand during the period, compared to the prior year. Input costs for the full year are expected to show further increases as higher priced glass imports impact packaging costs.

Distribution costs were higher as our direct delivery customer base increased in line with our main market penetration initiative. Outlets serviced increased by 7% in the first half of this year to over 21,500. Despite significant progress being made earlier in the year in licensing outlets, administrative delays at local government level have slowed progress. Distribution costs also rose from coastal breweries having to partially supply inland sales areas with non-returnable packs.

Marketing investments were made in brand and pack renovations and new product development. Castle received a packaging upgrade across all packs as did Hansa Pilsener, which was renovated to match the contemporary Hansa Marzen Gold packaging. Extensive new product development work undertaken in the first half of the year will deliver further innovations in the market over the next twelve months. The phased replacement of the 750ml returnable mainstream bottle commenced in April 2007, and to date, three of our seven breweries are producing mainstream brands in the new bottle and our consumers' response has been positive.

Constant currency EBITA growth of 3% reflects the impact of higher raw material and distribution costs as well as the investment in market facing initiatives. EBITA margins are 100 basis points lower at 20.1%, also reflecting the change in sales mix with lower premium lager volumes and higher mainstream lager volumes in the period.

During the first six months the negative impact of the termination of the Amstel brand on SA Beverages', earnings has been mitigated by the unavailability of the product in the market in the first quarter as well as the successful launch of our new premium brand, Hansa Marzen Gold. Consequently, we have revised our estimate of the impact on current year EBITA from US$80 million to between US$40 million and US$50 million, which will impact EBITA and margin mainly in the second half as the brand has recently returned to the market in bottle form.

Sales of **Appletiser** continued to show strong volume growth, up 25%, with double digit growth recorded in South Africa and internationally. **Distell** has grown in both its domestic and international markets, primarily in the cider, ready to drink and spirits categories. Profitability has also been improved by operating efficiencies.

South Africa: Hotels and Gaming

Financial summary	Sept 2007 US$m	Sept 2006 US$m	%
Group revenue (share of associates)	**193**	167	16
EBITA	**58**	44	32
EBITA margin (%)	**30.1**	26.6	
Revenue per available room (Revpar) – US$	**68.29**	58.46	17

The group is a 49% shareholder in the Tsogo Sun group, which reported a good first half year result with an increase of 32% in EBITA over the prior period. The South African economy continued to grow with consumer spending and demand for hotel accommodation remaining high. The gaming division enjoyed robust growth during the period with new gaming capacity and market growth influencing results. Good occupancy levels continue to be achieved, with strong growth in room rate improving revpar by 17% over the prior period.

Financial review

Accounting policies
The accounting policies followed are the same as those published within the Annual Report and Accounts for the year ended 31 March 2007. The Annual Report and accounts for the year ended 31 March 2007 are available on the company's website, www.sabmiller.com.

Segmental analysis
The group's operating results on a segmental basis are set out in the segmental analysis of operations, and the disclosures are in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles. SABMiller believes that the reported profit measures – before exceptional items and amortisation of intangible assets (excluding software), and including associates on a similar basis (i.e. before interest, tax and minority interests) – provide additional information on trends and allow for greater comparability between segments. Segmental performance is reported after the specific apportionment of attributable head office service costs.

Accounting for volumes
In the determination and disclosure of reported sales volumes, the group aggregates 100% of the volumes of all consolidated subsidiaries and its equity accounted associates, other than associates where the group exercises significant influence but primary responsibility for day to day management rests with others (such as Castel and Distell). In these latter cases, the financial results of operations are equity accounted in terms of IFRS but volumes are excluded. Contract brewing volumes are excluded from total volumes; however revenue from contract brewing is included within revenue. Reported volumes exclude intra-group sales volumes.

Organic, constant currency comparisons
The group discloses certain results on an organic, constant currency basis, to show the effects of acquisitions net of disposals and changes in exchange rates on the group's results. Organic results exclude the first twelve months' results of acquisitions and the last twelve months' results of disposals. Constant currency results have been determined by translating the local currency denominated results for the period ended 30 September 2007 at the exchange rates for the comparable period in the prior period.

Acquisitions and disposals
On 3 August, the group announced the acquisition of 99.96% of Browar Belgia Sp. z o.o., the fourth largest brewer in Poland. The transaction is subject to approval from the Office of Competition and Consumer Protection, which is expected during December 2007.

On 9 October, SABMiller plc and Molson Coors Brewing Company announced that they have signed a letter of intent to combine the US and Puerto Rico operations of their respective subsidiaries, Miller and Coors, in a joint venture to create a stronger, brand-led US brewer with the scale, resources and distribution platform to compete more effectively in the increasingly competitive US marketplace. The transaction is subject to negotiation of definitive agreements, which is expected by the end of 2007. Closing of the transaction is also subject to obtaining clearances from the US competition authorities and certain other regulatory clearances and third-party consents, as required, and is not expected before mid 2008.

During the period the group completed the disposals of its soft drinks business in Costa Rica and the juice business in Colombia which were announced in the prior year. Our associate in China also completed the disposal of a non-core water business.

Exceptional items
Items that are material either by size or incidence are classified as exceptional items. Further details on the treatment of these items can be found in note 3. Net exceptional charges of US$52 million have been recorded (2006: US$27 million) during the period. These relate to final restructuring costs of US$69 million (2006: US$27 million) incurred in Latin America, partially offset by a net profit of US$17 million on disposal of soft drink businesses in Costa Rica and Colombia.

Borrowings and net debt
Gross debt, comprising borrowings of the group together with the fair value of derivative assets or liabilities held to manage interest rate and foreign currency risk of borrowings, has increased to US$7,555 million from US$7,358 million at 31 March 2007. Net debt comprising gross debt net of cash and cash equivalents has increased to US$7,054 million from US$6,877 million at 31 March 2007. An analysis of net debt is provided in note 8. The group's gearing (presented as a ratio of debt/equity) has decreased to 43.5% from 45.8% at 31 March 2007. On 16 July 2007, the group's holding company for its South African operations raised R1,600 million (approximately US$230 million) in 5-year notes. The notes, issued under a R4,000 million Domestic Medium Term Note Programme, are guaranteed by SABMiller plc and are listed on BESA, the South African Bond Exchange. The net proceeds of the bond issue have been used to repay part of existing loan facilities that were utilised by The South African Breweries Ltd.

The average borrowing rate for the total debt portfolio at 30 September 2007 was 7.9% (2006: 6.9%), compared to 7.6% at 31 March 2007.

Finance costs

Net finance costs increased to US$258 million (2006: US$242 million), reflecting the change in the composition in net debt with more non US dollar related debt, funding of the acquisition of minority interests in the second half of the prior year and the increased interest rates noted above.

Profit before tax

Profit before tax of US$1,579 million was up 14% on prior year, reflecting performance improvements across the businesses, despite higher exceptional items (as described above).

Taxation

Our effective tax rate, 33.5%, is lower than the prior year period under review (35.7%), and also lower than the prior year full year rate (34.5%). This reflects a more favourable geographic mix of profits across the group, local statutory rate reductions and ongoing management of our effective tax rate.

Earnings per share

The group presents adjusted basic earnings per share to exclude the impact of the amortisation of intangible assets (excluding software) and other non-recurring items, which include post-tax exceptional items, in order to present a more meaningful comparison for the years shown in the consolidated financial statements. Adjusted basic earnings per share of 69.1 US cents were up by 22% on the prior period, reflecting the improved performance noted above. An analysis of earnings per share is shown in note 5 to the financial statements.

Cash flow

Net cash generated from operating activities before working capital movements (EBITDA) increased by 13%, to US$2,229 million, compared to the prior period. The ratio of EBITDA to revenue decreased slightly in the period to 20.7% (2006: 21.0%).

Risks and uncertainties

The principal risks and uncertainties for the first six months and remaining six months of the financial year remain as reflected on page 9 of the 2007 Annual Report. In addition there is a risk relating to the proposed joint venture transaction concerning Miller and Coors in the US and Puerto Rico. The transaction is subject to the receipt of consents and approvals from government entities that could delay or prevent completion of the transaction or impose conditions on the joint venture, which could result in an adverse effect on the business or financial condition of the joint venture or on Miller if the transaction does not proceed to completion, as well as on our business and financial results.

Currencies: South African rand/Colombian peso

During the period, the rand strengthened by 5% against the US dollar and ended at R6.89 to the US dollar compared to R7.29 at 31 March 2007, whilst the weighted average rand/dollar rate weakened by 5% to R7.12 compared with R6.81 in the prior period. The peso has strengthened by 8% against the US dollar ending the period at COP2,023 to the US dollar, compared to COP2,190 at 31 March 2007 and the weighted average COP/dollar rate strengthened by 17% to COP2,030 compared with COP2,437 in the prior period.

Dividend

The board has declared a cash interim dividend of 16 US cents per share. The dividend will be payable on 21 December 2007 to shareholders registered on the London and Johannesburg registers on 30 November 2007. The ex-dividend trading dates will be 28 November 2007 on the London Stock Exchange and 26 November 2007 on the JSE Limited. As the group reports in US dollars, dividends are declared in US dollars. They are payable in South African rand to shareholders on the Johannesburg register, in US dollars to shareholders on the London register with a registered address in the United States (unless mandated otherwise), and in sterling to all remaining shareholders on the London register. Further details relating to dividends are provided in note 6.

The rate of exchange applicable for US dollar conversion into both South African rand and sterling was determined yesterday. The rate of exchange determined for converting to South African rand was US$:ZAR = 6.6412 resulting in an equivalent interim dividend of 106.2592 SA cents per share. The rate of exchange for converting to sterling was GBP:US$ = 2.0752 resulting in an equivalent interim dividend of 7.7101 UK pence per share.

From the commencement of trade on 15 November 2007 until the close of business on 30 November 2007, no transfers between the London and Johannesburg registers will be permitted, and from the close of business on 23 November 2007 until the close of business on 30 November 2007, no shares may be dematerialised or rematerialised.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

This statement, which should be read in conjunction with the independent review report of the auditors set out below, is made to enable shareholders to distinguish the respective responsibilities of the directors and the auditors in relation to the consolidated interim financial information, set out on pages 11 to 24, which the directors confirm has been prepared on a going concern basis. The directors consider that the group has used appropriate accounting policies, consistently applied and supported by reasonable and appropriate judgements and estimates.

A copy of the interim report of the group is placed on the company's website. The directors are responsible for the maintenance and integrity of information on the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and the interim report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of SABMiller plc are listed in the SABMiller plc Annual Report for the year ended 31 March 2007. Ms Nancy De Lisi retired from office on 30 April 2007 and Mr Dinyar Devitre, nominated by Altria Group, Inc. to replace Ms De Lisi, was appointed to the board on 16 May 2007. A list of current directors is maintained on the SABMiller plc website: www.sabmiller.com.

On behalf of the board

E A G Mackay
Chief Executive

M I Wyman
Chief Financial Officer

15 November 2007

INDEPENDENT REVIEW REPORT OF HALF-YEARLY CONSOLIDATED FINANCIAL INFORMATION TO SABMILLER PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007, which comprises the summarised income statement, summarised balance sheet, statement of recognised income and expense, cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants

London
15 November 2007

CONSOLIDATED INCOME STATEMENTS

for the six months ended 30 September

	Notes	**Six months ended 30/9/07 Unaudited US$m**	Six months ended 30/9/06 Unaudited US$m	Year ended 31/3/07 Audited US$m
Revenue	2	**10,781**	9,344	18,620
Net operating expenses		**(9,091)**	(7,829)	(15,593)
Operating profit	2	**1,690**	1,515	3,027
Operating profit before exceptional items		**1,742**	1,542	3,120
Exceptional items	3	**(52)**	(27)	(93)
Net finance costs		**(258)**	(242)	(428)
Interest payable and similar charges		**(354)**	(388)	(668)
Interest receivable		**96**	146	240
Share of post-tax results of associates		**147**	105	205
Profit before taxation		**1,579**	1,378	2,804
Taxation	4	**(497)**	(470)	(921)
Profit for the financial period		**1,082**	908	1,883
Profit attributable to minority interests		**124**	118	234
Profit attributable to equity shareholders		**958**	790	1,649
		1,082	908	1,883
Basic earnings per share (US cents)	5	**63.9**	52.9	110.2
Diluted earnings per share (US cents)	5	**63.5**	52.6	109.5

All operations are continuing.

CONSOLIDATED BALANCE SHEETS

at 30 September

	Notes	30/9/07 Unaudited US$m	30/9/06 Unaudited US$m	31/3/07 Audited US$m
Assets				
Non-current assets				
Goodwill		**13,783**	12,678	13,250
Intangible assets		**4,062**	3,741	3,901
Property, plant and equipment	7	**7,433**	6,169	6,750
Investments in associates		**1,524**	1,049	1,351
Available for sale investments		**50**	42	52
Derivative financial instruments		**37**	72	34
Trade and other receivables		**190**	95	181
Deferred tax assets		**142**	359	164
		27,221	24,205	25,683
Current assets				
Inventories		**1,048**	801	928
Trade and other receivables		**1,822**	1,304	1,471
Current tax assets		**105**	52	103
Derivative financial instruments		**3**	66	6
Loan participation deposit		**–**	190	–
Cash and cash equivalents	8	**501**	657	481
		3,479	3,070	2,989
Assets in disposal groups held for sale		**–**	–	64
		3,479	3,070	3,053
Total assets		**30,700**	27,275	28,736
Liabilities				
Current liabilities				
Derivative financial instruments		**(21)**	(4)	(5)
Borrowings	8	**(1,227)**	(1,157)	(1,711)
Trade and other payables		**(3,012)**	(2,493)	(2,746)
Current tax liabilities		**(513)**	(354)	(429)
Provisions		**(282)**	(205)	(266)
		(5,055)	(4,213)	(5,157)
Liabilities directly associated with disposal groups held for sale		**–**	–	(19)
		(5,055)	(4,213)	(5,176)
Non-current liabilities				
Derivative financial instruments		**(310)**	(136)	(204)
Borrowings	8	**(6,174)**	(6,326)	(5,520)
Trade and other payables		**(312)**	(61)	(269)
Deferred tax liabilities		**(1,440)**	(1,537)	(1,393)
Provisions		**(1,190)**	(1,265)	(1,173)
		(9,426)	(9,325)	(8,559)
Total liabilities		**(14,481)**	(13,538)	(13,735)
Net assets		**16,219**	13,737	15,001
Equity				
Share capital	9	**158**	158	158
Share premium	10	**6,162**	6,123	6,137
Merger relief reserve	10	**3,395**	3,395	3,395
Other reserves	10	**1,177**	(78)	466
Retained earnings	10	**4,688**	3,593	4,250
Total shareholders' equity		**15,580**	13,191	14,406
Minority interests	10	**639**	546	595
Total equity		**16,219**	13,737	15,001

CONSOLIDATED CASH FLOW STATEMENTS

for the six months ended 30 September

	Notes	**Six months ended 30/9/07 Unaudited US$m**	Six months ended 30/9/06 Unaudited US$m	Year ended 31/3/07 Audited US$m
Cash flows from operating activities				
Cash generated from operations	11	**2,128**	2,152	4,018
Interest received		**104**	94	231
Interest paid		**(378)**	(347)	(719)
Interest element of finance lease payments		**–**	(1)	–
Tax paid		**(447)**	(371)	(801)
Net cash from operating activities		**1,407**	1,527	2,729
Cash flows from investing activities				
Purchase of property, plant and equipment		**(850)**	(462)	(1,191)
Proceeds from sale of property, plant and equipment		**42**	25	110
Purchase of intangible assets		**(34)**	(240)	(270)
Purchase of investments		**(5)**	–	(3)
Proceeds from sale of investments		**–**	1	1
Proceeds from sale of associates		**–**	–	81
Proceeds on disposal of share in subsidiaries		**71**	–	7
Acquisition of subsidiaries (net of cash acquired)		**–**	(145)	(131)
Purchase of shares from minorities		**(2)**	(34)	(200)
Purchase of shares in associates		**(29)**	(8)	(186)
Dividends received from associates		**47**	73	102
Dividends received from other investments		**–**	1	1
Net cash used in investing activities		**(760)**	(789)	(1,679)
Cash flows from financing activities				
Proceeds from the issue of shares		**25**	24	38
Purchase of own shares for share trusts		**(9)**	(8)	(30)
Proceeds from borrowings		**2,679**	3,710	5,126
Repayment of borrowings		**(2,725)**	(3,702)	(5,663)
Capital element of finance lease payments		**(2)**	(9)	(7)
Decrease in loan participation deposit		**–**	–	200
Net cash receipts on net investment hedges		**2**	–	42
Dividends paid to shareholders of the parent		**(537)**	(473)	(681)
Dividends paid to minority interests		**(87)**	(68)	(161)
Net cash used in financing activities		**(654)**	(526)	(1,136)
Net cash from operating, investing and financing activities		**(7)**	212	(86)
Effects of exchange rate changes		**(18)**	26	(18)
Net (decrease) / increase in cash and cash equivalents		**(25)**	238	(104)
Cash and cash equivalents at 1 April		**294**	398	398
Cash and cash equivalents at period end	8	**269**	636	294

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

for the six months ended 30 September

	Six months ended 30/9/07 Unaudited US$m	Six months ended 30/0/06 Unaudited US$m	Year ended 31/3/07 Audited US$m
Currency translation differences on foreign currency net investments	**812**	(302)	362
Actuarial gains/(loss) on defined benefit plans	**–**	–	(5)
Fair value moves on available for sale investments	**–**	–	7
Tax on items taken directly to equity	**–**	–	2
Net investment hedges	**(90)**	106	(2)
Net profits/(losses) recognised directly in equity	**722**	(196)	364
Profit for the period	**1,082**	908	1,883
Total recognised income for the period	**1,804**	712	2,247
– Attributable to equity shareholders	**1,662**	606	2,010
– Attributable to minority interests	**142**	106	237

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial information comprises the unaudited results of SABMiller plc for the six months ended 30 September 2007 and 30 September 2006, together with the audited results for the year ended 31 March 2007. The financial information in this report is not audited and does not constitute statutory accounts within the meaning of s240 of the Companies Act 1985 (as amended). The board of directors approved this financial information on 15 November 2007. The annual financial statements for the year ended 31 March 2007, which represent the statutory accounts for that year have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement made under s237(2) or (3) of the Companies Act 1985.

The unaudited financial information in this interim announcement has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority, and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2007, which have been prepared in accordance with IFRS as adopted by the European Union.

The subsidiary and associated undertakings in the group operate in the local currency of the country in which they are based. From a presentational perspective, the group regards these operations as being US dollar-based as the transactions of these entities are, insofar as is possible, evaluated in US dollars. In management accounting terms all companies report in US dollars. The directors of the company regard the US dollar as the presentational currency of the group, being the most representative currency of its operations. Therefore the consolidated interim financial statements are presented in US dollars.

Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2007, which were published in June 2007, as described in those financial statements. The financial statements are prepared under the historical cost convention, except for the revaluation to fair value of certain financial assets and liabilities, share based payments, and pension assets and liabilities.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 31 March 2008.

- IFRS 7 Financial Instruments: Disclosures, IAS 1 Amendments to Capital Disclosures, and IFRS 4 Insurance Contracts revised implementation guidance. As this interim report contains only condensed financial statements, and as there are no material financial instrument related transactions in the period, full IFRS 7 disclosures are not required at this stage. The full IFRS 7 disclosures, including the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1, will be given in the annual financial statements.
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies. This interpretation is not relevant for the group.
- IFRIC 8 Scope of IFRS 2. This interpretation has not had any impact on the recognition of share-based payments in the group.
- IFRIC 9 Reassessment of Embedded Derivatives. This interpretation has not had any impact on the group.
- IFRIC 10 Interim Financial Reporting and Impairment. This interpretation has not had any impact on the group.

NOTES TO THE FINANCIAL STATEMENTS
Continued

2. Segmental information (unaudited)

Revenue
The following table provides a reconciliation of group revenue (including share of associates' revenue) to segment revenue.

Six months ended 30 September:	**Segment revenue 2007 US$m**	**Share of associates' revenue 2007 US$m**	**Group revenue 2007 US$m**	Segment revenue 2006 US$m	Share of associates' revenue 2006 US$m	Group revenue 2006 US$m
Latin America	**2,453**	**–**	**2,453**	2,003	9	2,012
Europe	**2,876**	**–**	**2,876**	2,279	–	2,279
North America	**2,782**	**–**	**2,782**	2,632	–	2,632
Africa and Asia	**869**	**834**	**1,703**	681	675	1,356
South Africa:						
– Beverages	**1,801**	**215**	**2,016**	1,749	201	1,950
– Hotels and Gaming	**–**	**193**	**193**	–	167	167
South Africa: Total	**1,801**	**408**	**2,209**	1,749	368	2,117
	10,781	**1,242**	**12,023**	9,344	1,052	10,396

Year ended 31 March:	2007 US$m	2007 US$m	2007 US$m
Latin America	4,373	19	4,392
Europe	4,078	–	4,078
North America	4,887	–	4,887
Africa and Asia	1,455	1,219	2,674
South Africa:			
– Beverages	3,827	447	4,274
– Hotels and Gaming	–	340	340
South Africa: Total	3,827	787	4,614
	18,620	2,025	20,645

Operating profit
The following table provides a reconciliation of operating profit (segment result) to operating profit before exceptional items.

Six months ended 30 September:	**Operating profit 2007 US$m**	**Exceptional items 2007 US$m**	**Operating profit before exceptional items 2007 US$m**	Operating profit 2006 US$m	Exceptional items 2006 US$m	Operating profit before exceptional items 2006 US$m
Latin America	**328**	**52**	**380**	311	24	335
Europe	**620**	**–**	**620**	484	–	484
North America	**293**	**–**	**293**	251	–	251
Africa and Asia	**133**	**–**	**133**	124	–	124
South Africa: Beverages	**380**	**–**	**380**	387	–	387
Corporate	**(64)**	**–**	**(64)**	(42)	3	(39)
	1,690	**52**	**1,742**	1,515	27	1,542

Year ended 31 March:	2007 US$m	2007 US$m	2007 US$m
Latin America	746	64	810
Europe	706	24	730
North America	366	–	366
Africa and Asia	272	–	272
South Africa: Beverages	1,043	–	1,043
Corporate	(106)	5	(101)
	3,027	93	3,120

2. Segmental information (unaudited) (continued)

EBITA

The following table provides a reconciliation of operating profit before exceptional items to EBITA.

Six months ended 30 September:	**Operating profit before exceptional items 2007 US$m**	**Share of associates' operating profit before exceptional items 2007 US$m**	**Amortisation of intangible assets (excluding software) 2007 US$m**	**EBITA 2007 US$m**	Operating profit before exceptional items 2006 US$m	Share of associates' operating profit before exceptional items 2006 US$m	Amortisation of intangible assets (excluding software) 2006 US$m	EBITA 2006 US$m
Latin America	**380**	**–**	**58**	**438**	335	–	52	387
Europe	**620**	**–**	**2**	**622**	484	–	1	485
North America	**293**	**–**	**7**	**300**	251	–	2	253
Africa and Asia	**133**	**141**	**3**	**277**	124	115	1	240
South Africa:								
– Beverages	**380**	**25**	**–**	**405**	387	24	–	411
– Hotels and Gaming	**–**	**57**	**1**	**58**	–	44	–	44
South Africa: Total	**380**	**82**	**1**	**463**	387	68	–	455
Corporate	**(64)**	**–**	**–**	**(64)**	(39)	–	–	(39)
Group	**1,742**	**223**	**71**	**2,036**	1,542	183	56	1,781

Year ended 31 March:	2007 US$m	2007 US$m	2007 US$m	2007 US$m
Latin America	810	–	105	915
Europe	730	–	3	733
North America	366	–	9	375
Africa and Asia	272	193	2	467
South Africa:				
– Beverages	1,043	59	–	1,102
– Hotels and Gaming	–	100	–	100
South Africa: Total	1,043	159	–	1,202
Corporate	(101)	–	–	(101)
Group	3,120	352	119	3,591

The group's share of associates' operating profit is reconciled to the share of post-tax results of associates in the income statement as follows:

	Six months ended 30/9/07 US$m	Six months ended 30/9/06 US$m	Year ended 31/3/07 US$m
Share of associates' operating profit	**223**	183	352
Share of associates' net finance cost	**(5)**	(6)	(9)
Share of associates' tax	**(55)**	(52)	(102)
Share of associates' minority interests	**(16)**	(20)	(36)
	147	105	205

Excise duties of US$2,187 million (2006: US$1,887 million) have been incurred during the six months as follows: Latin America US$621 million (2006: US$497 million); Europe US$551 million (2006: US$442 million); North America US$468 million (2006: US$461 million); Africa and Asia US$201 million (2006: US$152 million) and South Africa US$346 million (2006: US$335 million).

Beer volumes increase during the summer months leading to higher revenues being recognised in the first half of the year in the Europe and North America segments. Due to the spread of the business between Northern and Southern hemispheres, the results for the group as a whole are not highly seasonal in nature.

2. Segmental information (unaudited) (continued)

The following table provides a reconciliation of EBITDA (the net cash inflow from operating activities before working capital movements) before cash exceptional items to EBITDA after cash exceptional items. A reconciliation of group EBITDA after cash exceptional items can be found in note 11.

Six months ended 30 September:	EBITDA before cash exceptional items 2007 US$m	Exceptional items 2007 US$m	EBITDA 2007 US$m	EBITDA before cash exceptional items 2006 US$m	Exceptional items 2006 US$m	EBITDA 2006 US$m
Latin America	545	(10)	535	493	(17)	476
Europe	732	–	732	577	–	577
North America	372	–	372	325	–	325
Africa and Asia	172	–	172	159	–	159
South Africa: Beverages	453	–	453	458	–	458
Corporate	(35)	–	(35)	(28)	(3)	(31)
	2,239	(10)	2,229	1,984	(20)	1,964

Year ended 31 March:	2007 US$m	2007 US$m	2007 US$m
Latin America	1,147	(25)	1,122
Europe	936	(7)	929
North America	510	–	510
Africa and Asia	340	–	340
South Africa: Beverages	1,200	–	1,200
Corporate	(65)	(5)	(70)
	4,068	(37)	4,031

3. Exceptional items

	Six months ended 30/9/07 Unaudited US$m	Six months ended 30/9/06 Unaudited US$m	Year ended 31/3/07 Audited US$m
Subsidiaries' exceptional items included in operating profit:			
Latin America	(52)	(24)	(64)
Integration and restructuring costs	(69)	(24)	(64)
Profit on sale of subsidiaries	17	–	–
Europe	–	–	(24)
Integration and restructuring costs	–	–	(7)
Profit on sale of land in Italy	–	–	14
Adjustment to goodwill	–	–	(31)
Corporate			
Bavaria integration costs	–	(3)	(5)
Exceptional items included in operating profit	(52)	(27)	(93)
Taxation credit	20	8	30

2007

Latin America and Corporate

Integration and restructuring costs associated with the consolidation of Bavaria of US$69 million were incurred during the period (six months ended 30 September 2006: US$27 million; year ended 31 March 2007: US$69 million).

A net US$17 million profit on disposal has been recognised in Latin America on the disposal of soft drinks businesses in Costa Rica and Colombia in the six months ended 30 September 2007.

4. Taxation

	Six months ended 30/9/07 Unaudited US$m	Six months ended 30/9/06 Unaudited US$m	Year ended 31/3/07 Audited US$m
Current taxation	**466**	384	780
– Charge for the period [(1)]	**486**	377	833
– Adjustments in respect of prior years	**(20)**	7	(53)
Withholding taxes and other taxes	**40**	48	119
Total current taxation	**506**	432	899
Deferred taxation	**(9)**	38	22
– Charge for the period [(2)]	**(11)**	33	82
– Adjustments in respect of prior years	**8**	5	5
– Recognition of deferred tax asset in connection with the acquisition of Birra Peroni	**–**	–	(31)
– Rate change	**(6)**	–	(34)
Total taxation	**497**	470	921
Effective tax rate, before amortisation of intangibles (excluding software) and exceptional items (%)	**33.5**	35.7	34.5

The effective tax rate is calculated including share of associates' operating profit before exceptional items and share of associates' tax before exceptional items. This calculation is on a basis consistent with that used in prior years and is also consistent with other group operating metrics.

1 The current tax charge for the period includes a UK corporation tax charge of US$Nil (six months ended 30 September 2006: charge of US$4 million; year ended 31 March 2007: US$Nil charge).

2 The deferred tax charge for the period includes a UK corporation tax credit of US$9.3 million (six months ended 30 September 2006: charge of US$5 million; year ended 31 March 2007: US$9 million charge).

5. Earnings per share

	Six months ended 30/9/07 Unaudited US cents	Six months ended 30/9/06 Unaudited US cents	Year ended 31/3/07 Audited US cents
Basic earnings per share	**63.9**	52.9	110.2
Diluted earnings per share	**63.5**	52.6	109.5
Headline earnings per share	**65.7**	55.4	116.4
Adjusted basic earnings per share	**69.1**	56.6	120.0
Adjusted diluted earnings per share	**68.7**	56.3	119.3

	30/9/07 Unaudited Millions of shares	30/9/06 Unaudited Millions of shares	31/3/07 Audited Millions of shares
The weighted average number of shares was:			
Ordinary shares	**1,503**	1,498	1,500
ESOP trust ordinary shares	**(4)**	(4)	(4)
Basic shares	**1,499**	1,494	1,496
Dilutive ordinary shares from share options	**10**	9	9
Diluted shares	**1,509**	1,503	1,505

The calculation of diluted earnings per share excludes 6,046,925 (31 March 2007: 6,039,681) share options that were antidilutive for the year because the exercise price of the option exceeds the fair value of the shares during the period, and 6,818,498 (31 March 2007: 7,707,155) share options that were anti-dilutive for the year because the performance conditions attached to the options have not been met. These options could potentially dilute earnings per share in the future.

324,374 share options and awards were granted after 30 September 2007 and before the date of signing of these financial statements.

Adjusted and headline earnings

The group has also presented an adjusted earnings per share figure to exclude the impact of amortisation of intangible assets (excluding capitalised software) and other non-recurring items in order to present a more useful comparison for the years shown in the consolidated financial statements. Adjusted earnings per share has been based on adjusted headline earnings for each financial year and on the same number of weighted average shares in issue as the basic earnings per share calculation. Headline earnings per share has been calculated in accordance with the UK Society of Investment Professionals (UKSIP) formerly the Institute of Investment Management and Research Statement of Investment Practice No.1 entitled 'The Definition of Headline Earnings'. The adjustments made to arrive at headline earnings and adjusted earnings are as follows:

	Six months ended 30/9/07 Unaudited US$m	Six months ended 30/9/06 Unaudited US$m	Year ended 31/3/07 Audited US$m
Profit for the financial period attributable to equity holders of the parent	**958**	790	1,649
(Profit)/loss on derivatives on capital items [1]	**–**	(1)	(10)
Amortisation of intangible assets (excluding capitalised software)	**71**	56	119
Impairment of property, plant and equipment	**–**	2	13
Profit on sale of subsidiaries	**(17)**	–	–
Profit on sale of property, plant and equipment	**(4)**	(6)	(20)
Adjustment to goodwill	**–**	–	31
Tax effects of the above items	**(23)**	(17)	(43)
Minority interest effects	**–**	3	2
Headline earnings (basic)	**985**	827	1,741
Integration/reorganisation costs (net of tax effects)	**51**	19	55
Adjusted earnings	**1,036**	846	1,796

1 This does not include all derivative movements but includes those in relation to capital items for which hedge accounting cannot be applied.

6. Dividends paid and proposed

Dividends paid are as follows:

	Six months ended 30/9/07 Unaudited US cents	Six months ended 30/9/06 Unaudited US cents	Year ended 31/3/07 Audited US cents
Prior year final dividend paid per ordinary share	**36.0**	31.0	31.0
Current year interim dividend paid per ordinary share	**–**	–	14.0

The interim dividend declared of 16.0 US cents per ordinary share is payable on 21 December 2007 to ordinary shareholders on the register as at 30 November 2007 and will absorb an estimated US$241 million of shareholders' funds.

7. Property, plant and equipment

Net book value at:

	Six months ended 30/9/07 Unaudited US$m	Six months ended 30/9/06 Unaudited US$m	Year ended 31/3/07 Audited US$m
At beginning of period	**6,750**	6,337	6,337
Exchange adjustments	**355**	(223)	98
Additions	**795**	450	1,232
Disposals	**(45)**	(19)	(94)
Depreciation	**(410)**	(355)	(737)
Other movements	**(12)**	(21)	(86)
At end of period	**7,433**	6,169	6,750

Contracts placed for future capital expenditure not provided in the financial statements amount to US$606 million.

8a. Net debt

Net debt is analysed as follows:

	As at 30/9/07 Unaudited US$m	As at 30/9/06 Unaudited US$m	As at 31/3/07 Audited US$m
Borrowings	**(7,154)**	(7,260)	(7,029)
Borrowings-related derivative financial instruments	**(154)**	(96)	(127)
Overdrafts	**(232)**	(206)	(187)
Finance leases	**(15)**	(17)	(15)
Gross debt	**(7,555)**	(7,579)	(7,358)
Loan participation deposit	**–**	190	–
Cash and cash equivalents (excluding overdrafts)	**501**	657	481
Net debt	**(7,054)**	(6,732)	(6,877)

Cash and cash equivalents on the Balance Sheet are reconciled to cash and cash equivalents on the Cash Flow as follows:

	As at 30/9/07 Unaudited US$m	As at 30/9/06 Unaudited US$m	As at 31/3/07 Audited US$m
Cash and cash equivalents (Balance Sheet)	**501**	657	481
Overdrafts	**(232)**	(206)	(187)
Legal right of offset	**–**	185	–
Cash and cash equivalents (Cash Flow)	**269**	636	294

NOTES TO THE FINANCIAL STATEMENTS
Continued

8b. Analysis of net debt

Net debt is analysed as follows:

	Total cash and cash equivalents US$m	Borrowings US$m	Derivative financial instruments US$m	Financial leases US$m	Total gross borrowings US$m	Net debt US$m
At 31 March 2007	**294**	**(7,029)**	**(127)**	**(15)**	**(7,171)**	**(6,877)**
Exchange adjustments	(18)	(161)	–	(1)	(162)	(180)
Cash flow	(7)	46	(9)	2	39	32
Other movements	–	(10)	(18)	(1)	(29)	(29)
At 30 September 2007	**269**	**(7,154)**	**(154)**	**(15)**	**(7,323)**	**(7,054)**

9. Share capital

	Ordinary shares of 10 US cents each '000	Non-voting convertible shares of 10 US cents each '000	Deferred shares of £1 each '000	Nominal value US$m
At 1 April 2006	1,497,845	77,368	50	158
Issue of shares – share purchase, option and award scheme	2,823	–	–	–
At 30 September 2006	1,500,668	77,368	50	158
Issue of shares – share purchase, option and award scheme	1,520	–	–	–
At 31 March 2007	1,502,188	77,368	50	158
Issue of shares – share purchase, option and award scheme	2,018	–	–	–
At 30 September 2007	**1,504,206**	**77,368**	**50**	**158**

10. Statement of changes in shareholders' equity

	Share capital US$m	Share premium US$m	Merger relief reserve US$m	Safari and EBT shares US$m	Foreign currency translation reserve* US$m	Available for sale reserve* US$m	Retained earnings US$m	Total US$m	Minority interest US$m	Total equity US$m
At 1 April 2006	**158**	**6,099**	**3,395**	**(655)**	**102**	**–**	**3,944**	**13,043**	**542**	**13,585**
Currency translation movements on foreign currency investments	–	–	–	–	(290)	–	–	(290)	(12)	(302)
Net investment hedges – fair value losses in period	–	–	–	–	106	–	–	106	–	106
Deferred tax charge on items taken to equity	–	–	–	–	–	–	(9)	(9)	–	(9)
Acquisitions – minority interests	–	–	–	–	–	–	–	–	(10)	(10)
Other movements	–	–	–	–	4	–	(10)	(6)	(2)	(8)
Profit for the financial year	–	–	–	–	–	–	790	790	118	908
Dividends paid	–	–	–	–	–	–	(473)	(473)	(90)	(563)
Issued capital	–	24	–	–	–	–	–	24	–	24
Payment for purchase of own shares for share trusts	–	–	–	(8)	–	–	–	(8)	–	(8)
Equity settled share incentive plans	–	–	–	–	–	–	14	14	–	14
At 30 September 2006	**158**	**6,123**	**3,395**	**(663)**	**(78)**	**–**	**4,256**	**13,191**	**546**	**13,737**
At 31 March 2007	**158**	**6,137**	**3,395**	**(683)**	**459**	**7**	**4,933**	**14,406**	**595**	**15,001**
Currency translation movements on foreign currency investments	**–**	**–**	**–**	**–**	**794**	**–**	**–**	**794**	**18**	**812**
Net investment hedges – fair value gains in period	**–**	**–**	**–**	**–**	**(90)**	**–**	**–**	**(90)**	**–**	**(90)**
Other movements	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**	**–**	**(2)**
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**–**	**958**	**958**	**124**	**1,082**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(537)**	**(537)**	**(98)**	**(635)**
Issued capital	**–**	**25**	**–**	**–**	**–**	**–**	**–**	**25**	**–**	**25**
Payment for purchase of own shares for share trusts	**–**	**–**	**–**	**(9)**	**–**	**–**	**–**	**(9)**	**–**	**(9)**
Cash flow hedge fair value deferred to equity	**–**	**–**	**–**	**–**	**7**	**–**	**–**	**7**	**–**	**7**
Equity settled share incentive plans	**–**	**–**	**–**	**–**	**–**	**–**	**28**	**28**	**–**	**28**
At 30 September 2007	**158**	**6,162**	**3,395**	**(692)**	**1,170**	**7**	**5,380**	**15,580**	**639**	**16,219**

* These are classified as 'Other Reserves' on the Group Consolidated Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS

Continued

11. Reconciliation of profit for the year to net cash generated from operations

	Six months ended 30/9/07 Unaudited US$m	Six months ended 30/9/06 Unaudited US$m	Year ended 31/3/07 Audited US$m
Profit for the year	**1,082**	908	1,883
Taxation	**497**	470	921
Share of post-tax results of associates	**(147)**	(105)	(205)
Interest receivable	**(96)**	(146)	(240)
Interest payable and similar charges	**354**	388	668
Operating profit	**1,690**	1,515	3,027
Depreciation:			
Property, plant and equipment	**297**	270	550
Containers	**113**	85	187
Container breakages, shrinkage and write-offs	**11**	11	44
Loss/(profit) on sale of property, plant and equipment	**8**	(6)	(6)
Exceptional profit on sale of property, plant and equipment (Europe)	**–**	–	(14)
Impairment of property, plant and equipment	**–**	2	13
Amortisation of intangible assets	**94**	81	162
Net (gain)/loss from fair value hedges	**3**	(8)	(2)
(Gain) on disposal of subsidiaries	**(17)**	–	–
Dividends received from other investments	**(1)**	(1)	(1)
Charge with respect to share options	**28**	14	31
Restructuring and integration costs (Latin America, Corporate)	**–**	–	10
Adjustment to goodwill (Europe)	**–**	–	31
Other non-cash movements	**3**	1	(1)
Net cash generated from operations before working capital movements (EBITDA)	**2,229**	1,964	4,031
Net inflow/(outflow) in working capital	**(101)**	188	(13)
Net cash generated from operations	**2,128**	2,152	4,018

Cash generated from operations include cash outflows relating to exceptional costs of US$10 million in respect of South America integration and restructuring costs (2006: US$20 million).

12. Business acquisitions and disposals

There have been no material acquisitions or disposals during the period under review.

13. Related party transactions

The group's significant related parties are its associates as described in the SABMiller plc Annual Report for the year ended 31 March 2007. There have been no material changes to the type of related party transactions described therein.

14. Contingencies and commitments

A ZAR1.6 billion interest-bearing bond was issued during the period under review. The interest rate applicable to this bond is 9.935% pa. The bond is a five year, bullet repayment bond with a semi-annual coupon, commencing on 19 July 2007, maturing on 19 July 2012.

Other than the above, there have been no material changes in contingencies and commitments for the period under review.

15. Subsequent events

On 9 October, SABMiller plc and Molson Coors Brewing Company announced that they had signed a letter of intent to combine the US and Puerto Rico operations of their respective subsidiaries, Miller and Coors, in a joint venture to create a stronger, brand-led US brewer with the scale, resources and distribution platform to compete more effectively in the increasingly competitive US marketplace. The transaction is subject to negotiation of definitive agreements, which is expected by the end of 2007. Closing of the transaction is also subject to obtaining clearances from the US competition authorities and certain other regulatory clearances and third-party consents, as required, and is not expected before mid 2008.

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