**SABMiller plc**

Interim Report 2012


*Building locally, winning globally, delighting consumers*

# Introduction

## SABMiller plc, one of the world's leading brewers with operations and distribution agreements across six continents, reports its interim (unaudited) results for the six months to 30 September 2012.

**"Broad-based revenue and profit growth in the first half reflects the continued success of our approach to the development of our brands, product portfolios, distribution and sales effectiveness. We have strengthened our local flagship brands, complemented by product innovation across a wide range of styles and prices. Margins have risen modestly despite higher input costs, as a result of our cost reduction and procurement initiatives supplemented by a positive contribution from the acquisitions and business combinations concluded in the second half of last year."**

**Graham Mackay,** Executive Chairman of SABMiller

### Further information

This report covers the six months to 30 September 2012. It is also available on our website as a downloadable PDF
**www.sabmiller.com/reports**

For more detailed information about SABMiller please refer to our website
**www.sabmiller.com/investors**


## Contents

# Strong revenue and earnings growth

## Operational highlights

- Strong brand development and sales capability drove broad-based growth in our emerging markets.
- Organic, constant currency group revenue growth of 8% and reported group revenue up 11%.
- Lager volumes rose 4% on an organic basis, while selective price increases and positive brand mix drove group revenue per hectolitre (hl) growth[1] of 3%.
- Organic, constant currency EBITA grew by 9%. Reported EBITA up 17%, despite adverse currency movements and increased commodity costs, enhanced by the inclusion of Foster's.
- EBITA margin improvement of 30 basis points (bps) on an organic, constant currency basis with a reported margin uplift of 100 bps driven by last year's acquisitions and business combinations and strong top line performance.
- Foster's integration programme progressing well, synergy delivery and capability build running ahead of schedule.
- Adjusted EPS up 14% to 118.1 US cents per share.
- Free cash flow[2] up 14% to US$1,684 million, assisted by the timing of tax cash flows.

[1] Growth is shown on an organic, constant currency basis.
[2] As defined in the financial definitions section. See also note 10b.

## Financial highlights

| | **6 months to Sept 2012 US$m** | 6 months to Sept 2011 US$m | % change | 12 months to March 2012 US$m |
|---|---|---|---|---|
| **Group revenue**[a] | **17,476** | 15,688 | 11 | 31,388 |
| **Revenue**[b] | **11,370** | 10,539 | 8 | 21,760 |
| **EBITA**[c] | **3,173** | 2,701 | 17 | 5,634 |
| **Adjusted profit before tax**[d] | **2,759** | 2,457 | 12 | 5,062 |
| **Profit before tax**[e] | **2,279** | 2,041 | 12 | 5,603 |
| **Profit attributable to owners of the parent** | **1,590** | 1,382 | 15 | 4,221 |
| **Adjusted earnings**[f] | **1,875** | 1,633 | 15 | 3,400 |
| **Adjusted earnings per share** | | | | |
| – US cents | **118.1** | 103.3 | 14 | 214.8 |
| – UK pence | **74.7** | 64.0 | 17 | 134.4 |
| – SA cents | **967.5** | 731.1 | 32 | 1,607.0 |
| **Basic earnings per share (US cents)** | **100.1** | 87.4 | 15 | 266.6 |
| **Interim dividend per share (US cents)** | **24.0** | 21.5 | 12 | |
| **Free cash flow** | **1,684** | 1,479 | 14 | 3,048 |

[a] Group revenue includes the attributable share of associates' and joint ventures' revenue of US$6,106 million (2011: US$5,149 million).
[b] Revenue excludes the attributable share of associates' and joint ventures' revenue.
[c] 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' and joint ventures' operating profit, on a similar basis. EBITA is used throughout this interim report.
[d] Adjusted profit before tax comprises EBITA less adjusted net finance costs of US$391 million (2011: US$229 million) and share of associates' and joint ventures' net finance costs of US$23 million (2011: US$15 million).
[e] Profit before tax includes exceptional charges of US$127 million (2011: US$191 million). Exceptional items are explained in note 3.
[f] A reconciliation of adjusted earnings to the statutory measure of profit attributable to owners of the parent is provided in note 5.

## Segmental EBITA performance

| | **Sept 2012 EBITA US$m** | Reported growth % | Organic, constant currency growth % |
|---|---|---|---|
| Latin America | **920** | 15 | 14 |
| Europe | **516** | (10) | (5) |
| North America | **479** | 6 | 6 |
| Africa | **355** | 8 | 19 |
| Asia Pacific | **506** | 265 | 10 |
| South Africa: Beverages | **426** | (4) | 11 |
| South Africa: Hotels and Gaming | **65** | (2) | 12 |
| Corporate | **(94)** | – | – |
| **Group** | **3,173** | 17 | 9 |

# Executive Chairman's review

## Business review

The group has delivered strong revenue and profit growth during the period, with underlying volumes, aggregate pricing and mix all trending positively and contributing to margin development. We grew volumes and revenues across most regions despite a moderation of growth in some emerging markets. Development of brands, product ranges and the route to market continued across the breadth of our portfolio supported by further improved operating processes. The acquisition of Foster's in particular has contributed significantly.

Total beverage volumes were 4% ahead of the prior period on an organic basis with lager volumes up 4%, soft drinks volumes up 6% and other alcoholic beverages up 12%. This volume growth, selective price increases and improved brand mix in most regions led to group revenue growth of 8% on an organic, constant currency basis, with group revenue per hl up 3% on the same basis. Reported group revenue, which includes business combinations, was up 11%. Currency movements had an adverse impact of six percentage points on group revenue growth principally due to the weakening of the South African rand and Central European currencies.

EBITA of US$3,173 million represented growth of 17%, including the contribution of Foster's and other business combinations but also the impact of currency weakness. EBITA grew by 9% on an organic, constant currency basis reflecting a combination of volume growth and rising group revenue per hl combined with some cost savings and efficiencies. On an organic, constant currency basis the EBITA margin rose 30 basis points (bps). Raw material input costs rose, as expected, by mid-single digits (on a constant currency, per hl basis) largely as a result of higher cereal costs partly offset by procurement and other savings. Fixed costs increased with salary inflation and further expenditure on sales and systems capabilities, partly offset by on-going cost efficiency initiatives. Investment in brand development continued, with related marketing costs rising slightly behind the increase in revenue. EBITA margins also benefited from acquisitions and business combinations, particularly Foster's, and the reported EBITA margin for the group expanded by 100 bps to 18.2%.

Adjusted earnings growth of 15% reflects higher EBITA, boosted by the acquisition of Foster's, and a reduction in the effective tax rate to 27.5%, partly offset by increased finance costs driven by Foster's-related debt. Adjusted earnings per share were up 14% to 118.1 US cents.

Despite the adverse currency movements, free cash flow increased by US$205 million compared with the prior period, to US$1,684 million. Adjusted EBITDA, which includes dividends from MillerCoors but excludes the cash impact of exceptional items, increased by US$342 million (12%) with underlying growth enhanced by the contribution from Foster's. Capital expenditure, including that on intangible assets, of US$655 million was US$105 million lower than in the prior period. We have continued to invest, particularly in Africa, in order to address capacity constraints and to support growth. New brewing capacity was commissioned in South Sudan and Nigeria during the period and new capacity in Ghana, Tanzania, Peru, Uganda and Zambia is currently under construction. Working capital generated a net cash outflow during the period of US$219 million driven by the timing of payments to creditors, increased inventory value particularly in Africa and Latin America, utilisation of provisions in Australia and higher receivables in Europe due to growth in the modern trade channel. Net interest paid increased by US$190 million over the prior period reflecting increased debt primarily reflecting the acquisition of Foster's, but the timing of a one off tax cash inflow in Australia more than offset this.

The group's gearing ratio as at 30 September 2012 reduced to 65.0% from 68.6% at 31 March 2012 (as restated). Net debt was reduced by US$750 million to US$17,112 million. An interim dividend of 24.0 US cents per share, up 2.5 cents (12%) from the prior year's interim dividend, will be paid to shareholders on 14 December 2012.

- In **Latin America**, EBITA grew by 15% (14% on a constant currency basis) and EBITA margin improved strongly, reflecting increased volumes and selective price increases, combined with variable production and other cost efficiencies. Lager volumes grew by 4% and soft drinks by 3%, with volume improvements more modest in the second quarter as a result of a slowdown in the pace of economic growth. Group revenue per hl grew by 4% on a constant currency basis. Soft drink volume improvements benefited from wider availability and pack range extensions of our non-alcoholic malt brands.

- In **Europe**, reported EBITA declined by 10% (5% on an organic, constant currency basis) with an EBITA margin decline of 170 bps (200 bps on an organic, constant currency basis) driven by negative mix and higher raw material costs together with increased level of marketing spend in advance of peak trading. Reported EBITA was impacted by the weakening of European currencies against the US dollar, but benefited from our alliance with Anadolu Efes. Lager volumes improved by 9% on an organic basis, driven by selective price reductions together with growth in the economy segment and the benefit in the second quarter from cycling a weak comparative period. Performance continues to be affected by the shift from on-premise to off-premise consumption as well as growth of the modern trade channel, particularly discounters. Group revenue per hl declined by 2% on an organic, constant currency basis reflecting negative mix and the price resets. We increased market share in Poland, Romania and some other countries, as we repositioned our brand portfolios, launched new variants and enhanced sales execution.

- In **North America**, EBITA increased by 6% with strong pricing and positive brand mix, partly offset by increased marketing costs and lower volumes. MillerCoors' domestic sales to retailers (STRs) were down 2% on a trading day adjusted basis, with sales to wholesalers (STWs) 1% lower on an organic basis following a slight build-up of distributor stocks. The decline in premium light and economy volumes was partly offset by double digit volume growth in the Tenth and Blake craft and imports division.

- Reported EBITA in **Africa** increased by 8% (19% on an organic, constant currency basis) with lager volumes up by 6% on an organic basis. Growth was strong in most markets, although second quarter growth was reduced by the effect of a 25% excise increase in Tanzania. Subsidiary EBITA margins remained under pressure reflecting the impact of capacity expansion-related costs, commodity cost pressures and continued building of our sales and marketing capability. Total EBITA margin improved by 200 bps principally as a result of the combination of our Angola and Nigeria businesses with Castel and associated synergies. Other beverage categories contributed significantly to total volume growth, with soft drinks 8% higher and other alcoholic beverages up 12%, both on an organic basis.

- The acquisition of Foster's and higher profits in China and India resulted in reported EBITA in **Asia Pacific** increasing by 265% (10% on an organic, constant currency basis). Lager volumes improved by 5% on an organic basis while reported volumes grew by 17%. Our associate in China, CR Snow, continued to deliver good growth with volumes up 4% on an organic basis although the second quarter saw volume declines in Sichuan, Anhui and Fujian provinces. In India volumes increased by 23% driven by strong growth in Andhra Pradesh, partly cycling trade restrictions in the prior period, combined with double digit growth across other key states.

  In Australia, lager volumes declined by 8% on a *pro forma*[1] basis, slightly worse than the market, excluding the impact of the termination of some licensed brands and the loss of two trading days. Including these impacts lager volumes declined by 13%. Good progress continues to be made on plans to strengthen the brand portfolio and commercial trading relationships, to accelerate the realisation of synergies and to improve operational performance.

- **South Africa: Beverages**' EBITA decreased by 4% (but increased by 11% on a constant currency basis). EBITA margin expanded by 10 bps benefiting from price increases, operational efficiencies and fixed cost productivity, partly offset by a non-recurring charge in our associate, Distell. Group revenue per hl grew by 6% on a constant currency basis. Lager volumes grew by 1% and we continued to gain market share in a challenging economic and trading environment. Soft drinks volumes grew by 8%, cycling a relatively weak comparative period in the prior year and benefiting from increased channel penetration.

- The **business capability programme** progressed in line with expectations, with net operating benefits of US$115 million in the six months. The most significant contributions came from Trinity (global procurement) and European regional manufacturing. The exceptional costs of the programme were US$70 million during the half year (2011: US$115 million). The global IS solution was deployed in Ecuador and preparations continue for the next release, due to be initiated in Poland after the year end.

**Outlook**
We have recently seen moderation of economic growth in some countries, but the potential of the principal emerging markets in which we operate remains strong. The positive impact from acquisitions and business combinations seen in the first half will reduce as we cycle their completion in the latter part of the year. Performance will continue to reflect progress in the development of our brands, product portfolios, distribution and sales effectiveness. We expect input cost pressures to continue at a level similar to that of the first half of the year, and we will selectively raise prices where market conditions permit. We will continue to invest, in brand development, innovation, systems and capability to sustain growth, as well as to implement our planned capital programmes.

[1] Australia *pro forma* volumes are based on volume information for the period from 1 April 2011 to 30 September 2011 using SABMiller's definition of volumes and include 100% of the volumes for Pacific Beverages, our joint venture in Australia until January 2012.

## Operational review

### Latin America

| Financial summary | **Sept 2012** | Sept 2011 | % |
|---|---|---|---|
| Group revenue (including share of associates) (US$m) | **3,687** | 3,396 | 9 |
| EBITA[1] (US$m) | **920** | 797 | 15 |
| EBITA margin (%) | **24.9** | 23.5 | |
| **Sales volumes (hl 000)** | | | |
| – Lager | **20,463** | 19,658 | 4 |
| – Soft drinks | **8,879** | 8,593 | 3 |

[1] In 2012 before exceptional charges of US$45 million being business capability programme costs (2011: US$54 million being business capability programme costs of US$42 million and integration and restructuring costs of US$12 million).

**Latin America** delivered lager volume growth of 4% in the half year, outperforming most alcohol and soft drinks categories across our markets. There was a slowdown in the rate of economic growth in the second quarter. Soft drinks volumes were up 3% as a result of increased distribution and non-alcoholic malt beverage pack range extensions. Volume growth, combined with selective price increases, resulted in an increase in group revenue of 9% on a reported basis. Reported EBITA increased by 15% and EBITA margin by 140 bps, as product costs benefited from stronger currencies and procurement savings and distribution showed further efficiency gains, which were offset by sales and system capability costs incurred during the period.

In **Colombia**, lager volumes grew by 3%, despite selective price increases in April, local trade restrictions in some cities and the cycling of the FIFA Under-20s World Cup in the prior period. Consumer acceptance of the more affordable bulk pack launched in the prior year has been gratifying. Our mainstream portfolio continues to expand, particularly in the light segment, with Águila Light growing at double digit rates at upper mainstream prices. Our premium and super-premium segment volumes showed combined growth of 6% assisted by the enlarged Club Colombia franchise and increased availability of Miller Genuine Draft (MGD). Our share of the alcohol market increased by 110 bps compared with the prior year, with gains driven by increased fridge penetration and the narrowing of the affordability gap between beer and spirits. Despite strong competition and increased prices in April, our non-alcoholic malt beverages volumes grew by 1%.

In **Peru**, lager volumes grew by 6%, with consumers continuing to trade up from informal alcohol. Trade execution improved as a result of our commercial operating model roll-out and expanded trade and fridge coverage. This resulted in a further gain of 120 bps in our lager market share. Cristal, our flagship brand and leading sponsor of football, saw strong growth in the period and Cusqueña continued to grow. Our soft drinks volumes expanded by 26%, as our non-alcoholic malt brand, Maltin Power, and the water category grew their consumer base.

In **Ecuador**, following price increases and strong growth in the comparative period, lager volumes increased by 4%. Our share of the alcohol market rose, reflecting the benefits of our continued direct service expansion and improved outlet coverage. Our upper mainstream brand, Pilsener Light, doubled in volume, while our local premium brand, Club, delivered growth of 19%. Our non-alcoholic malt brand, Pony Malta, also benefited from wider distribution, achieving double digit volume growth.

In **Panama**, lager volumes were up by 7%, with our premium brand, Miller Lite, quadrupling its volumes and MGD growing by double digits, further enhancing our revenue mix. We continue to lead the premium and the super-premium segments, while competition remains intense in the mainstream segment. The non-alcoholic malt beverages category saw healthy volume growth of 17%, largely driven by wider distribution, while other soft drinks categories saw softer performance.

Our business in **Honduras** saw growth of 1% across both lager and soft drinks. Heightened security concerns have led to a structural shift toward off-premise consumption and a decline in the total alcohol market. Nevertheless, our share of the alcohol market increased by over 500 bps compared with the prior period, supported by our bulk pack affordability strategy.

**El Salvador** delivered a strong performance, with domestic lager volume growth of 12%, driven by the success of our bulk packs, trade activations and coverage expansion. Our premium brand, Suprema, saw volume growth of 9%, after the launch of new packaging late last year, while Golden Light was repositioned as an upper mainstream brand and grew volumes by double digits. Despite heightened competition, domestic soft drinks volumes grew by 1% over the prior period.

# Executive Chairman's review
continued

## Europe

| Financial summary | Sept 2012 | Sept 2011 | % |
|---|---|---|---|
| Group revenue (including share of associates) (US$m) | **3,293** | 3,268 | 1 |
| EBITA[1] (US$m) | **516** | 570 | (10) |
| EBITA margin (%) | **15.7** | 17.4 | |
| **Sales volumes (hl 000)** | | | |
| – Lager | **27,118** | 25,645 | 6 |
| – Lager (organic) | **23,047** | 21,232 | 9 |
| – Soft drinks | **3,661** | 58 | >100 |
| – Soft drinks (organic) | **48** | 46 | 4 |

[1] In 2012 before exceptional charges of US$35 million being business capability programme costs (2011: US$69 million being business capability programme costs of US$54 million and the loss on disposal of a business of US$15 million).

In **Europe**, organic information excludes trading in Russia and Ukraine in the prior year comparative period and our share of Anadolu Efes' trading in the half year, following the completion of our strategic alliance on 6 March 2012. Our share of Anadolu Efes' results is included in reported information. Lager volumes were up 6% (9% on an organic basis) driven by economy brand growth, and supported by selective price reductions, increased promotional activities and the launch of various product and pack innovations. In addition, the second quarter benefited from cycling a weak comparative period. Group revenue per hl decreased by 16%, (down 2% in organic, constant currency) reflecting expansion of economy brands and price reductions, together with further decline of the on-premise channel, adverse currency movements and the change in category mix resulting from the inclusion of our share of Anadolu Efes' results.

Reported EBITA was down 10% impacted by the weakening of European currencies against the US dollar but benefiting from the strategic alliance with Anadolu Efes. Reported EBITA margin declined by 170 bps. Organic, constant currency EBITA was down 5% with an EBITA margin decline of 200 bps on the same basis, driven by increased raw material costs and a higher level of marketing spend to support product launches and brand activations in advance of peak trading, and further accentuated by continuing adverse channel, pack and brand mix effects. Market share gains were achieved in several markets, most notably Poland, Romania, Hungary and Slovakia as we repositioned our brand portfolios, launched new flavoured variants and enhanced our execution in the on-premise channel.

In **Poland**, volumes were up 10% benefiting from the beer market growth in the first quarter, fuelled by Euro 2012 football tournament marketing activities and favourable weather conditions. The second quarter benefited from cycling a weak comparative period, but growth was more subdued towards the end of the half year as the consumer environment became increasingly challenging. In addition core brands benefited from the resetting of some price points and the launch of innovations. Mainstream brand Tyskie gained market share supported by the successful '5th stadium' marketing campaign and the launch of the variant Tyskie Klasyczne. Growth of our premium brand Lech was assisted by the launch of Lech Shandy which helped to develop a new category with encouraging results. Constant currency revenue per hl was down 1% as a result of price resets, and this, coupled with higher input costs and marketing spend focused on the first half of the year to support product launches, resulted in an EBITA decline on the same basis.

In the **Czech Republic**, domestic volumes were up 2%. Revenue per hl declined by 1% on a constant currency basis as consumers continued to shift from the high value on-premise channel to the off-premise channel. Channel dynamics particularly affected our performance in the super-premium and mainstream segments as Pilsner Urquell and Gambrinus respectively are heavily skewed to the on-premise channel. The launch of a new variant resulted in strong growth of Frisco in the super-premium segment. Growth in the premium segment was attributable to Kozel 11, which benefited from increased distribution and a successful launch in PET, together with the newly-launched Gambrinus Radler. EBITA on a constant currency basis declined as operational cost efficiencies were outweighed by adverse channel mix and increased raw material costs.

In **Romania**, volumes grew by 25% driven by the national roll-out of economy brand Ciucas in a new PET pack launched at the end of the prior financial year. Mainstream brand Timisoreana also performed ahead of the prior period with growth in larger PET formats. Price increases in the period were offset by adverse pack and brand mix resulting in constant currency revenue per hl declining by 5%. Despite the unfavourable mix, volume growth led to increased EBITA on a constant currency basis.

Domestic lager volumes in **Italy** were 1% ahead of the prior period against the backdrop of a challenging economic environment and poor consumer confidence. The growth was mainly fuelled by our economy brand Wuhrer following a price repositioning.

In the **Netherlands**, domestic volumes were down 1%, predominantly driven by a decline in the on-premise channel which has been impacted by a challenging market environment with low levels of consumer confidence, together with high levels of promotional pressure in the off-premise channel.

In the **United Kingdom**, domestic volumes were up 5% driven by Peroni Nastro Azzurro growth supported by continued draught expansion.

In **Slovakia**, a number of successful summer promotions resulted in solid growth of Kozel, Pilsner Urquell and Birell, and this together with the launch of Smadny Mnich Radler, led to aggregate volume growth of 10%. In the **Canaries**, lager volumes grew by 5%, despite the challenging trading environment, driven by good performance in the off-premise channel which offset declines in performance in the tourist areas. In **Hungary**, volumes were up 7% boosted by on-premise activations supporting our economy brand Kobanyai Sor.

**Anadolu Efes**' lager volumes were down 5% on a *pro forma*[1] basis compared with the prior period, and soft drinks volumes were up 9% on the same basis. The decline in lager volumes was driven by a softer performance in Russia with market share suffering during the integration of SABMiller and Anadolu Efes' businesses. Slower growth in Turkey, resulting from increased availability of competitor products was also a factor. The increase in soft drinks volumes was driven by strong growth in both the still and sparkling drinks categories.

[1] *Pro forma* volumes are based on volume information for the period from 1 April 2011 to 30 September 2011 using SABMiller's definition of volumes for the enlarged Anadolu Efes group as if the strategic alliance had commenced on 1 April 2011.

## North America

| Financial summary | Sept 2012 | Sept 2011 | % |
|---|---|---|---|
| Group revenue (including share of joint ventures) (US$m) | **2,901** | 2,830 | 3 |
| EBITA[1] (US$m) | **479** | 452 | 6 |
| EBITA margin (%) | **16.5** | 16.0 | |
| **Sales volumes (hl 000)** | | | |
| – Lager – excluding contract brewing | **22,237** | 22,586 | (2) |
| – Lager – excluding contract brewing (organic) | **22,218** | 22,586 | (2) |
| **MillerCoors' volumes** | | | |
| – Lager – excluding contract brewing | **21,539** | 21,779 | (1) |
| – Lager – excluding contract brewing (organic) | **21,520** | 21,779 | (1) |
| – Sales to retailers (STRs) | **21,336** | 21,914 | (3) |
| – Contract brewing | **2,538** | 2,357 | 8 |

[1] In 2012 before exceptional charges of US$nil (2011: US$35 million being the group's share of MillerCoors' impairment of the Sparks brand).

The North America segment includes the group's 58% share in MillerCoors and 100% of Miller Brewing International and various North American holding companies. Total North America EBITA increased by 6%, as growth in MillerCoors was partly offset by higher marketing and fixed costs in Miller Brewing International.

### MillerCoors

In the six months to 30 September 2012, MillerCoors' US domestic STRs declined by 2% on a trading day adjusted basis (declined by 3% on an unadjusted basis). Domestic STWs were down by 1% on an organic basis, following higher distributor inventory levels than in the comparative period. EBITA increased by 8% with strong pricing, favourable brand mix and reduced general and administrative costs partly offset by the impact of lower volumes and higher marketing spend.

Premium light volumes were down low single digits, as growth in Coors Light was offset by a low single digit decline in Miller Lite. The Tenth and Blake division delivered double digit volume growth, driven primarily by Leinenkugel's, including the strong success of Leinenkugel's Summer Shandy and Blue Moon. Peroni Nastro Azzurro delivered strong results growing by high single digits. The economy segment declined by mid single digits, driven by Keystone Light and Miller High Life, as consumers continued to trade up to other categories. The premium regular segment was down by mid single digits with a double digit decline in Miller Genuine Draft partly offset by low single digit growth in Coors Banquet. All STR volume growth rates presented in this paragraph are on a trading day adjusted basis.

MillerCoors' revenue per hectolitre grew by 4%, as a result of firm pricing and favourable brand mix resulting from growth in the Tenth and Blake division and declines in the economy segment. Cost of goods sold per hectolitre increased by low single digits, driven by higher brewing material costs and unfavourable pack mix linked to product innovation, partly offset by tight cost control and savings initiatives.

Marketing spend increased, following investment behind the Miller64 brand relaunch, together with higher spending on new products and packaging innovations, with higher levels of marketing investment in Coors Light and Miller Lite expected to continue. General and administrative costs decreased primarily as a result of phasing of information system costs. Our share of an impairment charge relating to the discontinuation of Home Draft packaging was also taken in the half year.

## Africa

| Financial summary | Sept 2012 | Sept 2011 | % |
|---|---|---|---|
| Group revenue (including share of associates) (US$m) | **1,792** | 1,839 | (3) |
| EBITA[1] (US$m) | **355** | 327 | 8 |
| EBITA margin (%) | **19.8** | 17.8 | |
| **Sales volumes (hl 000)** | | | |
| – Lager | **8,709** | 8,290 | 5 |
| – Lager (organic) | **8,345** | 7,904 | 6 |
| – Soft drinks | **6,201** | 6,693 | (7) |
| – Soft drinks (organic) | **6,098** | 5,642 | 8 |
| – Other alcoholic beverages | **2,969** | 2,597 | 14 |
| – Other alcoholic beverages (organic) | **2,919** | 2,597 | 12 |

[1] In 2012 before exceptional charges of US$nil (2011: US$1 million being business capability programme costs).

Lager volumes in **Africa** grew by 5% (6% on an organic basis), cycling strong comparatives. Robust volume growth continued in most African markets, although overall growth in the second quarter was impacted by a significant excise increase in Tanzania, as well as a softer economic backdrop in Uganda which resulted in volume declines in these markets for the first half of the year. This was more than offset by strong double digit lager volume growth in Ghana, Mozambique, South Sudan and Zambia. We continue to increase our marketing investment, ensuring our brands are appealing to the consumer, as well as expanding our local geographic footprint to draw new consumers into the category through improved availability. Castle Lite continued to establish itself as a pan-African premium brand with growth of 50% in the half year. Lager volume growth was further supported by the commissioning of new capacity in South Sudan, in our associate in Zimbabwe and most recently in Nigeria as well as broadly favourable economic conditions across the continent. Further capacity projects are currently under way in Ghana, Tanzania, Uganda, and Zambia.

Our full beverage portfolio offering continued to deliver results with soft drinks and other alcoholic beverages volumes growing by 8% and 12% respectively both on an organic basis. Soft drinks growth including non-alcoholic malt beverages was underpinned by good performances in Ghana, Botswana, Nigeria, South Sudan and Zambia as well as our associate in Zimbabwe. Reported soft drinks volumes declined as a result of the management changes relating to the Angolan businesses. Other alcoholic beverages were buoyed by the strong performance of our wines and spirits in Tanzania. As part of our affordability strategy and to take share from informal alcohol, we continue to expand the geographic footprint of our traditional beer offering, with product now available in nine markets and the recent launch of the innovative Chibuku Super in PET in Zambia.

Volume growth and subsidiary organic, constant currency revenue per hectolitre growth of 8% helped deliver strong first half EBITA growth of 8% (19% on an organic, constant currency basis), despite the adverse impact of currency movements on reported group revenue. EBITA margin improved by 200 bps, to 19.8%, principally as a result of the synergies realised from the combination of our Angola and Nigeria businesses with Castel, with subsidiaries' EBITA margin under pressure reflecting the impact of capacity expansion-related costs, commodity cost pressures and continued building of our sales and marketing capability.

Lager volumes declined by 8% in **Tanzania** in the half year, as the beer market was negatively affected by a 25% excise increase in July 2012. Despite this, the continued strong performance of Castle Lite helped the premium segment remain in growth. Our wines and spirits business continued to grow strongly as we expand availability and introduce new pack offerings.

# Executive Chairman's review
## continued

In **Mozambique**, lager volumes grew by 10%, underpinned by robust growth in the mainstream brands 2M and Manica. After 11 months in the market, the affordable cassava-based brand Impala continues to expand and gain acceptance in the rural markets of the northern region.

Despite capacity constraints in **Zambia**, lager volume growth of 14% was achieved through enhanced brewery throughput efficiencies as well as imports from South Africa, expanded rural penetration and improved availability in the trade together with a positive economic environment. In the premium segment, Castle Lite more than doubled volumes while in the mainstream segment our key brands Castle Lager and Mosi were supported by focused marketing activities which delivered double digit growth. The construction of our new brewery at Ndola remains on track to be commissioned in the third quarter. Sparkling soft drinks and non-alcoholic malt beverages both delivered strong double digit volume growth.

In the context of a softer economic environment and cycling particularly strong comparatives, **Uganda** lager volumes contracted by 3%. Club Pilsener continued to gain share in the mainstream segment. Good progress is being made on the Mbarara brewery in west Uganda which is on track to be commissioned early in the next financial year and will provide a platform for growth in a market with a strong economic outlook expected in the medium term.

In **Ghana**, Club lager remained the notable performer leveraging its 'Pride in Origins' positioning and helped to deliver 15% lager volume growth, driven by improved availability coupled with a buoyant economy. Soft drinks volumes also grew 11% underpinned by the performance of the local sparkling beverage portfolio.

Despite a difficult political and economic period, **South Sudan** continued to deliver strong double digit lager and soft drinks volume growth, assisted by new capacity commissioned at the end of the first quarter. Delta Corporation, our associate in **Zimbabwe**, grew lager volumes by 9% organically with particularly strong growth from the premium lager, Golden Pilsener, supported by focused marketing initiatives and pack innovations. The Onitsha brewery in **Nigeria** was commissioned recently and the launch of our mainstream brand Hero in September was well received.

Our associate **Castel** delivered *pro forma*[1] half year lager volume growth of 5% with good volume performances in Cameroon and the Ivory Coast and further solidified their leadership position in Ethiopia. *Pro forma*[(1)] soft drinks volumes grew by 6%. The Angola integration project is delivering synergies ahead of expectation.

[1] *Pro forma* volumes are based on volume information for the period from 1 April 2011 to 30 September 2011 for the Castel business as if the management combinations in Angola and Nigeria and the Castel acquisition in Madagascar had occurred on 1 April 2011.

## Asia Pacific

| Financial summary | Sept 2012 | Sept 2011 | % |
|---|---|---|---|
| Group revenue (including share of associates and joint ventures) (US$m) | **3,040** | 1,439 | 111 |
| EBITA[1] (US$m) | **506** | 138 | 265 |
| EBITA margin (%) | **16.7** | 9.6 | |
| **Sales volumes (hl 000)** | | | |
| – Lager | **41,473** | 35,448 | 17 |
| – Lager (organic) | **37,158** | 35,377 | 5 |

[1] In 2012 before exceptional charges of US$47 million being integration and restructuring costs (2011: US$nil).

Lager volumes in **Asia Pacific** grew by 5% on an organic basis, while reported volumes were up 17% reflecting the acquisition of Foster's and other acquisitions in China. Reported EBITA increased threefold and group revenue per hl grew by 80% primarily due to the inclusion of Foster's. On an organic, constant currency basis EBITA increased by 10% and group revenue per hl improved by 6%. EBITA margin increased by 710 bps on a reported basis (level on an organic, constant currency basis).

In **China**, lager volumes grew by 6% (4% on an organic basis) and market share grew. Volume growth ahead of overall beer market growth was achieved in Liaoning, Jiangsu, Guangdong, Guizhou, Gansu and Shandong with share declines in Sichuan, Anhui and Fujian provinces.

Group revenue per hl increased by 2% despite the adverse impact of provincial mix. High single digit increases were achieved in certain provinces and the national trend continues to be positive, reflecting continued premiumisation of the brand portfolio led by growth in Snow Draft. EBITA increased by 7% on an organic, constant currency basis, although EBITA margin decreased slightly, reflecting continued sales and marketing investment to support volume growth in an increasingly competitive environment as well as adverse movements in commodity and operating costs.

In **India**, volumes grew by 23%. Continued strong growth in Andhra Pradesh, cycling trading restrictions in the state through to the end of August, was assisted by double digit growth achieved in the important states of Punjab, Maharashtra, Rajasthan, Orissa, West Bengal and Uttar Pradesh. Growth was more muted in the other key states of Karnataka and Haryana with slower market growth compared with the prior period.

Revenue per hl increased by 6% on a constant currency basis reflecting price increases in certain states and a continued focus on higher margin states, brands and packs. Marketing investment continued to increase in support of the brand portfolio and the business continued to focus on cost initiatives to offset commodity and other inflationary cost pressures. As a result, EBITA grew strongly, driven by our differentiated state by state strategy, with EBITA margin ahead of the prior period.

In **Australia**, lager volumes were down 13% on a *pro forma*[1] basis including the impact of two fewer trading days and the termination of some licensed brands from our portfolio. After adjusting for these impacts, lager volumes declined by 8%, slightly worse than the market and before the effects of our management actions, with a backdrop of consumer confidence which remains at subdued levels. While our share of draught remained firm, a reduction in off-premise share reflected more constrained customer programmes during the first half of the year and our focus on revenue optimisation.

The mainstream classic beer segment continued to underperform the market although the recently announced restoration of the flagship Victoria Bitter brand back to its full flavour, full strength position, has been favourably received, and is expected to strengthen our position in this segment. The Carlton brand franchise continued to consolidate its leading market share position, with strong momentum in Carlton Dry in particular. The recently launched Great Northern Brewing Co brand also continued to perform strongly.

Premium volumes performed well with growth in our global premium brands, cider and craft segments. In particular, global premium draught volumes performed strongly driven by Peroni Nastro Azzurro, up more than 100% in the second quarter of the year compared with the prior period.

[1] *Pro forma* volumes and financial information are based on results reported under IFRS and SABMiller accounting policies for the period from 1 April 2011 to 30 September 2011, as if the Foster's and Pacific Beverages transactions had occurred on 1 April 2011.

Revenue per hl increased by 3.5% for the six months on a *pro forma* continuing basis[2] reflecting our focus on driving profitable revenue growth. This has delivered greater value both for our customers and ourselves. Initiatives including accelerated synergy delivery, tighter cost control and supply optimisation have all contributed towards the growth of EBITA on a *pro forma* continuing basis[2].

We remain focused on delivering sustainable profitable growth through systematically building capability and investing in key areas of the business. These include investing in and renovating the core portfolio, improving revenue management capability and execution, and seeking out premium revenue growth opportunities. We are targeting to improve in-store execution through partnering with key customers, restructuring and refocusing the sales force.

The integration programme is progressing well, with synergy delivery and capability build running ahead of schedule. The sale of Foster's interests in its Fijian beverage operations, Foster's Group Pacific Limited, to Coca-Cola Amatil Ltd (CCA) was completed on 7 September and Foster's soft drinks assets were also sold to CCA on 28 September. There was no gain or loss on either disposal. With effect from 1 October, our associate distribution business in Dubai previously reported as part of Australia has been transferred to our Europe division.

[2] *Pro forma* continuing basis adjusts for the impact of discontinued licensed brands in all comparative information.

Soft drinks volumes grew 8%, cycling a relatively weak performance in the prior period and benefiting from increased channel penetration through the use of market logistics partners. The use of market level partnerships and reward structures, which were also used to penetrate key classes of trade, resulted in benefits particularly for two litre PET packs. Volume growth was also driven by very low price increases and warmer than expected weather in July and August. Growth in the still drinks portfolio was better than expected, with strong performances from Powerade and Play.

Our associate **Distell** reported good revenue and volume growth across its portfolio of wines, spirits and RTDs reflecting its diverse geographic footprint and despite subdued consumer spending in many of its export markets.

Our drive for productivity to fund market-facing investment continued with the beer business delivering further productivity in variable distribution costs and fixed costs. The soft drinks business saw some reduction in the pressure on packaging costs while continuing to benefit from operational efficiencies in the supply chain from distribution and warehousing initiatives. Reported EBITA declined by 4% (increased by 11% on a constant currency basis) and EBITA margin grew by 10 bps to 16.8%. EBITA growth was affected by our share of our associate Distell's EBITA which was significantly below the prior comparable period as the result of a one-off excise charge, caused by the reclassification of wine aperitifs by the South African Revenue Service.

## South Africa: Beverages

| Financial summary | **Sept 2012** | Sept 2011 | % |
|---|---|---|---|
| Group revenue (including share of associates) (US$m) | **2,530** | 2,669 | (5) |
| EBITA[1] (US$m) | **426** | 446 | (4) |
| EBITA margin (%) | **16.8** | 16.7 | |
| **Sales volumes (hl 000)** | | | |
| – Lager | **12,446** | 12,290 | 1 |
| – Soft drinks | **7,810** | 7,245 | 8 |
| – Other alcoholic beverages | **708** | 646 | 10 |

[1] In 2012 before net exceptional charges of US$12 million being charges incurred in relation to the Broad-Based Black Economic Empowerment scheme of US$10 million and business capability programme costs of US$2 million (2011: US$13 million being charges incurred in relation to the Broad-Based Black Economic Empowerment scheme of US$15 million and business capability programme credits of US$2 million).

In **South Africa**, the focus on market-facing investment and retail execution continued to deliver volume growth, despite a challenging economic and trading environment. Group revenue declined by 5% at reported exchange rates, but grew by 10% on a constant currency basis. Group revenue per hl grew by 6% on the same basis. Lager revenue benefited from a moderate price increase executed towards the end of the previous financial year, which was partly offset by an above inflation excise increase, and the continued strength of our premium portfolio. Overall revenue growth was somewhat restricted by the below-inflationary price increases in the soft drinks portfolio.

Lager volumes grew 1% despite the adverse impact of the timing of the Easter peak period, and we continued to gain market share. Volume growth was sustained by continuing superior retail execution and customer service, and innovative brand promotional campaigns. Key aspects of our sales execution included trade marketing and customer management relationship initiatives, customer loyalty programmes and sales force skills development. Castle Lite gained additional market share in the premium segment, supported by media and through the line campaigns associated with its unique 'Extra Cold' brand positioning. Castle Lager grew strongly backed by the success of the 'It all comes together with a Castle' campaign which draws on the brand's association with South Africa's most popular national sports. While Carling Black Label volumes declined slightly, performance in the second quarter improved, supported by the award winning marketing campaign 'Carling Cup'.

## South Africa: Hotels and Gaming

| Financial summary | **Sept 2012** | Sept 2011 | % |
|---|---|---|---|
| Group revenue (share of associates) (US$m) | **233** | 247 | (6) |
| EBITA (US$m) | **65** | 67 | (2) |
| EBITA margin (%) | **28.0** | 26.9 | |
| Revenue per available room (Revpar) – US$ | **66.0** | 68.9 | (4) |

SABMiller is a 39.7% shareholder in the Tsogo Sun Group which is listed on the Johannesburg Stock Exchange.

Our share of Tsogo Sun's reported revenue was US$233 million, a decrease of 6% over the prior period (up 7% on an organic, constant currency basis). The organic, constant currency results indicate an improvement in trading in a market which is affected by low growth and relatively high inflation, with reported results impacted by the weakening rand.

Gaming revenues were up 8% on a constant currency basis. The gaming industry in the major provinces of South Africa experienced varying levels of growth over the prior period with the largest province in terms of gaming win, Gauteng, reporting 6% growth and the KwaZulu-Natal province growing by 12%. The Tsogo Sun casinos in these provinces maintained their market share by growing in line with the market.

The South African hotel industry continued to show signs of improvement during the half year. Demand in the key group and conventions, corporate and government segments grew with constant currency revenue per available room growth of 11% for the six months. This has been mainly occupancy driven with pressure on rate increases still evident in the market.

Reported EBITA for the half year declined by 2% with growth of 12% on an organic, constant currency basis. The underlying growth was driven by improved gaming and hotel revenues together with cost savings, which resulted in the EBITA margin improving to 28.0%.

# Executive Chairman's review
continued

## Financial review

### New accounting standards and restatements
The accounting policies followed are the same as those published within the Annual Report and Accounts for the year ended 31 March 2012. There were no standards, interpretations or amendments adopted by the group since 1 April 2012 which have had a material impact on group results. The consolidated balance sheets as at 30 September 2011 and as at 31 March 2012 have been restated for further adjustments relating to the initial accounting for business combinations, details of which are provided in note 12. The Annual Report and Accounts for the year ended 31 March 2012 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.

SABMiller uses group revenue and EBITA (as defined in the financial definitions section) to evaluate performance and believes these measures provide stakeholders with additional information on trends and allow for greater comparability between segments. Segmental performance is reported after the specific apportionment of attributable head office costs.

### Disclosure of volumes
In the determination and disclosure of sales volumes, the group aggregates 100% of the volumes of all consolidated subsidiaries and its equity accounted percentage of all associates' and joint ventures' volumes. Contract brewing volumes are excluded from volumes although revenue from contract brewing is included within group revenue. Volumes exclude intra-group sales volumes. This measure of volumes is used in the segmental analyses as it closely aligns with the consolidated group revenue and EBITA disclosures.

### 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. See the financial definitions section for the definition.

### Adjusted EBITDA
The group uses an adjusted EBITDA measure of cash generation which adjusts EBITDA (as defined in the financial definitions section) to exclude cash flows relating to exceptional items and to include the dividends received from the MillerCoors joint venture. Given the significance of the MillerCoors business and the access to its cash generation, inclusion of the dividends from MillerCoors (which approximate the group's share of its EBITDA) provides a useful measure of the group's overall cash generation. Excluding the cash impact of exceptional items allows the level and underlying trend of cash generation to be understood.

### Disposals
On 7 September 2012 the group completed the disposal of Foster's interests in its Fijian beverage operations, Foster's Group Pacific Limited, and on 28 September 2012 the group completed the disposal of Foster's soft drinks assets, both to Coca-Cola Amatil Limited (CCA).

### 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 to the financial information.

Net exceptional charges of US$127 million before finance costs and tax were reported during the period (2011: US$210 million) including net exceptional charges of US$nil (2011: US$35 million) related to the group's share of associates' and joint ventures' exceptional items. The net exceptional charge included:
- US$70 million (2011: US$115 million) charge related to business capability programme costs in Latin America, Europe, South Africa: Beverages and Corporate;
- US$10 million (2011: US$15 million) charge in respect of the Broad-Based Black Economic Empowerment scheme in South Africa; and
- US$47 million charge related to integration and restructuring costs, including the closure of certain beverage lines, in Asia Pacific (2011: US$12 million related to various integration and restructuring projects in Latin America).

In addition to the amounts noted above, the net exceptional charge in 2011 included transaction-related advisers' costs of US$18 million associated with the acquisition of Foster's, an exceptional loss of US$15 million on the disposal of the distribution business in Italy, and the group's share of associates' and joint ventures' exceptional charges of US$35 million related to the group's share of the impairment of the Sparks brand in MillerCoors.

### Finance costs
Net finance costs were US$379 million, an 87% increase on the prior period's US$203 million, mainly as a result of the increase in net debt related to the Foster's acquisition. Finance costs in the current period include a net gain of US$12 million (2011: US$7 million) from the mark to market adjustments of various derivatives on capital items for which hedge accounting cannot be applied. Finance costs in the prior period also included a net exceptional gain of US$19 million related to the mark to market gains on derivative financial instruments partially offset by financing fees connected with the Foster's transaction. The mark to market gain, and in the prior period the transaction-related gain, has been excluded from the determination of adjusted net finance costs and adjusted earnings per share. Adjusted net finance costs were US$391 million, up 71%.

Interest cover, as defined in the financial definitions section, has decreased to 8.3 times from 12.7 times in the prior period.

### Profit before tax
Adjusted profit before tax of US$2,759 million increased by 12% over the comparable period in the prior year, primarily as a result of higher volumes, selective price increases, positive mix and the impact of acquisitions and business combinations in the prior financial year more than offsetting higher input, marketing and fixed costs, finance costs and the impact of adverse foreign exchange rate movements.

Profit before tax was US$2,279 million, up 12%, including the impact of the exceptional and other adjusting finance items noted above. The principal differences between reported and adjusted profit before tax relate to the amortisation of intangible assets (excluding software) and exceptional items. Amortisation amounted to US$229 million in the half year compared with US$105 million in the prior half year, with the increase resulting from the amortisation of Foster's intangible assets, and net exceptional charges were US$127 million compared with US$191 million in the prior year period.

### Taxation
The effective rate of tax for the half year before amortisation of intangible assets (excluding software) and exceptional items is 27.5% compared with a rate of 28.5% in the prior year period. The reduction in the rate primarily results from geographic changes in taxable profit mix, together with the tax effect of the interest charge on the additional debt taken on with the Foster's acquisition.

**Earnings per share**

The group presents adjusted basic earnings per share, which excludes the impact of amortisation of intangible assets (excluding software), certain non-recurring items and post-tax exceptional items, in order to present an additional measure of performance for the periods shown in the consolidated interim financial information. Adjusted basic earnings per share of 118.1 US cents were up 14% on the comparable period in the prior year, benefiting from higher profits, including the impact of acquisitions and business combinations, and a lower effective tax rate, partially offset by higher finance costs and adverse foreign currency movements. An analysis of earnings per share is shown in note 5. On a statutory basis, basic earnings per share were higher by 15% at 100.1 US cents (2011: 87.4 US cents) for the reasons given above, together with lower exceptional costs and higher amortisation of intangible assets (excluding software) this half year.

**Cash flow and capital expenditure**

Net cash generated from operations before working capital movements (EBITDA) of US$2,657 million increased by 16% compared with the prior year period (2011: US$2,298 million). This increase was primarily due to higher revenue leading to higher operating cash flows, offset by unfavourable currency movements. Dividends received from the MillerCoors joint venture (reported within cash flows from investing activities) amounted to US$517 million (2011: US$494 million).

Adjusted EBITDA of US$3,255 million (comprising EBITDA before cash outflows from exceptional items of US$81 million plus dividends received from MillerCoors of US$517 million) increased by 12% compared with the same period in the prior year (2011: US$2,913 million), reflecting the higher EBITDA and MillerCoors' dividends partially offset by lower cash exceptional items.

Net cash generated from operating activities of US$1,875 million was up US$156 million on the same period in the prior year, primarily reflecting improved EBITDA and lower tax paid due to the receipt of a non-recurring tax refund in Australia, partially offset by higher net interest paid and cash outflow from working capital.

Capital expenditure on property, plant and equipment for the six months of US$599 million has decreased compared with the same period in the prior year (2011: US$680 million). The group has continued to invest selectively in its operations to support future growth, especially in Africa where capacity constraints have been experienced. New brewery capacity has been commissioned in South Sudan and Nigeria during the half year and further capacity projects are currently in progress in Ghana, Tanzania, Uganda and Zambia, and also in Peru. Capital expenditure including the purchase of intangible assets was US$655 million (2011: US$760 million).

Free cash flow improved by 14% to US$1,684 million, reflecting higher cash generated from operating activities and lower capital expenditure. Free cash flow is detailed in note 10b, and defined in the financial definitions section.

**Borrowings and net debt**

Gross debt at 30 September 2012, comprising borrowings together with the fair value of derivative assets or liabilities held to manage interest rate and foreign currency risk of borrowings, decreased to US$17,892 million from US$18,607 million at 31 March 2012, primarily as a result of a partial repayment of the Foster's acquisition facilities and the repayment on maturity of bonds in Colombia and South Africa. Net debt, comprising gross debt net of cash and cash equivalents, decreased to US$17,112 million from US$17,862 million at 31 March 2012. An analysis of net debt is provided in note 10c.

The group's gearing (presented as a ratio of net debt/equity) has decreased to 65.0% from 68.6% at 31 March 2012 (restated). The weighted average interest rate for the gross debt portfolio at 30 September 2012 was 4.4% (31 March 2012: 4.9%).

**Total equity**

Total equity increased from US$26,032 million at 31 March 2012 (restated) to US$26,337 million at 30 September 2012. The increase was primarily due to profit for the period, partly offset by dividend payments and currency translation movements on foreign currency investments.

**Goodwill and intangible assets**

Goodwill decreased to US$20,188 million (31 March 2012: US$20,297 million) as a result of foreign exchange movements in the period. Intangible assets decreased in the period to US$9,790 million (31 March 2012: US$9,958 million) primarily owing to amortisation, partially offset by foreign exchange movements and additions related to the business capability programme. The comparatives for goodwill and intangible assets have been restated to reflect adjustments to provisional fair values of business combinations, further details of which are provided in note 12.

**Currencies**

The exchange rates to the US dollar used in preparing the consolidated interim financial information are detailed in the table below, with most of the major currencies in which we operate weakening against the US dollar.

| | Six months ended 30 September | | Appreciation/ (depreciation) |
|---|---|---|---|
| | **2012** | 2011 | % |
| **Average rate** | | | |
| Australian dollar (AUD) | **0.98** | 0.95 | (2) |
| South African rand (ZAR) | **8.20** | 7.08 | (14) |
| Colombian peso (COP) | **1,792** | 1,796 | – |
| Euro (€) | **0.79** | 0.71 | (11) |
| Czech koruna (CZK) | **19.88** | 16.92 | (15) |
| Peruvian nuevo sol (PEN) | **2.64** | 2.76 | 4 |
| Polish zloty (PLN) | **3.32** | 2.91 | (12) |
| **Closing rate** | | | |
| Australian dollar (AUD) | **0.96** | 1.03 | 7 |
| South African rand (ZAR) | **8.31** | 8.10 | (3) |
| Colombian peso (COP) | **1,801** | 1,915 | 6 |
| Euro (€) | **0.78** | 0.75 | (4) |
| Czech koruna (CZK) | **19.32** | 18.33 | (5) |
| Peruvian nuevo sol (PEN) | **2.60** | 2.77 | 7 |
| Polish zloty (PLN) | **3.20** | 3.30 | 3 |

# Executive Chairman's review
continued

**Risks and uncertainties**
The principal risks and uncertainties for the first six months and the remaining six months of the financial year remain as described on pages 22 and 23 of the 2012 Annual Report. The risks are summarised as follows:

- The risk that, in light of the on-going consolidation of the brewing and beverages industry, the group's ability to grow and increase profitability is limited. This may be the result of failing to participate in value-adding transactions; overpaying for an acquisition; failing to implement integration plans successfully; or failing to identify and develop new approaches to market and category entry.
- The risk that the group's market positions come under pressure and profitable growth opportunities may not be realised. This may be a result of the group failing to ensure the development of strong and relevant brands which resonate with the consumer, shopper and customer; or failing to improve its commercial capabilities to deliver propositions which respond appropriately to changing consumer preferences.
- The risk that the group's long-term profitable growth potential may be jeopardised due to a failure to develop and maintain an appropriate pipeline of talented management.
- The risk that regulation places increasing restrictions on pricing (including tax), availability and marketing of beer and drives changes in consumption behaviour. In affected countries the group's ability to grow profitably and contribute to local communities could be adversely affected.
- The risk that following the Foster's acquisition, the group fails to deliver its specific, communicated financial and value creation targets through its integration plans; this may limit the group's future growth and profitability, as well as impacting its reputation for commercial capability and for making value-creating acquisitions.
- The risk that the group fails to execute and derive benefits from the business capability projects, resulting in increased project costs, business disruption and reduced competitive advantage in the medium term.

**Dividend**
The board has declared a cash interim dividend of 24.0 US cents per share, an increase of 12%. The dividend will be payable on Friday 14 December 2012 to shareholders registered on the London and Johannesburg registers on Friday 7 December 2012. The ex-dividend trading dates will be Wednesday 5 December 2012 on the London Stock Exchange (LSE) and Monday 3 December 2012 on the JSE Limited (JSE). 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 rates of exchange applicable for US dollar conversion into South African rand and sterling were determined on Wednesday 21 November 2012. The rate of exchange determined for converting to South African rand was US$:ZAR8.906800 resulting in an equivalent interim dividend of 213.76320 SA cents per share. The rate of exchange determined for converting to sterling was GBP:US$1.593791 resulting in an equivalent interim dividend of 15.0584 UK pence per share.

Since the introduction on 1 April 2012 of a new dividend withholding tax in South Africa, the JSE Listings Requirements require disclosure of additional information in relation to any dividend payments. Shareholders registered on the Johannesburg register are therefore advised that the new dividend withholding tax will be withheld from the gross final dividend amount of 213.76320 SA cents per share at a rate of 15%, unless a shareholder qualifies for an exemption; shareholders registered on the Johannesburg register who do not quality for an exemption will therefore receive a net dividend of 181.69872 SA cents per share. The company, as a non resident of South Africa, was not subject to the secondary tax on companies (STC) applicable before 1 April 2012, and accordingly, no STC credits are available for set-off against the dividend withholding tax liability on the final net dividend amount. The dividend is payable in cash as a 'Dividend' (as defined in the South African Income Tax Act, 58 of 1962, as amended) by way of a reduction of income reserves. The dividend withholding tax and the information contained in this paragraph is only of direct application to shareholders registered on the Johannesburg register, who should direct any questions about the application of the new dividend withholding tax to Computershare Investor Services (Pty) Limited, Tel: +27 11 373-0004.

From the commencement of trading on Thursday 22 November 2012 until the close of business on Friday 7 December 2012, no transfers between the London and Johannesburg registers will be permitted, and from Monday 3 December 2012 until Friday 7 December 2012, no shares may be dematerialised or rematerialised, both days inclusive.

# 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 12 to 27 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 the statutory and audited 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 management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

At the date of this statement, the directors of SABMiller plc are those listed in the SABMiller plc Annual Report at 31 March 2012 with the exception of Meyer Kahn and Rob Pieterse, who retired from the board, and Alan Clark, who was appointed to the board, all with effect from 26 July 2012. A list of current directors is maintained on the SABMiller plc website: www.sabmiller.com.

On behalf of the board

**EAG Mackay**
Executive Chairman

**JS Wilson**
Chief Financial Officer

21 November 2012

# Independent review report
## of consolidated interim financial information to SABMiller plc

**Introduction**
We have been engaged by the company to review the condensed set of financial statements in the interim report for the six months ended 30 September 2012, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and related notes. We have read the other information contained in the interim 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 interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim 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 IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim 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 interim 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 interim report for the six months ended 30 September 2012 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

21 November 2012

# Consolidated income statement
## for the six months ended 30 September

| | Notes | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|---|
| **Revenue** | 2 | **11,370** | 10,539 | 21,760 |
| Net operating expenses | | **(9,508)** | (8,930) | (16,747) |
| **Operating profit** | 2 | **1,862** | 1,609 | 5,013 |
| Operating profit before exceptional items | | **1,989** | 1,784 | 3,987 |
| Exceptional items | 3 | **(127)** | (175) | 1,026 |
| **Net finance costs** | | **(379)** | (203) | (562) |
| Interest payable and similar charges | | **(723)** | (423) | (1,093) |
| Interest receivable and similar income | | **344** | 220 | 531 |
| Share of post-tax results of associates and joint ventures | 2 | **796** | 635 | 1,152 |
| **Profit before taxation** | | **2,279** | 2,041 | 5,603 |
| Taxation | 4 | **(598)** | (556) | (1,126) |
| **Profit for the period** | | **1,681** | 1,485 | 4,477 |
| Profit attributable to non-controlling interests | | **91** | 103 | 256 |
| Profit attributable to owners of the parent | 5 | **1,590** | 1,382 | 4,221 |
| | | **1,681** | 1,485 | 4,477 |
| **Basic earnings per share** (US cents) | 5 | **100.1** | 87.4 | 266.6 |
| **Diluted earnings per share** (US cents) | 5 | **99.1** | 86.8 | 263.8 |

All operations are continuing.

The notes on pages 17 to 27 are an integral part of this condensed interim financial information.

# Consolidated statement of comprehensive income
## for the six months ended 30 September

| | Notes | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|---|
| **Profit for the period** | | **1,681** | 1,485 | 4,477 |
| **Other comprehensive income:** | | | | |
| Currency translation differences on foreign currency net investments | | **(318)** | (1,072) | 136 |
| (Decrease)/increase in foreign currency translation reserve during the period | | **(318)** | (1,087) | 153 |
| Recycling of foreign currency translation reserve on disposals | | **–** | 15 | (17) |
| Net actuarial losses on defined benefit plans | | **–** | – | (9) |
| Net investment hedges: | | | | |
| – Fair value gains/(losses) arising during the period | | **15** | 184 | (1) |
| Cash flow hedges: | | **(13)** | 28 | 6 |
| – Fair value (losses)/gains arising during the period | | **(15)** | 21 | – |
| – Fair value losses transferred to inventory | | **3** | 6 | 2 |
| – Fair value (gains)/losses transferred to profit or loss | | **(1)** | 1 | 4 |
| Tax on items included in other comprehensive income | 4 | **(3)** | 23 | 101 |
| Share of associates' and joint ventures' gains/(losses) included in other comprehensive income | | **5** | (67) | (256) |
| **Other comprehensive income for the period, net of tax** | | **(314)** | (904) | (23) |
| **Total comprehensive income for the period** | | **1,367** | 581 | 4,454 |
| **Attributable to:** | | | | |
| Non-controlling interests | | **93** | 76 | 255 |
| Owners of the parent | | **1,274** | 505 | 4,199 |
| **Total comprehensive income for the period** | | **1,367** | 581 | 4,454 |

The notes on pages 17 to 27 are an integral part of this condensed interim financial information.

# Consolidated balance sheet
## at 30 September

| | Notes | 30/9/12 Unaudited US$m | 30/9/11[1] Unaudited US$m | 31/3/12[1] Unaudited US$m |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | 7 | **20,188** | 11,440 | 20,297 |
| Intangible assets | 8 | **9,790** | 4,259 | 9,958 |
| Property, plant and equipment | 9 | **9,087** | 8,821 | 9,162 |
| Investments in joint ventures | | **5,528** | 5,689 | 5,520 |
| Investments in associates | | **5,277** | 2,715 | 5,072 |
| Available for sale investments | | **28** | 29 | 30 |
| Derivative financial instruments | | **865** | 673 | 732 |
| Trade and other receivables | | **137** | 114 | 136 |
| Deferred tax assets | | **94** | 128 | 117 |
| Loan participation deposit | | **100** | – | 100 |
| | | **51,094** | 33,868 | 51,124 |
| **Current assets** | | | | |
| Inventories | | **1,296** | 1,177 | 1,248 |
| Trade and other receivables | | **2,155** | 1,666 | 2,204 |
| Current tax assets | | **202** | 114 | 610 |
| Derivative financial instruments | | **40** | 142 | 24 |
| Available for sale investments | | **1** | 1 | 1 |
| Cash and cash equivalents | 10c | **780** | 953 | 745 |
| | | **4,474** | 4,053 | 4,832 |
| Assets of disposal group classified as held for sale | | **–** | – | 79 |
| | | **4,474** | 4,053 | 4,911 |
| **Total assets** | | **55,568** | 37,921 | 56,035 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Derivative financial instruments | | **(50)** | (64) | (40) |
| Borrowings | 10c | **(2,122)** | (1,142) | (1,062) |
| Trade and other payables | | **(4,071)** | (3,381) | (4,130) |
| Current tax liabilities | | **(1,362)** | (677) | (1,322) |
| Provisions | | **(671)** | (391) | (757) |
| | | **(8,276)** | (5,655) | (7,311) |
| Liabilities of disposal group classified as held for sale | | **–** | – | (7) |
| | | **(8,276)** | (5,655) | (7,318) |
| **Non-current liabilities** | | | | |
| Derivative financial instruments | | **(89)** | (11) | (69) |
| Borrowings | 10c | **(16,499)** | (6,788) | (18,164) |
| Trade and other payables | | **(76)** | (125) | (112) |
| Deferred tax liabilities | | **(3,716)** | (2,463) | (3,754) |
| Provisions | | **(575)** | (426) | (586) |
| | | **(20,955)** | (9,813) | (22,685) |
| **Total liabilities** | | **(29,231)** | (15,468) | (30,003) |
| **Net assets** | | **26,337** | 22,453 | 26,032 |
| **Equity** | | | | |
| Share capital | | **166** | 166 | 166 |
| Share premium | | **6,526** | 6,423 | 6,480 |
| Merger relief reserve | | **4,586** | 4,586 | 4,586 |
| Other reserves | | **1,657** | 1,005 | 1,978 |
| Retained earnings | | **12,373** | 9,420 | 11,863 |
| **Total shareholders' equity** | | **25,308** | 21,600 | 25,073 |
| Non-controlling interests | | **1,029** | 853 | 959 |
| **Total equity** | | **26,337** | 22,453 | 26,032 |

[1] As restated (see note 12).

The notes on pages 17 to 27 are an integral part of this condensed interim financial information.

# Consolidated cash flow statement
## for the six months ended 30 September

| | Notes | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | 10a | **2,438** | 2,369 | 5,237 |
| Interest received | | **243** | 108 | 516 |
| Interest paid | | **(645)** | (320) | (923) |
| Tax paid | | **(161)** | (438) | (893) |
| **Net cash generated from operating activities** | 10b | **1,875** | 1,719 | 3,937 |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment | | **(599)** | (680) | (1,473) |
| Proceeds from sale of property, plant and equipment | | **16** | 73 | 116 |
| Purchase of intangible assets | | **(56)** | (80) | (166) |
| Proceeds from sale of intangible assets | | **4** | – | – |
| Purchase of available for sale investments | | **–** | – | (1) |
| Proceeds from disposal of available for sale investments | | **–** | 2 | 2 |
| Proceeds from disposal of associates | | **–** | – | 205 |
| Proceeds from disposal of businesses (net of cash disposed) | | **57** | 2 | (23) |
| Acquisition of businesses (net of cash acquired) | | **–** | – | (10,951) |
| Investments in joint ventures | | **(67)** | (67) | (288) |
| Investments in associates | | **–** | (1) | (52) |
| Repayment of investments by associates | | **–** | 4 | 14 |
| Dividends received from joint ventures | | **517** | 494 | 896 |
| Dividends received from associates | | **54** | 74 | 120 |
| Dividends received from other investments | | **1** | 1 | 1 |
| **Net cash used in investing activities** | | **(73)** | (178) | (11,600) |
| **Cash flows from financing activities** | | | | |
| Proceeds from the issue of shares | | **46** | 39 | 96 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | | **36** | 73 | 107 |
| Purchase of own shares for share trusts | | **(53)** | (50) | (52) |
| Purchase of shares from non-controlling interests | | **–** | – | (27) |
| Proceeds from borrowings | | **656** | 346 | 19,000 |
| Repayment of borrowings | | **(1,453)** | (895) | (10,139) |
| Capital element of finance lease payments | | **(3)** | (3) | (5) |
| Net cash receipts/(payments) on derivative financial instruments | | **20** | (112) | (52) |
| Dividends paid to shareholders of the parent | | **(1,125)** | (973) | (1,324) |
| Dividends paid to non-controlling interests | | **(61)** | (59) | (109) |
| **Net cash (used in)/generated from financing activities** | | **(1,937)** | (1,634) | 7,495 |
| Net cash outflow from operating, investing and financing activities | | **(135)** | (93) | (168) |
| Effects of exchange rate changes | | **(22)** | 13 | (39) |
| **Net decrease in cash and cash equivalents** | | **(157)** | (80) | (207) |
| Cash and cash equivalents at 1 April | 10c | **606** | 813 | 813 |
| **Cash and cash equivalents at end of period** | 10c | **449** | 733 | 606 |

The notes on pages 17 to 27 are an integral part of this condensed interim financial information.

# Consolidated statement of changes in equity
## for the six months ended 30 September

| | Called up share capital US$m | Share premium account US$m | Merger relief reserve US$m | Other reserves US$m | Retained earnings US$m | Total shareholders' equity US$m | Non-controlling interests US$m | Total equity US$m |
|---|---|---|---|---|---|---|---|---|
| **At 1 April 2011 (audited)** | 166 | 6,384 | 4,586 | 1,881 | 8,991 | 22,008 | 751 | 22,759 |
| Total comprehensive income | – | – | – | (876) | 1,381 | 505 | 76 | 581 |
| Profit for the period | – | – | – | – | 1,382 | 1,382 | 103 | 1,485 |
| Other comprehensive income | – | – | – | (876) | (1) | (877) | (27) | (904) |
| Dividends paid | – | – | – | – | (973) | (973) | (47) | (1,020) |
| Issue of SABMiller plc ordinary shares | – | 39 | – | – | – | 39 | – | 39 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | – | – | – | – | – | – | 73 | 73 |
| Payment for purchase of own shares for share trusts | – | – | – | – | (50) | (50) | – | (50) |
| Credit entry relating to share-based payments | – | – | – | – | 71 | 71 | – | 71 |
| **At 30 September 2011 (unaudited)** | 166 | 6,423 | 4,586 | 1,005 | 9,420 | 21,600 | 853 | 22,453 |
| **At 1 April 2011 (audited)** | 166 | 6,384 | 4,586 | 1,881 | 8,991 | 22,008 | 751 | 22,759 |
| Total comprehensive income | – | – | – | 97 | 4,102 | 4,199 | 255 | 4,454 |
| Profit for the period | – | – | – | – | 4,221 | 4,221 | 256 | 4,477 |
| Other comprehensive income | – | – | – | 97 | (119) | (22) | (1) | (23) |
| Dividends paid | – | – | – | – | (1,324) | (1,324) | (159) | (1,483) |
| Issue of SABMiller plc ordinary shares | – | 96 | – | – | – | 96 | – | 96 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | – | – | – | – | – | – | 107 | 107 |
| Non-controlling interests disposed of via business disposal | – | – | – | – | – | – | (64) | (64) |
| Arising on business combinations | – | – | – | – | – | – | 84 | 84 |
| Dilution of non-controlling interests as a result of business combinations | – | – | – | – | (5) | (5) | 5 | – |
| Payment for purchase of own shares for share trusts | – | – | – | – | (52) | (52) | – | (52) |
| Buyout of non-controlling interests | – | – | – | – | (7) | (7) | (20) | (27) |
| Credit entry relating to share-based payments | – | – | – | – | 158 | 158 | – | 158 |
| **At 31 March 2012[1] (unaudited)** | 166 | 6,480 | 4,586 | 1,978 | 11,863 | 25,073 | 959 | 26,032 |
| **At 1 April 2012[1] (unaudited)** | 166 | 6,480 | 4,586 | 1,978 | 11,863 | 25,073 | 959 | 26,032 |
| Total comprehensive income | – | – | – | (321) | 1,595 | 1,274 | 93 | 1,367 |
| Profit for the period | – | – | – | – | 1,590 | 1,590 | 91 | 1,681 |
| Other comprehensive income | – | – | – | (321) | 5 | (316) | 2 | (314) |
| Dividends paid | – | – | – | – | (1,125) | (1,125) | (46) | (1,171) |
| Issue of SABMiller plc ordinary shares | – | 46 | – | – | – | 46 | – | 46 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | – | – | – | – | – | – | 36 | 36 |
| Non-controlling interests disposed of via business disposal | – | – | – | – | – | – | (13) | (13) |
| Payment for purchase of own shares for share trusts | – | – | – | – | (53) | (53) | – | (53) |
| Credit entry relating to share-based payments | – | – | – | – | 93 | 93 | – | 93 |
| **At 30 September 2012 (unaudited)** | **166** | **6,526** | **4,586** | **1,657** | **12,373** | **25,308** | **1,029** | **26,337** |

[1] As restated (see note 12).

The notes on pages 17 to 27 are an integral part of this condensed interim financial information.

# Notes to the financial information

## 1. Basis of preparation

The condensed consolidated interim financial information (the 'financial information') comprises the unaudited results of SABMiller plc for the six months ended 30 September 2012 and 30 September 2011, together with the audited results for the year ended 31 March 2012, restated for further unaudited adjustments relating to initial accounting for business combinations. Further details of these adjustments are provided in note 12. The financial information in this report is not audited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The board of directors approved this financial information on 21 November 2012. The annual financial statements for the year ended 31 March 2012, approved by the board of directors on 11 June 2012, 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 s498(2) or (3) of the Companies Act 2006.

The unaudited financial information in this interim report 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 (EU). The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2012, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

Items included in the financial information of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in US dollars which is the group's presentational currency.

**Accounting policies**
The financial statements are prepared under the historical cost convention, except for the revaluation to fair value of certain financial assets and liabilities, and post-retirement assets and liabilities. The accounts have been prepared on a going concern basis.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2012, which were published in June 2012, as described in those financial statements. There were no standards, interpretations or amendments adopted by the group since 1 April 2012 which have had a significant impact on the group's consolidated results or financial position.

## 2. Segmental information

Operating segments reflect the management structure of the group and the way performance is evaluated and resources allocated based on group revenue and EBITA by the group's chief operating decision maker, defined as the executive directors. The group is focused geographically and, while not meeting the definition of reportable segments, the group reports separately as segments South Africa: Hotels and Gaming and Corporate as this provides useful additional information.

The segmental information presented below includes the reconciliation of GAAP measures presented on the face of the income statement to non-GAAP measures which are used by management to analyse the group's performance.

**Income statement**

| | **Six months ended 30/9/12** | | Six months ended 30/9/11 | | Year ended 31/3/12 | |
|---|---|---|---|---|---|---|
| | **Group revenue Unaudited US$m** | **EBITA Unaudited US$m** | Group revenue Unaudited US$m | EBITA Unaudited US$m | Group revenue Audited US$m | EBITA Audited US$m |
| Latin America | **3,687** | **920** | 3,396 | 797 | 7,158 | 1,865 |
| Europe | **3,293** | **516** | 3,268 | 570 | 5,482 | 836 |
| North America | **2,901** | **479** | 2,830 | 452 | 5,250 | 756 |
| Africa | **1,792** | **355** | 1,839 | 327 | 3,686 | 743 |
| Asia Pacific | **3,040** | **506** | 1,439 | 138 | 3,510 | 321 |
| South Africa: | **2,763** | **491** | 2,916 | 513 | 6,302 | 1,303 |
| – Beverages | **2,530** | **426** | 2,669 | 446 | 5,815 | 1,168 |
| – Hotels and Gaming | **233** | **65** | 247 | 67 | 487 | 135 |
| Corporate | **–** | **(94)** | – | (96) | – | (190) |
| **Group** | **17,476** | **3,173** | 15,688 | 2,701 | 31,388 | 5,634 |
| Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' | | **(229)** | | (105) | | (264) |
| Exceptional items – group and share of associates' and joint ventures' | | **(127)** | | (191) | | 1,015 |
| Net finance costs – group and share of associates' and joint ventures' (excluding exceptional items) | | **(402)** | | (237) | | (570) |
| Share of associates' and joint ventures' taxation | | **(99)** | | (104) | | (170) |
| Share of associates' and joint ventures' non-controlling interests | | **(37)** | | (23) | | (42) |
| **Profit before taxation** | | **2,279** | | 2,041 | | 5,603 |

# Notes to the financial information
continued

## 2. Segmental information continued

### Group revenue (including associates and joint ventures)

With the exception of South Africa: Hotels and Gaming, all reportable segments derive their revenues from the sale of beverages. Revenues are derived from a large number of customers which are internationally dispersed, with no customers being individually material.

| Six months ended 30 September: | Revenue 2012 Unaudited US$m | Share of associates' and joint ventures' revenue 2012 Unaudited US$m | Group revenue 2012 Unaudited US$m | Revenue 2011 Unaudited US$m | Share of associates' and joint ventures' revenue 2011 Unaudited US$m | Group revenue 2011 Unaudited US$m |
|---|---|---|---|---|---|---|
| Latin America | **3,687** | **–** | **3,687** | 3,390 | 6 | 3,396 |
| Europe | **2,468** | **825** | **3,293** | 3,261 | 7 | 3,268 |
| North America | **74** | **2,827** | **2,901** | 70 | 2,760 | 2,830 |
| Africa | **1,069** | **723** | **1,792** | 1,109 | 730 | 1,839 |
| Asia Pacific | **1,821** | **1,219** | **3,040** | 327 | 1,112 | 1,439 |
| South Africa: | **2,251** | **512** | **2,763** | 2,382 | 534 | 2,916 |
| – Beverages | **2,251** | **279** | **2,530** | 2,382 | 287 | 2,669 |
| – Hotels and Gaming | **–** | **233** | **233** | – | 247 | 247 |
| **Group** | **11,370** | **6,106** | **17,476** | 10,539 | 5,149 | 15,688 |

| Year ended 31 March: | 2012 Audited US$m | 2012 Audited US$m | 2012 Audited US$m |
|---|---|---|---|
| Latin America | 7,148 | 10 | 7,158 |
| Europe | 5,347 | 135 | 5,482 |
| North America | 134 | 5,116 | 5,250 |
| Africa | 2,299 | 1,387 | 3,686 |
| Asia Pacific | 1,682 | 1,828 | 3,510 |
| South Africa: | 5,150 | 1,152 | 6,302 |
| – Beverages | 5,150 | 665 | 5,815 |
| – Hotels and Gaming | – | 487 | 487 |
| **Group** | 21,760 | 9,628 | 31,388 |

### Operating profit

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

| Six months ended 30 September: | Operating profit 2012 Unaudited US$m | Exceptional items 2012 Unaudited US$m | Operating profit before exceptional items 2012 Unaudited US$m | Operating profit 2011 Unaudited US$m | Exceptional items 2011 Unaudited US$m | Operating profit before exceptional items 2011 Unaudited US$m |
|---|---|---|---|---|---|---|
| Latin America | **810** | **45** | **855** | 679 | 54 | 733 |
| Europe | **385** | **35** | **420** | 488 | 69 | 557 |
| North America | **4** | **–** | **4** | 14 | – | 14 |
| Africa | **171** | **–** | **171** | 165 | 1 | 166 |
| Asia Pacific | **175** | **47** | **222** | (9) | – | (9) |
| South Africa: Beverages | **399** | **12** | **411** | 406 | 13 | 419 |
| Corporate | **(82)** | **(12)** | **(94)** | (134) | 38 | (96) |
| **Group** | **1,862** | **127** | **1,989** | 1,609 | 175 | 1,784 |

| Year ended 31 March: | 2012 Audited US$m | 2012 Audited US$m | 2012 Audited US$m |
|---|---|---|---|
| Latin America | 1,617 | 119 | 1,736 |
| Europe | 1,939 | (1,135) | 804 |
| North America | – | – | – |
| Africa | 584 | (162) | 422 |
| Asia Pacific | 54 | 70 | 124 |
| South Africa: Beverages | 1,050 | 41 | 1,091 |
| Corporate | (231) | 41 | (190) |
| **Group** | 5,013 | (1,026) | 3,987 |

## 2. Segmental information continued

**EBITA (segment result)**

This comprises operating profit before exceptional items, amortisation of intangible assets (excluding software) and includes the group's share of associates' and joint ventures' operating profit on a similar basis. The following table provides a reconciliation of operating profit before exceptional items to EBITA.

| Six months ended 30 September: | Operating profit before exceptional items 2012 Unaudited US$m | Share of associates' and joint ventures' operating profit before exceptional items 2012 Unaudited US$m | Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2012 Unaudited US$m | EBITA 2012 Unaudited US$m | Operating profit before exceptional items 2011 Unaudited US$m | Share of associates' and joint ventures' operating profit before exceptional items 2011 Unaudited US$m | Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2011 Unaudited US$m | EBITA 2011 Unaudited US$m |
|---|---|---|---|---|---|---|---|---|
| Latin America | **855** | **–** | **65** | **920** | 733 | – | 64 | 797 |
| Europe | **420** | **85** | **11** | **516** | 557 | 1 | 12 | 570 |
| North America | **4** | **454** | **21** | **479** | 14 | 415 | 23 | 452 |
| Africa | **171** | **180** | **4** | **355** | 166 | 159 | 2 | 327 |
| Asia Pacific | **222** | **163** | **121** | **506** | (9) | 144 | 3 | 138 |
| South Africa: | **411** | **73** | **7** | **491** | 419 | 93 | 1 | 513 |
| – Beverages | **411** | **15** | **–** | **426** | 419 | 27 | – | 446 |
| – Hotels and Gaming | **–** | **58** | **7** | **65** | – | 66 | 1 | 67 |
| Corporate | **(94)** | **–** | **–** | **(94)** | (96) | – | – | (96) |
| **Group** | **1,989** | **955** | **229** | **3,173** | 1,784 | 812 | 105 | 2,701 |

| Year ended 31 March: | 2012 Audited US$m | 2012 Audited US$m | 2012 Audited US$m | 2012 Audited US$m |
|---|---|---|---|---|
| Latin America | 1,736 | – | 129 | 1,865 |
| Europe | 804 | 11 | 21 | 836 |
| North America | – | 711 | 45 | 756 |
| Africa | 422 | 318 | 3 | 743 |
| Asia Pacific | 124 | 132 | 65 | 321 |
| South Africa: | 1,091 | 211 | 1 | 1,303 |
| – Beverages | 1,091 | 77 | – | 1,168 |
| – Hotels and Gaming | – | 134 | 1 | 135 |
| Corporate | (190) | – | – | (190) |
| **Group** | 3,987 | 1,383 | 264 | 5,634 |

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

| | Six months ended 30/9/12 Unaudited US$m | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|
| Share of associates' and joint ventures' operating profit (before exceptional items) | **955** | 812 | 1,383 |
| Share of associates' and joint ventures' exceptional items | **–** | (35) | 11 |
| Share of associates' and joint ventures' net finance costs | **(23)** | (15) | (30) |
| Share of associates' and joint ventures' taxation | **(99)** | (104) | (170) |
| Share of associates' and joint ventures' non-controlling interests | **(37)** | (23) | (42) |
| **Share of post-tax results of associates and joint ventures** | **796** | 635 | 1,152 |

Excise duties of US$2,815 million (2011: US$2,391 million) have been incurred during the six months as follows: Latin America US$947 million (2011: US$877 million); Europe US$573 million (2011: US$724 million); North America US$2 million (2011: US$2 million); Africa US$201 million (2011: US$194 million); Asia Pacific US$649 million (2011: US$132 million) and South Africa US$443 million (2011: US$462 million). The group's share of MillerCoors' excise duties incurred during the period was US$381 million (2011: US$383 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.

# Notes to the financial information
continued

## 2. Segmental information continued

### EBITDA
The following table provides a reconciliation of EBITDA (the net cash generated from operations before working capital movements) to adjusted EBITDA. A reconciliation of profit for the period for the group to EBITDA after cash exceptional items for the group can be found in note 10a.

| Six months ended 30 September: | **EBITDA 2012 Unaudited US$m** | **Cash exceptional items 2012 Unaudited US$m** | **Dividends received from MillerCoors 2012 Unaudited US$m** | **Adjusted EBITDA 2012 Unaudited US$m** | EBITDA 2011 Unaudited US$m | Cash exceptional items 2011 Unaudited US$m | Dividends received from MillerCoors 2011 Unaudited US$m | Adjusted EBITDA 2011 Unaudited US$m |
|---|---|---|---|---|---|---|---|---|
| Latin America | **1,039** | **46** | **–** | **1,085** | 925 | 49 | – | 974 |
| Europe | **520** | **34** | **–** | **554** | 677 | 48 | – | 725 |
| North America | **13** | **–** | **517** | **530** | 20 | – | 494 | 514 |
| Africa | **240** | **–** | **–** | **240** | 251 | – | – | 251 |
| Asia Pacific | **367** | **17** | **–** | **384** | 14 | – | – | 14 |
| South Africa: Beverages | **515** | **(2)** | **–** | **513** | 507 | – | – | 507 |
| Corporate | **(37)** | **(14)** | **–** | **(51)** | (96) | 24 | – | (72) |
| **Group** | **2,657** | **81** | **517** | **3,255** | 2,298 | 121 | 494 | 2,913 |

| Year ended 31 March: | 2012 Audited US$m | 2012 Audited US$m | 2012 Audited US$m | 2012 Audited US$m |
|---|---|---|---|---|
| Latin America | 2,068 | 112 | – | 2,180 |
| Europe | 1,067 | 58 | – | 1,125 |
| North America | 22 | – | 896 | 918 |
| Africa | 564 | 13 | – | 577 |
| Asia Pacific | 159 | 88 | – | 247 |
| South Africa: Beverages | 1,267 | 13 | – | 1,280 |
| Corporate | (168) | 24 | – | (144) |
| **Group** | 4,979 | 308 | 896 | 6,183 |

## 3. Exceptional items

| | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|
| **Exceptional items included in operating profit:** | | | |
| Business capability programme costs | **(70)** | (115) | (235) |
| Broad-Based Black Economic Empowerment scheme charges | **(10)** | (15) | (29) |
| Integration and restructuring costs | **(47)** | (12) | (60) |
| Transaction-related costs | **–** | (18) | (109) |
| Net (loss)/profit on disposal of businesses | **–** | (15) | 1,248 |
| Profit on disposal of investment in associate | **–** | – | 103 |
| Gain on remeasurement of existing interest in joint venture on acquisition | **–** | – | 66 |
| Litigation | **–** | – | 42 |
| **Net exceptional (losses)/gains included within operating profit** | **(127)** | (175) | 1,026 |
| **Exceptional items included in net finance costs:** | | | |
| Transaction-related net gains/(costs) | **–** | 19 | (26) |
| Litigation-related interest income | **–** | – | 4 |
| **Net exceptional gains/(losses) included within net finance costs** | **–** | 19 | (22) |
| **Share of associates' and joint ventures' exceptional items:** | | | |
| Impairments | **–** | (35) | (35) |
| Profits on transactions in associates | **–** | – | 46 |
| **Share of associates' and joint ventures' exceptional (losses)/gains** | **–** | (35) | 11 |
| **Net taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items** | **2** | 11 | 24 |

### Exceptional items included in operating profit
**Business capability programme costs**
The business capability programme will streamline finance, human resources and procurement activities through the deployment of global systems and introduce common sales, distribution and supply chain management systems. Costs of US$70 million have been incurred in the period (2011: US$115 million).

## 3. Exceptional items continued

### Broad-Based Black Economic Empowerment scheme charges
US$10 million (2011: US$15 million) of charges have been incurred in relation to the Broad-Based Black Economic Empowerment (BBBEE) scheme in South Africa. This represents the ongoing IFRS 2 share-based payment charge in respect of the employee element of the scheme.

### Integration and restructuring costs
During 2012 US$47 million of integration and restructuring costs were incurred in Asia Pacific following the Foster's and the Pacific Beverages acquisitions, including the closure of certain beverage lines (2011: US$12 million of restructuring costs were incurred in Latin America, principally in Ecuador and Peru).

### Transaction-related costs
In 2011 advisers' costs of US$18 million were incurred in the Corporate division in relation to the Foster's transaction.

### Net (loss)/profit on disposal of businesses
In 2011 a loss of US$15 million arose in Europe primarily in relation to the recycling of the foreign currency translation reserve on the disposal of the distribution business in Italy.

**Exceptional items included in net finance costs**

### Transaction-related net gains/(costs)
In 2011 a net gain of US$19 million arose on the mark to market valuation gain on various derivative financial instruments taken out in relation to the Foster's transaction and where hedge accounting could not be applied, partially offset by facility and commitment fees in relation to the transaction.

**Share of associates' and joint ventures' exceptional items**

### Impairments
In 2011 the group's share of MillerCoors' impairment of the Sparks brand amounted to US$35 million.

**Net taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items**

Net taxation credits of US$2 million (2011: US$11 million) arose in relation to exceptional items during the period and include US$nil (2011: US$13 million) in relation to MillerCoors although the tax credit is recognised in Miller Brewing Company (see note 4).

## 4. Taxation

| | **Six months ended 30/9/11 Unaudited US$m** | Six months ended 30/9/10 Unaudited US$m | Year ended 31/3/11 Audited US$m |
|---|---|---|---|
| Current taxation | **575** | 466 | 957 |
| – Charge for the period (UK corporation tax: US$74 million (2011: US$nil)) | **573** | 486 | 986 |
| – Adjustments in respect of prior years | **2** | (20) | (29) |
| Withholding taxes and other remittance taxes | **95** | 59 | 137 |
| Total current taxation | **670** | 525 | 1,094 |
| Deferred taxation | **(72)** | 31 | 32 |
| – (Credit)/charge for the period (UK corporation tax: US$nil (2011: US$nil)) | **(72)** | 31 | 60 |
| – Adjustments in respect of prior years | **–** | – | (3) |
| – Rate change | **–** | – | (25) |
| **Taxation expense** | **598** | 556 | 1,126 |
| Tax charge/(credit) relating to components of other comprehensive income is as follows: | | | |
| Deferred tax charge/(credit) on actuarial gains and losses | **2** | – | (71) |
| Deferred tax charge/(credit) on financial instruments | **1** | (23) | (30) |
| | **3** | (23) | (101) |
| Effective tax rate (%) | **27.5** | 28.5 | 27.5 |

See the financial definitions section for the definition of the effective tax rate. This calculation is on a basis consistent with that used in prior periods and is also consistent with other group operating metrics. Tax on amortisation of intangible assets (excluding software) was US$60 million (2011: US$30 million).

MillerCoors is not a taxable entity. The tax balances and obligations therefore remain with Miller Brewing Company as a 100% subsidiary of the group. This subsidiary's tax charge includes tax (including deferred tax) on the group's share of the taxable profits of MillerCoors and includes tax in other comprehensive income on the group's share of MillerCoors' taxable items included within other comprehensive income.

# Notes to the financial information
continued

## 5. Earnings per share

| | **Six months ended 30/9/12 Unaudited US cents** | Six months ended 30/9/11 Unaudited US cents | Year ended 31/3/12 Audited US cents |
|---|---|---|---|
| Basic earnings per share | **100.1** | 87.4 | 266.6 |
| Diluted earnings per share | **99.1** | 86.8 | 263.8 |
| Headline earnings per share | **101.5** | 90.0 | 179.8 |
| Adjusted basic earnings per share | **118.1** | 103.3 | 214.8 |
| Adjusted diluted earnings per share | **116.8** | 102.5 | 212.5 |

The weighted average number of shares was:

| | **Six months ended 30/9/12 Unaudited Millions of shares** | Six months ended 30/9/11 Unaudited Millions of shares | Year ended 31/3/12 Audited Millions of shares |
|---|---|---|---|
| Ordinary shares | **1,665** | 1,660 | 1,661 |
| Treasury shares | **(72)** | (72) | (72) |
| EBT ordinary shares | **(5)** | (7) | (6) |
| **Basic shares** | **1,588** | 1,581 | 1,583 |
| Dilutive ordinary shares | **17** | 11 | 17 |
| **Diluted shares** | **1,605** | 1,592 | 1,600 |

The calculation of diluted earnings per share excludes 9,369,595 (2011: 11,641,929) share options that were non-dilutive for the period because the exercise price of the option exceeded the fair value of the shares during the period, 22,335,737 (2011: 15,208,332) share awards that were non-dilutive for the period because the performance conditions attached to the share awards have not been met and nil (2011: 366,649) shares in relation to the employee component of the BBBEE scheme that were non-dilutive for the period. These share incentives could potentially dilute earnings per share in the future.

**Adjusted and headline earnings**

The group presents an adjusted earnings per share figure which excludes the impact of amortisation of intangible assets (excluding software), certain non-recurring items and post-tax exceptional items in order to present an additional measure of performance for the periods shown in the consolidated interim financial information. Adjusted earnings per share has been based on adjusted earnings for each financial period 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 South African Circular 3/2012 entitled 'Headline Earnings' which forms part of the listing requirements for the JSE Ltd (JSE). The adjustments made to arrive at headline earnings and adjusted earnings are as follows.

| | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|
| Profit for the period attributable to owners of the parent | **1,590** | 1,382 | 4,221 |
| **Headline adjustments** | | | |
| Impairment of property, plant and equipment | **20** | – | – |
| Loss/(profit) on disposal of property, plant and equipment | **2** | (1) | (15) |
| Net loss/(profit) on disposal of businesses | **–** | 18 | (1,242) |
| Profit on disposal of investment in associate | **–** | – | (103) |
| Gain on remeasurement of existing interest in joint venture on acquisition | **–** | – | (66) |
| Tax effects of these items | **(8)** | (11) | 12 |
| Non-controlling interests' share of the above items | **–** | – | 40 |
| Share of joint ventures' and associates' headline adjustments, net of tax and non-controlling interests | **9** | 35 | – |
| **Headline earnings** | **1,613** | 1,423 | 2,847 |
| Business capability programme costs | **70** | 115 | 235 |
| Broad-Based Black Economic Empowerment scheme charges | **10** | 15 | 29 |
| Integration and restructuring costs | **27** | 12 | 60 |
| Net gain on fair value movements on capital items[1] | **(12)** | (7) | (2) |
| Amortisation of intangible assets (excluding software) | **199** | 80 | 218 |
| Transaction-related net (gains)/costs | **–** | (1) | 109 |
| Litigation | **–** | – | (42) |
| Litigation-related interest income | **–** | – | (4) |
| Transaction-related net finance costs | **–** | – | 26 |
| Tax effects of the above items | **(55)** | (27) | (101) |
| Non-controlling interests' share of the above items | **(4)** | (3) | (7) |
| Share of joint ventures' and associates' headline adjustments, net of tax and non-controlling interests | **27** | 26 | 32 |
| **Adjusted earnings** | **1,875** | 1,633 | 3,400 |

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

## 6. Dividends

Dividends paid were as follows.

| | **Six months ended 30/9/12 Unaudited US cents** | Six months ended 30/9/11 Unaudited US cents | Year ended 31/3/12 Audited US cents |
|---|---|---|---|
| Prior year final dividend paid per ordinary share | **69.5** | 61.5 | 61.5 |
| Current year interim dividend paid per ordinary share | **–** | – | 21.5 |

The interim dividend declared of 24.0 US cents per ordinary share is payable on 14 December 2012 to ordinary shareholders on the register as at 7 December 2012 and will absorb an estimated US$382 million of shareholders' funds.

## 7. Goodwill

| | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11[1] Unaudited US$m | Year ended 31/3/12[1] Unaudited US$m |
|---|---|---|---|
| **Net book amount at beginning of period** | **20,297** | 11,954 | 11,954 |
| Exchange adjustments | **(109)** | (513) | 212 |
| Acquisitions – through business combinations | **–** | – | 8,213 |
| Disposals | **–** | (1) | (53) |
| Transfers to disposal group classified as held for sale | **–** | – | (29) |
| **Net book amount at end of period** | **20,188** | 11,440 | 20,297 |

[1] As restated (see note 12).

## 8. Intangible assets

| | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12[1] Unaudited US$m |
|---|---|---|---|
| **Net book amount at beginning of period** | **9,958** | 4,364 | 4,364 |
| Exchange adjustments | **5** | (80) | 280 |
| Additions – separately acquired | **56** | 85 | 171 |
| Acquisitions – through business combinations | **–** | – | 5,427 |
| Amortisation | **(224)** | (112) | (273) |
| Disposals | **(5)** | – | (14) |
| Transfers from property, plant and equipment | **–** | 2 | 3 |
| **Net book amount at end of period** | **9,790** | 4,259 | 9,958 |

[1] As restated (see note 12).

## 9. Property, plant and equipment

| | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12[1] Unaudited US$m |
|---|---|---|---|
| **Net book amount at beginning of period** | **9,162** | 9,331 | 9,331 |
| Exchange adjustments | **(197)** | (605) | (314) |
| Additions | **603** | 650 | 1,496 |
| Acquisitions – through business combinations | **–** | – | 790 |
| Disposals | **(23)** | (58) | (1,155) |
| Impairment | **(20)** | – | – |
| Depreciation | **(429)** | (473) | (909) |
| Transfers to disposal group classified as held for sale | **–** | – | (27) |
| Other movements | **(9)** | (24) | (50) |
| **Net book amount at end of period** | **9,087** | 8,821 | 9,162 |

[1] As restated (see note 12).

# Notes to the financial information
continued

## 10a. Reconciliation of profit for the period to net cash generated from operations

| | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|
| Profit for the period | **1,681** | 1,485 | 4,477 |
| Taxation | **598** | 556 | 1,126 |
| Share of post-tax results of associates and joint ventures | **(796)** | (635) | (1,152) |
| Interest receivable and similar income | **(344)** | (220) | (531) |
| Interest payable and similar charges | **723** | 423 | 1,093 |
| Operating profit | **1,862** | 1,609 | 5,013 |
| Depreciation: | | | |
| – Property, plant and equipment | **317** | 351 | 672 |
| – Containers | **112** | 122 | 237 |
| Container breakages, shrinkages and write-offs | **13** | 16 | 34 |
| Net loss/(profit) on disposal of businesses | **–** | 18 | (1,258) |
| Gain on remeasurement of existing interest in joint venture on acquisition | **–** | – | (66) |
| Profit on disposal of investment in associate | **–** | – | (103) |
| Loss/(profit) on disposal of property, plant and equipment | **2** | (1) | (15) |
| Amortisation of intangible assets | **224** | 112 | 273 |
| Impairment of property, plant and equipment | **20** | – | – |
| Impairment of working capital balances | **1** | 7 | 16 |
| Amortisation of advances to customers | **24** | 14 | 24 |
| Unrealised net gain from fair value hedges | **(1)** | (11) | (20) |
| Dividends received from other investments | **(1)** | (1) | (1) |
| Charge with respect to share options | **86** | 56 | 132 |
| Charge with respect to Broad-Based Black Economic Empowerment scheme | **10** | 15 | 29 |
| Other non-cash movements | **(12)** | (9) | 12 |
| **Net cash generated from operations before working capital movements (EBITDA)** | **2,657** | 2,298 | 4,979 |
| Net (outflow)/inflow in working capital | **(219)** | 71 | 258 |
| **Net cash generated from operations** | **2,438** | 2,369 | 5,237 |

Profit for the period and cash generated from operations before working capital movements includes cash flows relating to exceptional items of US$81 million (2011: US$121 million), comprising US$64 million (2011: US$103 million) in respect of business capability programme costs, US$17 million (2011: US$12 million) in respect of integration and restructuring costs, and US$nil (2011: US$6 million) in respect of transaction-related costs.

The following table provides a reconciliation of EBITDA to adjusted EBITDA.

| | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|
| EBITDA | **2,657** | 2,298 | 4,979 |
| Cash exceptional items | **81** | 121 | 308 |
| Dividends received from MillerCoors | **517** | 494 | 896 |
| **Adjusted EBITDA** | **3,255** | 2,913 | 6,183 |

## 10b. Reconciliation of net cash generated from operating activities to free cash flow

| | **Six months ended 30/9/12 Unaudited US$m** | Six months ended 30/9/11 Unaudited US$m | Year ended 31/3/12 Audited US$m |
|---|---|---|---|
| **Net cash generated from operating activities** | **1,875** | 1,719 | 3,937 |
| Purchase of property, plant and equipment | **(599)** | (680) | (1,473) |
| Proceeds from sale of property, plant and equipment | **16** | 73 | 116 |
| Purchase of intangible assets | **(56)** | (80) | (166) |
| Proceeds from sale of intangible assets | **4** | – | – |
| Investments in joint ventures | **(67)** | (67) | (288) |
| Repayment of investments by associates | **–** | 4 | 14 |
| Dividends received from joint ventures | **517** | 494 | 896 |
| Dividends received from associates | **54** | 74 | 120 |
| Dividends received from other investments | **1** | 1 | 1 |
| Dividends paid to non-controlling interests | **(61)** | (59) | (109) |
| **Free cash flow** | **1,684** | 1,479 | 3,048 |

## 10c. Analysis of net debt

Cash and cash equivalents on the balance sheet are reconciled to cash and cash equivalents on the cash flow statement as follows.

| | **As at 30/9/12 Unaudited US$m** | As at 30/9/11 Unaudited US$m | As at 31/3/12 Audited US$m |
|---|---|---|---|
| Cash and cash equivalents (balance sheet) | **780** | 953 | 745 |
| Overdrafts | **(331)** | (220) | (138) |
| Overdrafts of disposal group classified as held for sale | **–** | – | (1) |
| **Cash and cash equivalents (cash flow statement)** | **449** | 733 | 606 |

Net debt is analysed as follows.

| | **As at 30/9/12 Unaudited US$m** | As at 30/9/11 Unaudited US$m | As at 31/3/12 Audited US$m |
|---|---|---|---|
| Borrowings | **(18,273)** | (7,697) | (19,067) |
| Borrowings-related derivative financial instruments | **729** | 494 | 620 |
| Overdrafts | **(331)** | (220) | (139) |
| Finance leases | **(17)** | (13) | (21) |
| Gross debt | **(17,892)** | (7,436) | (18,607) |
| Cash and cash equivalents (excluding overdrafts) | **780** | 953 | 745 |
| **Net debt** | **(17,112)** | (6,483) | (17,862) |

The movement in net debt is analysed as follows.

| | **Cash and cash equivalents (excluding overdrafts) US$m** | **Overdrafts US$m** | **Borrowings US$m** | **Derivative financial instruments US$m** | **Finance leases US$m** | **Total gross borrowings US$m** | **Net debt US$m** |
|---|---|---|---|---|---|---|---|
| **At 1 April 2012** | 745 | (139) | (19,067) | 620 | (21) | (18,607) | (17,862) |
| Exchange adjustments | (49) | 27 | 75 | (1) | 1 | 102 | 53 |
| Cash flow | 87 | (219) | 797 | – | 3 | 581 | 668 |
| Disposals | (3) | – | – | – | – | – | (3) |
| Other movements | – | – | (78) | 110 | – | 32 | 32 |
| **At 30 September 2012** | **780** | **(331)** | **(18,273)** | **729** | **(17)** | **(17,892)** | **(17,112)** |

The group has sufficient headroom to enable it to comply with all covenants on its existing borrowings. The group has sufficient undrawn financing facilities to service its operating activities and continuing capital investment for the foreseeable future and thus the directors have continued to adopt the going concern basis of accounting. The group had the following undrawn committed borrowing facilities available at 30 September 2012 in respect of which all conditions precedent had been met at that date.

| | **As at 30/9/12 Unaudited US$m** | As at 30/9/11 Unaudited US$m | As at 31/3/12 Audited US$m |
|---|---|---|---|
| Amounts expiring: | | | |
| Within one year | **340** | 332 | 774 |
| Between one and two years | **9** | 150 | 12 |
| Between two and five years | **3,028** | 2,516 | 788 |
| In five years or more | **–** | – | 2,236 |
| | **3,377** | 2,998 | 3,810 |

## 11. Commitments, contingencies and guarantees

Except as stated below there have been no material changes to commitments, contingencies or guarantees as disclosed in the annual financial statements for the year ended 31 March 2012.

**Commitments**

Contracts placed for future capital expenditure for property, plant and equipment not provided in the financial statements amount to US$285 million at 30 September 2012 (2011: US$313 million).

# Notes to the financial information
continued

## 12. Balance sheet restatements

The initial accounting under IFRS 3, 'Business Combinations', for the Cervecería Argentina SA Isenbeck (CASA Isenbeck) acquisition had not been completed as at 30 September 2011. During the six months ended 31 March 2012, adjustments to provisional fair values in respect of this acquisition were made. As a result comparative information for the six months ended 30 September 2011 has been presented in this interim financial information as if the adjustments to provisional fair values had been made from the respective transaction date.

The initial accounting under IFRS 3, 'Business Combinations', for the Foster's Group Ltd (Foster's), the Pacific Beverages Pty Ltd (Pacific Beverages) and the International Breweries plc acquisitions had not been completed as at 31 March 2012. During the six months ended 30 September 2012, adjustments to provisional fair values in respect of these acquisitions were made. As a result comparative information for the year ended 31 March 2012 has been presented in this interim financial information as if the adjustments to provisional fair values had been made from the respective transaction dates. The fair value exercises in respect of these acquisitions have yet to be completed.

The following table reconciles the impact on the balance sheets reported as at 30 September 2011 and as at 31 March 2012 to the comparative balance sheets presented in this interim financial information. No material adjustments to the income statements for the periods ended 30 September 2011 and 31 March 2012 have been required as a result of the adjustments to provisional fair values.

| | At 30/9/11 Unaudited US$m | Adjustments to provisional fair values Unaudited US$m | **At 30/9/11 As restated Unaudited US$m** | At 31/3/12 Audited US$m | Adjustments to provisional fair values Unaudited US$m | **At 31/3/12 As restated Unaudited US$m** |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| Goodwill | 11,435 | 5 | **11,440** | 20,128 | 169 | **20,297** |
| Intangible assets | 4,259 | – | **4,259** | 9,901 | 57 | **9,958** |
| Property, plant and equipment | 8,821 | – | **8,821** | 9,299 | (137) | **9,162** |
| Investments in joint ventures | 5,689 | – | **5,689** | 5,520 | – | **5,520** |
| Investments in associates | 2,715 | – | **2,715** | 4,946 | 126 | **5,072** |
| Available for sale investments | 29 | – | **29** | 30 | – | **30** |
| Derivative financial instruments | 673 | – | **673** | 732 | – | **732** |
| Trade and other receivables | 114 | – | **114** | 136 | – | **136** |
| Deferred tax assets | 128 | – | **128** | 117 | – | **117** |
| Loan participation deposit | – | – | **–** | 100 | – | **100** |
| | 33,863 | 5 | **33,868** | 50,909 | 215 | **51,124** |
| **Current assets** | | | | | | |
| Inventories | 1,177 | – | **1,177** | 1,255 | (7) | **1,248** |
| Trade and other receivables | 1,666 | – | **1,666** | 2,156 | 48 | **2,204** |
| Current tax assets | 114 | – | **114** | 482 | 128 | **610** |
| Derivative financial instruments | 142 | – | **142** | 24 | – | **24** |
| Available for sale investments | 1 | – | **1** | 1 | – | **1** |
| Cash and cash equivalents | 953 | – | **953** | 745 | – | **745** |
| | 4,053 | – | **4,053** | 4,663 | 169 | **4,832** |
| Assets of disposal group classified as held for sale | – | – | **–** | 79 | – | **79** |
| | 4,053 | – | **4,053** | 4,742 | 169 | **4,911** |
| **Total assets** | 37,916 | 5 | **37,921** | 55,651 | 384 | **56,035** |
| **Liabilities** | | | | | | |
| **Current liabilities** | | | | | | |
| Derivative financial instruments | (64) | – | **(64)** | (40) | – | **(40)** |
| Borrowings | (1,142) | – | **(1,142)** | (1,062) | – | **(1,062)** |
| Trade and other payables | (3,378) | (3) | **(3,381)** | (4,054) | (76) | **(4,130)** |
| Current tax liabilities | (677) | – | **(677)** | (910) | (412) | **(1,322)** |
| Provisions | (389) | (2) | **(391)** | (717) | (40) | **(757)** |
| | (5,650) | (5) | **(5,655)** | (6,783) | (528) | **(7,311)** |
| Liabilities of disposal group classified as held for sale | – | – | **–** | (7) | – | **(7)** |
| | (5,650) | (5) | **(5,655)** | (6,790) | (528) | **(7,318)** |
| **Non-current liabilities** | | | | | | |
| Derivative financial instruments | (11) | – | **(11)** | (69) | – | **(69)** |
| Borrowings | (6,788) | – | **(6,788)** | (18,164) | – | **(18,164)** |
| Trade and other payables | (125) | – | **(125)** | (112) | – | **(112)** |
| Deferred tax liabilities | (2,463) | – | **(2,463)** | (3,917) | 163 | **(3,754)** |
| Provisions | (426) | – | **(426)** | (586) | – | **(586)** |
| | (9,813) | – | **(9,813)** | (22,848) | 163 | **(22,685)** |
| **Total liabilities** | (15,463) | (5) | **(15,468)** | (29,638) | (365) | **(30,003)** |
| **Net assets** | 22,453 | – | **22,453** | 26,013 | 19 | **26,032** |
| **Total equity** | 22,453 | – | **22,453** | 26,013 | 19 | **26,032** |

## 13. Related party transactions

There have been no material changes to the nature or relative quantum of related party transactions as described in the 2012 Annual Report.

The following changes were made to key management during the period.

At the conclusion of the 2012 annual general meeting on 26 July 2012, Meyer Khan, chairman of SABMiller plc, and Rob Pieterse both retired from the board, Graham Mackay, chief executive, was appointed executive chairman of the group and Alan Clark (formerly managing director of SABMiller Europe) was elected as an executive director of the board and appointed as chief operating officer of the group.

In June 2012 Sue Clark (formerly director of corporate affairs) was appointed as managing director of SABMiller Europe.

Catherine May was appointed director of corporate affairs with effect from 15 October 2012 and joined the SABMiller group executive committee on that date.

Consequently as at 30 September 2012 there were 25 key management (31 March 2012: 27).

## 14. Post balance sheet events

On 7 November 2012 Foster's sold its 49.9% interest in Foster's USA LLC to MillerCoors LLC for cash consideration. Foster's USA LLC is now wholly owned by MillerCoors.

# Financial definitions

**Adjusted earnings**
Adjusted earnings are calculated by adjusting headline earnings (as defined below) for the amortisation of intangible assets (excluding software), integration and restructuring costs, the fair value movements in relation to capital items for which hedge accounting cannot be applied and other items which have been treated as exceptional but not included above or as headline earnings adjustments together with the group's share of associates' and joint ventures' adjustments for similar items. The tax and non-controlling interests in respect of these items are also adjusted.

**Adjusted EBITDA**
This comprises EBITDA (as defined below) before cash flows from exceptional items and includes dividends received from our joint venture, MillerCoors. Dividends received from MillerCoors approximate to the group's share of the EBITDA of the MillerCoors joint venture.

**Adjusted EBITDA margin**
This is calculated by expressing adjusted EBITDA as a percentage of revenue plus the group's share of MillerCoors' revenue.

**Adjusted net finance costs**
This comprises net finance costs excluding fair value movements in relation to capital items for which hedge accounting cannot be applied and any exceptional finance charges or income.

**Adjusted profit before tax**
This comprises EBITA less adjusted net finance costs and less the group's share of associates' and joint ventures' net finance costs on a similar basis.

**Constant currency**
Constant currency results have been determined by translating the local currency denominated results for the six months ended 30 September at the exchange rates for the comparable period in the prior year.

**EBITA**
This comprises operating profit before exceptional items, amortisation of intangible assets (excluding software) and includes the group's share of associates' and joint ventures' operating profit on a similar basis.

**EBITA margin (%)**
This is calculated by expressing EBITA as a percentage of group revenue.

**EBITDA**
This comprises the net cash generated from operations before working capital movements. This includes cash flows relating to exceptional items incurred in the period.

**EBITDA margin (%)**
This is calculated by expressing EBITDA as a percentage of revenue.

**Effective tax rate (%)**
The effective tax rate is calculated by expressing tax before tax on exceptional items and on amortisation of intangible assets (excluding software), including the group's share of associates' and joint ventures' tax on the same basis, as a percentage of adjusted profit before tax.

**Free cash flow**
This comprises net cash generated from operating activities less cash paid for the purchase of property, plant and equipment, and intangible assets, net investments in existing associates and joint ventures (in both cases only where there is no change in the group's effective ownership percentage) and dividends paid to non-controlling interests plus cash received from the sale of property, plant and equipment and intangible assets and dividends received.

**Group revenue**
This comprises revenue together with the group's share of revenue from associates and joint ventures.

**Headline earnings**
Headline earnings are calculated by adjusting profit for the financial period attributable to owners of the parent for items in accordance with the South African Circular 3/2012 entitled 'Headline Earnings'. Such items include impairments of non-current assets and profits or losses on disposals of non-current assets and their related tax and non-controlling interests. This also includes the group's share of associates' and joint ventures' adjustments on the same basis.

**Interest cover**
This is the ratio of adjusted EBITDA to adjusted net finance costs.

**Net debt**
This comprises gross debt (including borrowings, borrowings-related derivative financial instruments, overdrafts and finance leases) net of cash and cash equivalents (excluding overdrafts).

**Organic information**
Organic results and volumes exclude the first 12 months' results and volumes relating to acquisitions and the last 12 months' results and volumes relating to disposals.

**Sales volumes**
In the determination and disclosure of sales volumes, the group aggregates 100% of the volumes of all consolidated subsidiaries and its equity accounted percentage of all associates' and joint ventures' volumes. Contract brewing volumes are excluded from volumes although revenue from contract brewing is included within group revenue. Volumes exclude intra-group sales volumes. This measure of volumes is used for lager volumes, soft drinks volumes, other alcoholic beverage volumes and beverage volumes and is used in the segmental analyses as it more closely aligns with the consolidated group revenue and EBITA disclosures.

**Forward-looking statements**
This report does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire ordinary shares in the capital of SABMiller plc (the "company") or any other securities of the company in any jurisdiction or an inducement to enter into investment activity.

This report is intended to provide information to shareholders. It should not be relied upon by any other party or for any other purpose. This report includes 'forward-looking statements' with respect to certain of SABMiller plc's plans, current goals and expectations relating to its future financial condition, performance and results. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this report, including, without limitation, those regarding the company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the company's products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the company's present and future business strategies and the environment in which the company will operate in the future. These forward-looking statements speak only as at the date of this report. Factors which may cause differences between actual results and those expected or implied by the forward-looking statements include, but are not limited to: material adverse changes in the economic and business conditions in the markets in which SABMiller operates; increased competition and consolidation in the global brewing and beverages industry; changes in consumer preferences; changes to the regulatory environment; failure to deliver the integration and cost-saving objectives in relation to the Foster's acquisition; failure to derive the expected benefits from the business capability programme; and fluctuations in foreign currency exchange rates and interest rates. The company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The past business and financial performance of SABMiller plc is not to be relied on as an indication of its future performance.

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