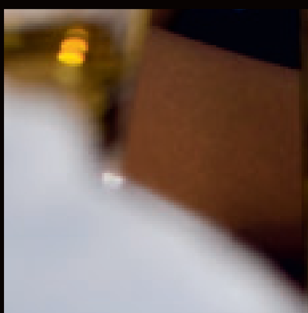
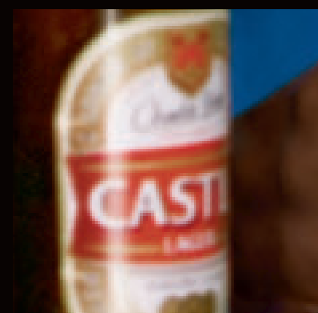
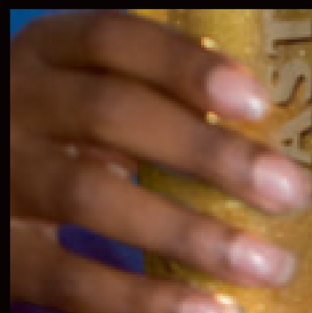
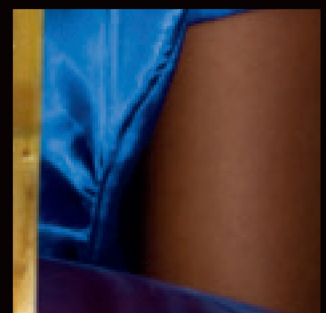
# Interim Report

**SABMiller plc** Interim Report 2010

# 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 2010.

Graham Mackay, Chief Executive of SABMiller, said:

*"In trading conditions which remained mixed across our markets, the group benefited from its global spread of businesses, delivering a strong financial performance. The strength of our brands, which supported price increases taken largely in the prior year, contributed to good revenue growth. Cost reductions, driven by lower raw material input costs and further fixed cost efficiencies, helped to finance increased investment behind our brand portfolios and assisted margin enhancement. Our financial position remains robust, with a further improvement in free cash flow."*

Contents


1 Operational highlights
2 Chief Executive's review
10 Directors' responsibility for financial reporting
11 Independent review report
12 Consolidated income statement
13 Consolidated statement of comprehensive income
14 Consolidated balance sheet
15 Consolidated cash flow statement
16 Consolidated statement of changes in equity
17 Notes to the financial information
28 Financial definitions
29 Administration

# Strong financial performance and margin improvement

## Operational highlights

- Lager volumes increase 1% on an organic basis with growth in Asia, Africa and South Africa
- Reported group revenue up 7%, with organic, constant currency revenue growth of 4%
- EBITA margin increases by 90 basis points (bps) to 17.3%
- Reported EBITA up 13%, with organic, constant currency EBITA growth of 10%:
  - – Latin America EBITA[1] growth of 10% due to lower raw material and fixed costs
  - – Europe EBITA[1] falls by 4% due to volume decline and downtrading
  - – North America EBITA[1] grows 27% as firm pricing and synergies more than offset volume declines
  - – Africa EBITA[1] up 11% benefiting from volume growth following capacity expansion
  - – Asia EBITA[1] up 22% as strong CR Snow volumes in China grow ahead of the market
  - – South Africa Beverages EBITA[1] up 8% due to volume growth and raw material cost benefits
- Adjusted earnings up 19%, with adjusted EPS up 16%
- Continued improvement in free cash flow[2], up 23% to US$1,244 million

1 EBITA 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 2010 US$m** | 6 months to Sept 2009 US$m | % change | 12 months to March 2010 US$m |
|---|---|---|---|---|
| **Group revenue**[a] | **14,236** | 13,355 | 7 | 26,350 |
| **Revenue**[b] (excludes associates' and joint ventures' revenue) | **9,451** | 8,846 | 7 | 18,020 |
| **EBITA**[c] | **2,466** | 2,187 | 13 | 4,381 |
| **Adjusted profit before tax**[d] | **2,167** | 1,920 | 13 | 3,803 |
| **Profit before tax**[e] | **1,690** | 1,498 | 13 | 2,929 |
| **Adjusted earnings**[f] | **1,465** | 1,236 | 19 | 2,509 |
| **Adjusted earnings per share** | | | | |
| – US cents | **93.0** | 80.0 | 16 | 161.1 |
| – UK pence | **61.3** | 49.9 | 23 | 100.6 |
| – SA cents | **690.4** | 648.9 | 6 | 1,253.8 |
| **Basic earnings per share** (US cents) | **71.2** | 63.0 | 13 | 122.6 |
| **Interim dividend per share** (US cents) | **19.5** | 17.0 | 15 | |
| **Free cash flow** | **1,244** | 1,010 | 23 | 2,028 |

a Group revenue includes the attributable share of associates' and joint ventures' revenue of US$4,785 million (i.e. including MillerCoors' revenue) (2009: US$4,509 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$282 million (2009: US$253 million) and share of associates' and joint ventures' net finance costs of US$17 million (2009: US$14 million).
e Profit before tax includes exceptional charges of US$285 million (2009: US$239 million). Exceptional items are explained in note 3.
f A reconciliation of adjusted earnings to the statutory measure of profit attributable to equity shareholders is provided in note 5.

## Segmental EBITA performance

| | **Sept 2010 EBITA US$m** | Reported growth % | Organic, constant currency growth % |
|---|---|---|---|
| Latin America | **676** | 19 | 10 |
| Europe | **549** | (7) | (4) |
| North America | **480** | 27 | 27 |
| Africa | **258** | 5 | 11 |
| Asia | **110** | 22 | 22 |
| South Africa: Beverages | **394** | 18 | 8 |
| South Africa: Hotels and Gaming | **63** | 19 | 7 |
| Corporate | **(64)** | – | – |
| **Group** | **2,466** | 13 | 10 |

# Chief Executive's review

## Business review

While trading and economic conditions across our markets remained mixed during the first half of the financial year, our financial performance was strong. Lager volumes were up 1% on an organic basis with good volume growth in Africa, China and South Africa, predominantly in the second quarter. Group revenue increased by 7%, 4% on an organic, constant currency basis, benefiting from higher sales volumes and price increases mainly taken in the second half of the prior year.

EBITA of US$2,466 million represented growth of 13%, 10% on an organic, constant currency basis, as key operating currencies strengthened against the US dollar compared to the equivalent period in the prior year. The group's EBITA margin expanded by 90 bps to 17.3%. In addition to the pricing benefits noted above, the group's half year results benefited from a reduction in overall raw material input costs, largely as a result of lower brewing raw material costs and favourable year on year foreign currency movements in some key markets. Marketing costs were higher as we continued to invest to build and support our brands, but we benefited from fixed cost efficiencies.

Adjusted earnings were 19% higher than the same period last year. Finance costs were up on the prior year but the group's effective tax rate for the period of 29.0% was 40 bps lower than the prior year. Profit attributable to non-controlling interests was reduced by the purchase in May 2009 of the 28.1% non-controlling interest in our Polish subsidiary Kompania Piwowarska SA.

Free cash flow of US$1,244 million was US$234 million ahead of a strong prior year comparative. Capital expenditure of US$565 million was US$163 million lower mainly as a result of the completion of capacity expansion projects in Africa and reduced capital expenditure in Europe. Good working capital management generated an inflow of US$90 million. Normalised EBITDA margin which includes revenue and dividends from MillerCoors, and the cash impact of exceptional charges, improved 130 bps during the period.

The group's gearing ratio at 30 September 2010 reduced to 36.8% from 40.8% at 31 March 2010. Group net debt fell by US$460 million to US$7,938 million. An interim dividend of 19.5 US cents per share, up 2.5 US cents from the prior year, will be paid to shareholders on 10 December 2010.

- In Latin America, EBITA grew by 19% (10% on an organic, constant currency basis), as reported results benefited from the strengthening of key regional currencies, with lager volumes marginally lower than the prior year. Price increases implemented mainly in the second half of the prior year, reduced raw material input costs and ongoing focus on reducing fixed costs were key contributors to the EBITA growth. We continued to develop our brand portfolio, identify new consumption occasions and increase the appeal of the lager category, as well as enhancing our route to market and geographic coverage. Colombia lager volumes fell by 7% following the February 2010 price increase to recover the emergency sales tax increase on beer, along with poor weather and five 'dry days' around presidential elections during the half year. Peru saw lager volume growth of 11% driven by effective sales execution and brand marketing activations in a strong economy.

- In Europe, lager volumes fell 5%, with a very challenging first quarter partly offset by the benefit of favourable weather conditions in the second quarter. Economic and industry conditions remained difficult across most of the region, adversely impacting consumer spending and beer consumption, as well as driving further downtrading. EBITA was down 7% (4% in constant currency) due mainly to the volume decline and some adverse sales mix and higher marketing investment, partially offset by cost efficiencies and reduced raw material costs.

- In North America EBITA grew by 27% despite a 3% decline in MillerCoors' sales to wholesalers (STWs) compared to the prior year. MillerCoors' domestic sales to retailers (STRs) were also down 3% as declines in the premium light and below premium segments were only partially offset by good growth in the recently established Tenth and Blake crafts and imports division. The impact of revenue management benefits, innovation and continued realisation of synergies and cost savings drove MillerCoors EBITA up by 21%.

- Lager volumes in Africa grew by 11% on an organic basis, and by 7% excluding Zimbabwe[1]. Uganda, Mozambique, Zambia and Angola all saw strong lager volume growth following capacity expansions, with Tanzania volumes level with the prior period even though the comparable period included other licensed brands which have now been withdrawn. Soft drinks volumes grew by 5% (1% excluding Zimbabwe) on an organic basis, with volumes level in Angola. EBITA was 5% higher (11% on an organic, constant currency basis) due to the strong volume performance, partially offset by the impact of weaker local currencies on raw material costs and higher capacity-related fixed costs. Our strategy to further diversify the range and mix of beverages continues, and we have seen good performances from local and regional premium brands, as well as our water and other non-alcohol categories.

- Asia lager volumes grew 10% on an organic basis, with both reported and organic, constant currency EBITA growing by 22%. Our China associate CR Snow saw strong growth with lager volumes up 9% on an organic basis, which was ahead of the market. Particularly good growth came from CR Snow's two largest regions, the north-east and central, as the Snow brand continues its momentum. India saw strong lager volume growth, cycling a low prior year base impacted by regulatory issues in Andhra Pradesh and Uttar Pradesh, although new trading restrictions have arisen in the current year.

- South Africa benefited from strong brand building and retail execution activities, with lager volumes increasing by 3% in a growing market. The lack of an Easter peak in the current year was partially offset by higher volumes around the FIFA World Cup. Soft drinks volumes also increased by 3%, driven by our refocused growth strategy and favourable weather conditions in the latter part of the first half of the year. EBITA grew by 18%, and was up 8% in constant currency. EBITA growth was driven primarily by volume growth across both the beer and soft drinks businesses. Lower brewing raw material costs and the stronger rand also contributed to the EBITA expansion. We have grown our sales capability and marketing investment in order to support and build our key lager brands in a competitive environment, with specific campaigns having been focused around the 2010 FIFA World Cup period.

- We have made good progress across the range of our business capability initiatives including global procurement, regional manufacturing and the design and first implementations of major systems platforms. The outlook for cost savings and efficiency benefits is in line with original expectations. However, higher design and implementation costs, an extension to the programme timeline and enhanced scope will increase exceptional costs by approximately US$160 million, with potentially a further US$40 million from adverse exchange rate movements. Following an exceptional charge of US$342 million last year, we expect the charge in the current year to decline by about 15%. Charges will decline from this level by about 40% year on year in each of the financial years 2012 and 2013, with a final charge in financial year 2014 similar to that in the 2013 financial year. The factors above are also expected to result in additional capital expenditure of about US$100 million over the five years of the programme, however programme working capital inflows have already exceeded the US$350 million target originally expected to be met in financial year 2012.

1 We have included our share of Delta, our associate in Zimbabwe, within our results effective 1 April 2010 following the effective 'dollarisation' of the economy in 2009, the end of hyper-inflation and the stabilisation of the local economy.

### Outlook

Although consumer spending remains subdued, the trend of incremental improvement in economic conditions across most of our emerging markets is expected to be maintained. We will continue to increase prices selectively, and will benefit from lower raw material costs and our productivity and efficiency initiatives but at a more moderate rate than in the first six months of the year. We are increasing investment behind our brands to ensure that we are well placed to benefit from an improvement in trading conditions.

# Operational review

### Latin America

| Financial summary | **Sept 2010** | Sept 2009 | % |
|---|---|---|---|
| Group revenue | | | |
| (including share of associates) (US$m) | **2,971** | 2,746 | 8 |
| EBITA[1] (US$m) | **676** | 566 | 19 |
| EBITA margin (%) | **22.7** | 20.6 | |
| Sales volumes (hl 000) | | | |
| – Lager | **17,973** | 18,053 | – |
| – Soft drinks | **7,687** | 7,812 | (2) |

1 In 2010 before exceptional charges of US$44 million being business capability programme costs (2009: US$51 million).

Latin America delivered strong EBITA growth in the first half of the year despite lager volumes in the region being marginally down on the prior year. Robust volume growth in Peru was offset by lower volumes in Colombia, while volume performance in other markets was mixed. Revenue growth was assisted by price increases taken in the second half of last year while the benefits of lower raw material costs and a reduction in fixed costs further enhanced our margin which improved by 210 bps.

In **Colombia** lager volumes have been under pressure following the February 2010 price increase to recover the sales tax increase on beer. Five days of 'dry laws' during the two rounds of presidential elections, persistent heavy rainfall, as well as a shift in consumer expenditure towards durable goods, further contributed to the unusually tough trading conditions. As a result lager volumes declined by 7% compared to the prior year. Our share of the alcohol market has recently shown an improvement, but has remained below prior year mainly due to the growth of aguardiente. We have continued to develop our brand portfolio and during the past six months launched Poker Ligera, a light, upper mainstream variant of our Poker brand, and started seeding Miller Genuine Draft in the super premium category in key outlets in two main cities. The Aguila brand family saw a further shift toward Aguila Light, which has shown growth well ahead of the market. We have further optimised our service model and route to market, as well as realising additional fixed cost productivity improvements, contributing to the increased EBITA margin.

In **Peru** our operations performed exceptionally well with improved earnings driven by lager volume growth of 11% and robust economic growth in the country. Our differentiated brand portfolio and strong in-trade execution, together with the good progress made in improving beer availability across new occasions and channels, lifted our market share by 260 bps on a year on year basis. Market segment opportunities such as the female category and the malt category show good potential with the latter more than doubling in volume. Our lower mainstream brand Pilsen Trujillo grew by 26% reflecting consumer preference for beer over informal alcohol products and growing income per capita. Our flagship mainstream brand Cristal grew by 5% and our upper mainstream brand Pilsen Callao grew by 20%. The increase in volumes has necessitated some incremental capacity upgrades at three plants across the country. Benefits were achieved through lower commodity prices, and economies of scale allowed for real fixed cost productivity, enhancing our margin for the period.

In **Ecuador** lager volumes increased by 4%, despite government restrictions on the sale of alcohol implemented at the end of the first quarter. This growth shows the positive outcome of activities initiated to mitigate the impact of these restrictions, including the expansion of the Pilsener 225ml pack launched in January 2010, an increase in outlet coverage and improved product availability. Premium brand performance was strong with a solid increase in the proportion of premium brand volumes in our portfolio. Revenue was boosted by price increases taken in the first quarter of this year, further assisted by improvements in brand and pack mix. In addition, our commercial initiatives have had a positive impact on our share of the alcohol market, which has increased by 200 bps on a year on year basis.

Results in **Honduras** reflect our operation's strong position in the market, with alcohol and sparkling soft drinks share gains of 200 bps and 260 bps respectively, although both lager and soft drinks saw volumes decline by 4%. This was partly due to the difficult trading conditions experienced in the country, exacerbated by the highest levels of rainfall seen in the last 30 years. Within the lager category, our super premium segment grew driven mainly by Miller Lite. Price increases were taken on selected sparkling soft drink packs following an excise increase. Del Valle Fresh juice was launched recently as part of our strategy to continue expanding into profitable categories and increase total share of beverages in the country.

In **El Salvador** both lager and soft drinks volumes were affected by significantly higher rainfall as well as the impact of price increases taken in the second half of last year. Both categories declined by 6%, however our market share in sparkling soft drinks continued to improve with an increase of 80 bps compared with the prior year, while revenue per hectolitre improved by 3% benefiting from better pricing.

In **Panama** total volumes were up by 2%, driven by soft drinks volume growth of 5% boosted by our Malta Vigor brand, while lager volumes were in line with the prior year, in a competitive environment. Increased competition in the market saw a decrease in our beer market share of 180 bps on a year on year basis.

### Europe

| Financial summary | **Sept 2010** | Sept 2009 | % |
|---|---|---|---|
| Group revenue | | | |
| (including share of associates) (US$m) | **3,040** | 3,211 | (5) |
| EBITA[1] (US$m) | **549** | 590 | (7) |
| EBITA margin (%) | **18.0** | 18.4 | |
| Sales volumes (hl 000) | | | |
| – Lager | **25,633** | 27,125 | (5) |

1 In 2010 before exceptional charges of US$60 million being business capability programme costs (2009: US$123 million being US$41 million of integration and restructuring costs and US$82 million of business capability programme costs).

In Europe, lager volumes declined 5% as the beer industry continued to be impacted by generally weak economic conditions across the region. The first quarter was particularly challenging, however this was followed by a better second quarter with good summer weather in central and eastern Europe boosting sales in July and August.

Group revenue declined 5% and reported EBITA declined 7%, due in part to the weakening of major central and eastern Europe currencies against the US dollar compared to the prior year. On a constant currency basis, EBITA decreased 4%. Revenue per hectolitre grew 4%, largely reflecting excise-related price increases in the second half of the prior year. The impact of reduced volumes and ongoing downtrading was partially offset by cost efficiencies and lower commodity costs. Marketing expenditure was higher than the prior year with more activity phased into the first half of the year.

# Chief Executive's review continued

In **Poland** volumes were down 6% as the beer market continued to decline. However macro economic conditions are improving with real wage growth and decreasing unemployment becoming evident. The rate of volume decline has slowed significantly following a particularly challenging first quarter where volumes were impacted by widespread flooding and alcohol sales restrictions during a nine day period of national mourning following the death of the president. The economy and super premium segments have grown reflecting a move towards more occasion-specific consumer choices. The shift to economy brands has been led by competitor discounting and the growth of discounter and modern trade channels, and we have seen a marginal loss in overall market share.

In the **Czech Republic** volumes declined 9% as the industry continued to be impacted by weakness in the on-premise sector, downtrading and excise increases. Lower disposable income, driven by higher levels of unemployment and higher taxation, as well as inclement weather, reduced consumption in the on-premise channel, where volumes saw a double digit decline. Our strong brand portfolio and promotional activities in this high value channel resulted in our share growing marginally. The off-premise channel declined at a slower pace (low single digit) as a combination of the economic crisis, heavy promotional activity and an expanding PET segment drove greater in-home consumption, which in turn led to a slight loss in our overall market share. Our premium brands outperformed the market and Pilsner Urquell held share despite its on-premise bias, as it benefited from strengthening equity, expanded tank beer distribution and more recently the launch of a new pack offering. Non-alcoholic brand Birell grew 3% benefiting from renovated packaging and the introduction of a new semi-dark variant, while Master volumes doubled as it was launched in the off-premise channel. Mainstream brands, in particular Gambrinus, remained under pressure, although a significant increase in investment behind Gambrinus has shown encouraging results.

In **Romania** volumes were down 11% in a market which declined even faster, with disposable income and consumer confidence severely impacted following the government's introduction of austerity measures including a 5% increase in the VAT rate in July 2010 and a significant reduction in public sector wages. Our market share gains were underpinned by Timisoreana, the market-leading brand with over 17% market share. While the premium segment declined as consumers downtraded, Ursus our premium offering maintained its market share in this segment. In these conditions the economy segment was the only segment to grow with our economy offerings Azuga gaining share and Ciucas' share remaining level with the prior period.

In **Russia** volumes declined by 1% in the first half, with growth in the second quarter aided by exceptionally warm weather in July and August. The beer market in Russia continues to be significantly affected by the 200% excise increase in January 2010 which has resulted in volume declines and downtrading. Premium and super premium segments were down 8% somewhat offset by growth in the economy segment. In this context our market share performance was solid, as our share remained level with the prior period. Our premium portfolio has leadership in its segment in Moscow and the Zolotaya Bochka brand took the number 1 position in that segment due to pack and product innovations. Following double digit growth in the prior year, Kozel grew 4%. Our overall volume performance was assisted by the strong growth in the 3 litre PET Tri Bogatyrya pack launched in the prior year. In the **Ukraine** volumes declined 5% in a market challenged by the economic crisis and significant excise increases. Our premium brands Kozel and Zolotaya Bochka have taken a strong share in the premium segment.

In **Italy** economic conditions remained difficult, although there have been recent signs of a recovery in consumer confidence and employment. In this context the beer market declined 1%, although the on-premise channel, which was down 3%, continued to be negatively impacted by the weak economy and poor weather. Birra Peroni domestic volumes declined 3% but our market share of STRs was level with the prior year and our value share grew steadily as we continued to reduce distributor inventory volumes.

Domestic lager volumes in the **Netherlands** fell 1%, taking some share in a declining market. We launched Peroni Nastro Azzurro and Pilsner Urquell in our tied on-premise channel.

In the **United Kingdom** lager volumes grew 25% in a market that continues to decline, although the premium segment grew 1%. All of our premium brands grew with notable results for Miller Genuine Draft, Tyskie and Pilsner Urquell. Peroni Nastro Azzurro enjoyed another strong period of growth, with volumes up 22% driven by improved rate of sale and significant distribution gains in the on-premise channel.

In **Hungary**, **Slovakia** and the **Canaries**, economic conditions remained difficult and beer markets depressed. We maintained market share in Hungary and Slovakia despite strong competitor activity and downtrading. In Slovakia we realised the cost benefits of closing the Topolcany brewery in the prior year.

## North America

| Financial summary | **Sept 2010** | Sept 2009 | % |
|---|---|---|---|
| Group revenue | | | |
| (including share of joint ventures) (US$m) | **2,865** | 2,870 | – |
| EBITA[1] (US$m) | **480** | 379 | 27 |
| EBITA margin (%) | **16.8** | 13.2 | |
| Sales volumes (hl 000) | | | |
| – Lager – excluding contract brewing | **23,423** | 24,116 | (3) |
| MillerCoors' volumes | | | |
| – Lager – excluding contract brewing | **22,654** | 23,370 | (3) |
| – Sales to retailers (STRs) | **22,436** | 23,179 | (3) |
| – Contract brewing | **2,437** | 2,456 | (1) |

1 In 2010 before exceptional charges of US$4 million being the group's share of MillerCoors' integration and restructuring costs (2009: US$11 million being the group's share of MillerCoors' integration and restructuring costs of US$7 million and the group's share of the unwind of the fair value inventory adjustment of US$4 million).

The North America segment includes the group's 58% share in MillerCoors and 100% of Miller Brewing International. Strong revenue management, innovation and continued delivery of synergies and cost savings in MillerCoors more than offset the impact of lower volumes in a sluggish US beer market, driving total North America EBITA up 27% for the half year. Lager volumes, excluding contract brewing, declined 3%.

### MillerCoors

In the six months to 30 September 2010, MillerCoors' US domestic volume STRs were down 3% in a market which continued to be impacted by economic uncertainty and high levels of unemployment. Domestic STWs were also down 3%, in line with the reduced STRs. EBITA grew 21% as a result of strong frontline pricing, ongoing cost management and delivery of synergies, which more than offset the impact of the lower volumes.

Premium light brand volumes were down low single digit with both Miller Lite and Coors Light experiencing low single digit declines. MillerCoors' Tenth and Blake crafts and imports division saw double digit growth, driven by Blue Moon and Leinenkugel's, in an expanding market category. The below premium segment declined mid single digits, as growth in Keystone was more than offset by declines in Miller High Life and Milwaukee's Best. The above premium portfolio, which includes Miller Chill, Sparks and Killian's Irish Red, experienced a double digit decline.

MillerCoors' revenue per hectolitre grew by 3% as a result of firm net pricing and favourable sales mix. Cost of goods sold per hectolitre were marginally higher, driven by higher freight rates and product mix, largely offset by the continued delivery of synergies and cost savings.

Marketing, general and administrative costs decreased as a result of realisation of synergies and other cost savings.

MillerCoors delivered US$119 million of incremental synergies in the six months to 30 September 2010, mainly from marketing and media, freight, and brewing and packaging materials. Other cost savings of US$36 million in the first half of the year came from various initiatives within the integrated supply chain function.

Total annualised synergies and other cost savings of US$564 million have now been achieved since the joint venture operations commenced on 1 July 2008, comprising synergies of US$445 million and other savings of US$119 million. MillerCoors remains on track to achieve US$750 million in total annualised synergies and other cost savings by the end of the calendar year 2012.

### Africa

| Financial summary | **Sept 2010** | Sept 2009 | % |
|---|---|---|---|
| Group revenue (including share of associates) (US$m) | **1,506** | 1,263 | 19 |
| EBITA[1] (US$m) | **258** | 246 | 5 |
| EBITA margin (%) | **17.2** | 19.5 | |
| Sales volumes (hl 000) | | | |
| – Lager | **7,154** | 6,392 | 12 |
| – Lager (organic) | **7,124** | 6,392 | 11 |
| – Soft drinks | **5,899** | 5,037 | 17 |
| – Soft drinks (organic) | **5,292** | 5,037 | 5 |
| – Other alcoholic beverages | **2,646** | 1,978 | 34 |

1 In 2010 before exceptional charges of US$2 million being business capability programme costs (2009: US$4 million).

Lager volumes grew by 11% on an organic basis including Zimbabwe and 7% excluding Zimbabwe[1], aided by the recent capacity expansion projects in Tanzania, Mozambique, Angola, Zambia and Uganda. Our strategy to further diversify the range and mix of beverages continued to deliver encouraging results. There were good performances from local and regional premium brands while more affordable beverage offerings were introduced across a number of markets, utilising local ingredients and supply chains to expand enterprise development. We continued our sales and distribution initiatives to increase geographic coverage and enhance the on-premise consumption experience. Our new ventures in Southern Sudan and Nigeria continued to gain momentum. Soft drinks contributed volume growth of 5% on an organic basis including Zimbabwe and 1% excluding Zimbabwe. Other alcoholic beverages delivered volume growth of 34% including Zimbabwe and 5% excluding Zimbabwe.

EBITA grew by 5%, and by 11% in organic, constant currency. As expected, EBITA margin for the half year declined relative to the same period last year, as our fixed cost base stepped up due to investments in capacity which are not yet fully utilised. In addition, marketing spend has risen to support growth in competitive markets in East and West Africa, and adverse currency movements increased our imported commodity costs.

In **Uganda** lager volumes grew 23% due to additional capacity and good momentum behind the Club and Nile Special brands. Eagle continues to show strong growth while Nile Gold, a premium lager which was launched in the previous year, is making good progress in the local premium segment.

In **Tanzania** lager volumes were level with the prior year, despite the loss of the licensed East African Breweries Limited (EABL) brand portfolio. The brewing and distribution agreement with EABL was terminated in the last quarter of the previous financial year. The underlying momentum of our SABMiller brand portfolio has been gratifying with good growth particularly in the premium segment, comprising Ndovu Special Malt and Castle Lite, which are both performing above expectations. In addition the brewery in Mbeya, commissioned a year ago, has brought growth to the far south region.

1 We have included our share of Delta, our associate in Zimbabwe, within our results effective 1 April 2010 following the effective 'dollarisation' of the economy in 2009, the end of hyper-inflation and the stabilisation of the local economy.

**Mozambique** performed well with lager volumes advancing 10% driven by the new brewery in the north and economic recovery in the south. Laurentina Preta, a local premium brand, recorded growth of 85% and is fulfilling the role of a credible alternative to imported premium beers.

The reduction in excise in Zambia in March 2010 as well as increased capacity has resulted in 15% lager volume growth. Castle Lager and Mosi have both shown strong growth and Mosi Gold, a local premium offering launched in December 2009, continued to improve the portfolio. Traditional beer grew by 22% as a result of improved distribution channels and availability, and we gained market share in this segment. Our recently acquired maheu business is performing to expectations.

In **Angola** soft drinks volumes ended level with the prior year due to a slowdown in the economy which resulted in lower disposable income for consumers. However, our market share has been assisted by improved availability following the commissioning of the new soft drinks plant in Luanda North. The new Luanda brewery enabled the launch of N'gola in Luanda and the northern regions, which assisted lager volume growth of 26%.

**Castel** lager volumes grew by 4% on an organic basis aided by strong growth in the Democratic Republic of Congo and the Ivory Coast. Soft drinks volumes grew by 10% with good growth in the Ivory Coast and Cameroon.

### Asia

| Financial summary | **Sept 2010** | Sept 2009 | % |
|---|---|---|---|
| Group revenue (including share of associates and joint ventures) (US$m) | **1,193** | 1,021 | 17 |
| EBITA[1] (US$m) | **110** | 90 | 22 |
| EBITA margin (%) | **9.2** | 8.8 | |
| Sales volumes (hl 000) | | | |
| – Lager | **32,532** | 29,229 | 11 |
| – Lager (organic) | **32,207** | 29,229 | 10 |

1 In 2010 before exceptional charges of US$nil (2009: US$1 million being business capability programme costs).

Asia's lager volumes grew 10% on an organic basis, with strong growth in China, India and Vietnam. EBITA increased 22% on both reported and organic, constant currency bases reflecting good increases in both China and India and improved results in Vietnam. EBITA margin increased by 40bps to 9.2%.

In **China** lager volumes grew by 10% (9% on an organic basis) despite a challenging first quarter in which adverse weather conditions suppressed volumes. CR Snow's two largest regions, north-east and central, contributed most to the growth although a good result was also achieved in the south-east as CR Snow continued to expand its presence in Guangdong.

Revenue per hectolitre increased as the Snow brand continued to expand its presence in the premium segment through the Snow Draft and Brave the World variants. Increased investment in sales and marketing contributed to CR Snow's continued market share growth, with particularly good performances in Anhui, Zhejiang, Liaoning and Guizhou.

**India** experienced strong growth in both volume and EBITA, in particular in the key states of Andhra Pradesh, Uttar Pradesh, Karnataka and Maharashtra. Volumes in Andhra Pradesh and Uttar Pradesh benefited from cycling adverse regulatory issues in the prior year. However, in Andhra Pradesh, volumes were constrained in the second quarter by new purchasing quotas imposed by the state distributor.

Volumes in **Vietnam** more than doubled as the business increased its share of the Vietnamese market through strong growth of the Zorok brand while also seeing strong growth continuing from its export operations.

Following strong growth in the prior year, our joint venture in **Australia** saw a fall in volumes as competition intensified in the premium segment. The business made some gains in the high margin on-premise channel through the introduction of draught Peroni Nastro Azzurro. In June a new brewery was commissioned north of Sydney, which should further enhance performance through lower production costs.

### South Africa: Beverages

| Financial summary | **Sept 2010** | Sept 2009 | % |
|---|---|---|---|
| Group revenue (including share of associates) (US$m) | **2,432** | 2,051 | 19 |
| EBITA[1] (US$m) | **394** | 333 | 18 |
| EBITA margin (%) | **16.2** | 16.3 | |
| Sales volumes (hl 000) | | | |
| – Lager | **12,274** | 11,973 | 3 |
| – Soft drinks | **7,467** | 7,248 | 3 |
| – Other alcoholic beverages | **634** | 594 | 7 |

1 In 2010 before exceptional charges of US$149 million being US$23 million of business capability programme costs and US$126 million of costs associated with the Broad-Based Black Economic Empowerment transaction (2009: US$21 million being business capability programme costs).

Despite uncertainty about the outlook for the South African economy, there were tentative signs of recovery during the first half of the year. Retail sales for the half year grew by 7.1% compared to the same period last year, assisted by the 2010 FIFA World Cup. However, the consumer outlook remains cautious due to relatively high levels of personal debt and unemployment.

Lager volumes grew by 3% in a growing market, with the lack of an Easter peak partially offset by the positive impact of the 2010 FIFA World Cup. The strong growth in lager volumes was the result of a continued focus on building the strength of our core brands and enhanced retail execution. Soft drinks volumes also grew by 3%, benefiting from our refocused growth strategy as well as warm and dry weather conditions in the second quarter. Sparkling soft drinks grew by 2%, driven mainly by the PET pack and returnable glass bottle offerings, while alternative beverages grew by 14% with particularly strong growth from Powerade and Glaceau.

Group revenue grew by 19%, 8% in constant currency, mainly driven by volume growth in both the beer and soft drinks businesses. Lager raw material costs were level with the prior period as lower brewing raw material costs were offset by higher packaging costs. Soft drinks cost of goods sold per hectolitre increased in line with inflation. Constant currency EBITA grew by 8% and margins were marginally below the prior year.

Increased investment in sales and marketing on our core brands helped lift lager's share of total alcohol during the first half of the year and we continued to develop innovative new product and packaging offerings.

The core power brand portfolio of Castle Lager, Hansa Pilsener, Carling Black Label and Castle Lite gained further momentum as a result of the focused marketing campaigns. Castle Lager also benefited from a campaign centred on the 2010 FIFA World Cup and the brand's association with football. Castle Lite performed strongly in the first half supported by intensified in-trade execution focused on the brand's 'Extra cold' characteristics, facilitated by the placement of additional specialised refrigeration equipment. We also continued with our strategy to establish our international premium lager portfolio as a longer term contributor to growth. Soft drinks margins benefited from improved discount management and trade execution focused on higher margin packs.

The offer of shares in the company's Broad-Based Black Economic Empowerment transaction attracted over 33,000 applications and was 29% oversubscribed when it closed in June 2010. A total of 46.2 million new shares in The South African Breweries Limited (SAB), representing 8.45% of SAB's enlarged issued share capital, have been issued.

**Distell** continued to deliver strong domestic and international volume growth, which converted into good revenue and the strength of the rand also contributed to EBITA growth.

### South Africa: Hotels and Gaming

| Financial summary | **Sept 2010** | Sept 2009 | % |
|---|---|---|---|
| Group revenue (share of associates) (US$m) | **229** | 193 | 19 |
| EBITA (US$m) | **63** | 53 | 19 |
| EBITA margin (%) | **27.8** | 27.8 | |
| Revenue per available room (Revpar) – US$ | **76.18** | 63.44 | 20 |

SABMiller is a 49% shareholder of the Tsogo Sun Group.

The half year results reflected growth on the prior year assisted by the 2010 FIFA World Cup.

Our share of Tsogo Sun's revenue was US$229 million, an increase of 19% (up 9% on a constant currency basis). On an organic, constant currency basis, revenue was 7% higher.

Total gaming revenues, including inorganic revenues from Century Casinos, were 19% up (17% higher on an organic basis). Outside of the peak FIFA World Cup period, the gaming industry experienced low levels of growth in the major gaming provinces. The most significant gaming province, Gauteng, saw a 4% growth in market size with the largest gaming unit, Montecasino, reporting revenue increases in line with the market. The KwaZulu-Natal province grew by 3% with the Suncoast Casino growing game win at a similar rate.

The South African hotel industry continues to experience weak demand, mainly from the key government and corporate sectors, although the impact of the FIFA World Cup saw revpar increase by 20%.

EBITA was US$10 million ahead of the prior year, with margins remaining in line with last year as the benefits of increased revenue were offset by a higher cost base.

In February 2010 SABMiller announced its intention to merge the Tsogo Sun Group with Gold Reef Resorts Limited, a Johannesburg Stock Exchange listed business, through an all share merger, which will result in SABMiller holding 39.7% of the listed merged entity. Completion of the transaction is still subject to regulatory approvals including the competition and gaming authorities.

# 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 2010 as amended for the changes set out in note 1, which have had no material impact on group results. The consolidated balance sheets as at 30 September 2009 and as at 31 March 2010 have been restated for further adjustments relating to initial accounting for business combinations, further details of which are provided in note 12. The Annual Report and Accounts for the year ended 31 March 2010 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.

### Normalised EBITDA

The group uses a normalised EBITDA measure of cash generation which adjusts EBITDA (as defined in the financial definitions section) to include the dividends received from the MillerCoors joint venture. This measure is adopted because the partnership and funding structure of the joint venture result in a distribution of dividends which approximate to the EBITDA of MillerCoors. Given the significance of the MillerCoors business to the group and the access to its cash generation, inclusion of the dividends from MillerCoors provides a useful measure of the group's overall cash generation.

### Business combinations and acquisitions

The group has made no acquisitions during the course of the half year ended 30 September 2010.

### Recommencement of reporting of Zimbabwe operations

Following the effective 'dollarisation' of the Zimbabwean economy in 2009, the end of hyperinflation and the stabilisation of the Zimbabwean economy, the group has included its share of the volumes and the results of its Zimbabwean associate, Delta Corporation Limited, with effect from 1 April 2010.

### 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$285 million before finance costs and tax were reported during the period (2009: net exceptional charges of US$222 million) including net exceptional charges of US$4 million (2009: US$11 million) related to the group's share of joint ventures' and associates' exceptional charges. The net exceptional charge included US$155 million (2009: US$170 million) related to business capability programme costs in Latin America, Europe, Africa, Asia, South Africa Beverages and Corporate. A charge of US$126 million has been recognised in respect of the Broad-Based Black Economic Empowerment transaction in South Africa; this includes the one-off IFRS 2 'Share-based Payment Transactions' charge in respect of the retailer element of the transaction and the ongoing IFRS 2 charge in respect of the employee element, together with the costs of the transaction.

The group's share of joint ventures' and associates' exceptional items included a charge of US$4 million (2009: US$7 million) related to the group's share of MillerCoors' integration and restructuring costs.

In addition to the amounts noted above, the net exceptional charge in 2009 included a cost of US$41 million related to integration and restructuring costs in Europe; the group's share of joint ventures' and associates' exceptional items included a charge of US$4 million related to the group's share of the unwinding of fair value adjustments on inventory in MillerCoors; and in addition, within net finance costs, there was an exceptional charge in the period of US$17 million related to the business capability programme.

### Finance costs

Net finance costs were US$283 million, a 6% increase on the prior period's US$266 million, mainly as a result of adverse foreign exchange movements partially offset by a reduction in net interest charges due to lower net debt. Finance costs in the current period include a net loss of US$1 million (2009: net gain of US$3 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 an exceptional charge of US$17 million resulting from a change in valuation methodology of financial instruments as part of the business capability programme. The mark to market adjustments, and in the prior year the charge resulting from the change in valuation, have been excluded from the determination of adjusted finance costs and adjusted earnings per share. Adjusted net finance costs were US$282 million, up 12%.

Interest cover, as defined in the financial definitions section, was 9.1 times, level with the comparable prior year period.

### Profit before tax

Adjusted profit before tax of US$2,167 million increased by 13% over the comparable period in the prior year, owing to increased volumes, the benefit of price increases predominantly taken in the second half of the prior year, reductions in raw material input costs and favourable foreign currency moves.

Profit before tax was US$1,690 million, up 13%, including the impact of the exceptional and other adjusting finance items noted above. The principal differences between the reported and adjusted profit before tax relate to exceptional items, with net exceptional charges of US$285 million in the half year compared to net exceptional charges of US$239 million in the prior period.

### Taxation
The effective tax rate of 29.0% before amortisation of intangible assets (other than software), exceptional items and the adjustments to finance costs noted above, was below that of the prior year (29.4%). The decreased rate has been driven by changes in the geographic mix of profits and ongoing management of the group's tax profile through improved access to tax credits on foreign income and general tax efficiencies throughout the group.

### Earnings per share
The group presents adjusted basic earnings per share, which excludes the impact of amortisation of intangible assets (other than 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 financial information. Adjusted basic earnings per share of 93.0 US cents were up 16% on the comparable period in the prior year, benefiting from improved operating profitability, the lower effective tax rate and lower profits attributable to non-controlling interests following the acquisition of the Polish non-controlling interests in the prior year. An analysis of earnings per share is shown in note 5. On a statutory basis, basic earnings per share were 13% higher at 71.2 US cents (2009: 63.0 US cents) as a result of higher exceptional charges this half year due to the non-cash IFRS2 charge in respect of our Broad-Based Black Economic Empowerment transaction.

### Cash flow and capital expenditure
Net cash generated from operations before working capital movements (EBITDA) of US$2,062 million increased by 11% compared to the prior year period (2009: US$1,865 million). This increase was primarily due to increased operating profit and lower cash expenditure on exceptional items. Dividends received from the MillerCoors joint venture (reported within cash flows from investing activities) amounted to US$515 million (2009: US$427 million).

Normalised EBITDA of US$2,577 million (comprising EBITDA of US$2,062 million and dividends received from MillerCoors of US$515 million) increased by 12% on the same period in the prior year (2009: US$2,292 million), reflecting the increase in dividends from MillerCoors and the increase in EBITDA.

Net cash generated from operating activities of US$1,346 million was down 10% on the same period in the prior year, reflecting a lower level of cash inflow from working capital and increases in tax and net interest payments, partially offset by the improvement in EBITDA. While not as significant as in the prior year, there have been continued working capital improvements from changed working capital management processes which generated a cash inflow of US$90 million in the half year. The increase in tax paid reflected the timing of payments.

As expected, capital expenditure for the six months of US$565 million has reduced compared with the same period in the prior year (2009: US$728 million). The group has continued to invest in its operations, selectively maintaining investment to support future growth, including the new brewery in Angola, and capacity extensions in Peru and Uganda. Capital expenditure including the purchase of intangible assets was US$614 million (2009: US$739 million).

Free cash flow improved by 23% to US$1,244 million, reflecting lower capital expenditure and investments in joint ventures, increased dividends from MillerCoors and a reduction in dividends paid to non-controlling interests following the acquisition of the non-controlling interests in our Polish business in May 2009. Free cash flow is detailed in note 10b, and defined in the financial definitions section.

### Borrowings and net debt
Gross debt at 30 September 2010, 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$8,416 million from US$9,177 million at 31 March 2010, primarily as a result of cash generation and the repayment of short-term debt. Net debt, comprising gross debt net of cash and cash equivalents, decreased to US$7,938 million from US$8,398 million at 31 March 2010. 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 36.8% from 40.8% at 31 March 2010. The weighted average interest rate for the gross debt portfolio at 30 September 2010 was 6.1% (31 March 2010: 5.7%).

On 10 September 2010 a consent solicitation relating to SABMiller plc's US$300 million 6.625% Guaranteed Notes due August 2033 was successfully completed. As a result, MillerCoors was released from its guarantee of payment of principal and interest on the Notes and certain financial thresholds were amended to align with the terms of recently issued SABMiller plc notes.

Subsequent to 30 September 2010 the US$515 million 364 day facility expired and was not renewed.

### Total equity
Total equity increased from US$20,593 million (restated – see note 12) at 31 March 2010 to US$21,573 million at 30 September 2010. The increase was principally due to profit for the period and currency translation movements on foreign currency investments, partly offset by dividend payments.

### Goodwill and intangible assets
Goodwill increased to US$11,962 million (31 March 2010: US$11,578 million) wholly due to foreign exchange movements in the period. Intangible assets increased in the period to US$4,469 million (31 March 2010: US$4,354 million) as a result of foreign exchange movements and additions primarily related to the business capability programme, partially offset by amortisation. The comparative for goodwill has been restated to reflect adjustments to provisional fair values of business combinations, further details of which are provided in note 12.

### Currencies
The rand appreciated by 5% against the US dollar during the six months to 30 September 2010 and ended the period at R6.96 to the US dollar, while the weighted average rand/dollar rate strengthened by 9% to R7.42 compared with R8.12 in the comparable period. The Colombian peso (COP) strengthened by 7% against the US dollar during the six months and ended the period at COP1,800 to the US dollar compared with COP1,929 at 31 March 2010. The weighted average COP/dollar rate strengthened by 12% to COP1,887 compared with COP2,113 in the comparable period. The euro strengthened by 1% against the US dollar during the six months and ended the period at €0.73 to the US dollar compared with €0.74 at 31 March 2010. The weighted average euro/dollar rate weakened by 8% to €0.78 compared with €0.72 in the comparable period. The Czech koruna (CZK) strengthened by 5% against the US dollar during the half year and ended the period at CZK18.03 to the US dollar compared with CZK18.87 at 31 March 2010. The weighted average CZK/dollar rate weakened by 6% to CZK19.83 compared with CZK18.64 in the comparable period. The Polish zloty (PLN) weakened by 2% against the US dollar during the six months and ended the period at PLN2.91 to the US dollar compared with PLN2.86 at 31 March 2010. The weighted average PLN/dollar rate remained level with the rate of PLN3.09 in the comparable period.

### 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 24 and 25 of the 2010 Annual Report. These are summarised as follows:

The risk that, as the industry continues to consolidate, failure to participate in attractive value-adding transactions, overpaying for a transaction, or failure to implement integration plans successfully after transactions are completed, may inhibit the group's ability to grow and increase profitability.

The risk that market positions come under pressure and opportunities for profitable growth may not be realised should the group fail to ensure the attractiveness of its brands, and continuously improve its marketing and related sales capability to deliver consumer relevant propositions.

The risk that the group's long-term profitable growth potential may be jeopardised due to a failure to develop and maintain a sufficient cadre 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 profitability could fall and supply be disrupted because the group fails to ensure an adequate supply of brewing and packaging raw materials at competitive prices.

The risk that the group's marketing, operating and financial responses to changes in global economic conditions may not be timely or adequate to respond to changing consumer demand.

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 19.5 US cents per share, an increase of 15%. The dividend will be payable on Friday 10 December 2010 to shareholders registered on the London and Johannesburg registers on Friday 3 December 2010. The ex-dividend trading dates will be Wednesday 1 December 2010 on the London Stock Exchange (LSE) and Monday 29 November 2010 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 rate of exchange applicable for US dollar conversion into South African rand and sterling was determined on Wednesday 17 November 2010. The rate of exchange determined for converting to South African rand was US$:ZAR7.017350 resulting in an equivalent interim dividend of 136.838325 SA cents per share. The rate of exchange determined for converting to sterling was GBP:US$1.5920 resulting in an equivalent interim dividend of 12.2487 UK pence per share.

From the commencement of trading on Thursday 18 November 2010 until the close of business on Friday 3 December 2010, no transfers between the London and Johannesburg registers will be permitted, and from Monday 29 November 2010 until Friday 3 December 2010, 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 interim financial information 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 for the year ended 31 March 2010 with the exception of Lord Fellowes, who retired from the board with effect from 22 July 2010. A list of current directors is maintained on the SABMiller plc website: www.sabmiller.com.

On behalf of the board

**EAG Mackay**
Chief executive

**MI Wyman**
Chief financial officer

18 November 2010

# Independent review report

of consolidated interim information to SABMiller plc

### Introduction

We have been engaged by the company to review the consolidated interim financial information in the interim financial report for the six months ended 30 September 2010, 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 financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the consolidated interim financial information.

### Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The consolidated interim financial information included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

### Our responsibility

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

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information in the interim financial report for the six months ended 30 September 2010 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

18 November 2010

# Consolidated income statement

for the six months ended 30 September

| | Notes | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|---|
| **Revenue** | 2 | **9,451** | 8,846 | 18,020 |
| Net operating expenses | | **(8,136)** | (7,632) | (15,401) |
| **Operating profit** | 2 | **1,315** | 1,214 | 2,619 |
| Operating profit before exceptional items | | **1,596** | 1,425 | 3,091 |
| Exceptional items | 3 | **(281)** | (211) | (472) |
| **Net finance costs** | | **(283)** | (266) | (563) |
| Interest payable and similar charges | | **(489)** | (425) | (879) |
| Interest receivable and similar income | | **206** | 159 | 316 |
| Share of post-tax results of associates and joint ventures | 2 | **658** | 550 | 873 |
| **Profit before taxation** | | **1,690** | 1,498 | 2,929 |
| Taxation | 4 | **(523)** | (436) | (848) |
| **Profit for the period** | | **1,167** | 1,062 | 2,081 |
| Profit attributable to non-controlling interests | | **45** | 89 | 171 |
| Profit attributable to equity shareholders | 5 | **1,122** | 973 | 1,910 |
| | | **1,167** | 1,062 | 2,081 |
| **Basic earnings per share** (US cents) | 5 | **71.2** | 63.0 | 122.6 |
| **Diluted earnings per share** (US cents) | 5 | **70.8** | 62.6 | 122.1 |

All operations are continuing.

The notes on pages 17 to 27 form 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 30/9/10 Unaudited US$m** | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|---|
| **Profit for the period** | | **1,167** | 1,062 | 2,081 |
| **Other comprehensive income:** | | | | |
| Currency translation differences on foreign currency net investments | | **552** | 2,590 | 2,431 |
| Actuarial losses on defined benefit plans | | **–** | – | (15) |
| Available for sale investments: | | **–** | 2 | 2 |
| – Fair value gains arising during the period | | **–** | 2 | 4 |
| – Fair value gains transferred to profit or loss | | **–** | – | (2) |
| Net investment hedges: | | | | |
| – Fair value losses arising during the period | | **(60)** | (367) | (310) |
| Cash flow hedges: | | **7** | (46) | (59) |
| – Fair value losses arising during the period | | **(3)** | (47) | (48) |
| – Fair value losses/(gains) transferred to inventory | | **8** | – | (17) |
| – Fair value losses/(gains) transferred to property, plant and equipment | | **1** | – | (1) |
| – Fair value losses transferred to profit or loss | | **1** | 1 | 7 |
| Tax on items included in other comprehensive income | 4 | **26** | (26) | (36) |
| Share of associates' and joint ventures' (losses)/gains included in other comprehensive income | | **(75)** | 85 | 136 |
| **Other comprehensive income for the period, net of tax** | | **450** | 2,238 | 2,149 |
| **Total comprehensive income for the period** | | **1,617** | 3,300 | 4,230 |
| **Attributable to:** | | | | |
| Equity shareholders | | **1,585** | 3,222 | 4,075 |
| Non-controlling interests | | **32** | 78 | 155 |
| **Total comprehensive income for the period** | | **1,617** | 3,300 | 4,230 |

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

# Consolidated balance sheet

at 30 September

| | Notes | **30/9/10 Unaudited US$m** | 30/9/09[1] Unaudited US$m | 31/3/10[1] Unaudited US$m |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | 7 | **11,962** | 11,625 | 11,578 |
| Intangible assets | 8 | **4,469** | 4,372 | 4,354 |
| Property, plant and equipment | 9 | **9,122** | 8,885 | 8,916 |
| Investments in joint ventures | | **5,685** | 5,638 | 5,822 |
| Investments in associates | | **2,445** | 2,136 | 2,213 |
| Available for sale investments | | **33** | 34 | 31 |
| Derivative financial instruments | | **596** | 413 | 409 |
| Trade and other receivables | | **120** | 155 | 117 |
| Deferred tax assets | | **169** | 175 | 164 |
| | | **34,601** | 33,433 | 33,604 |
| **Current assets** | | | | |
| Inventories | | **1,308** | 1,424 | 1,295 |
| Trade and other receivables | | **1,731** | 1,711 | 1,665 |
| Current tax assets | | **140** | 143 | 135 |
| Derivative financial instruments | | **24** | 12 | 20 |
| Available for sale investments | | **1** | – | 1 |
| Cash and cash equivalents | 10c | **478** | 464 | 779 |
| | | **3,682** | 3,754 | 3,895 |
| **Total assets** | | **38,283** | 37,187 | 37,499 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Derivative financial instruments | | **(177)** | (128) | (174) |
| Borrowings | 10c | **(1,676)** | (1,172) | (1,605) |
| Trade and other payables | | **(3,443)** | (3,049) | (3,228) |
| Current tax liabilities | | **(672)** | (561) | (616) |
| Provisions | | **(347)** | (318) | (355) |
| | | **(6,315)** | (5,228) | (5,978) |
| **Non-current liabilities** | | | | |
| Derivative financial instruments | | **(105)** | (212) | (147) |
| Borrowings | 10c | **(7,235)** | (8,844) | (7,809) |
| Trade and other payables | | **(142)** | (235) | (145) |
| Deferred tax liabilities | | **(2,439)** | (2,322) | (2,374) |
| Provisions | | **(474)** | (459) | (453) |
| | | **(10,395)** | (12,072) | (10,928) |
| **Total liabilities** | | **(16,710)** | (17,300) | (16,906) |
| **Net assets** | | **21,573** | 19,887 | 20,593 |
| **Equity** | | | | |
| Share capital | | **165** | 165 | 165 |
| Share premium | | **6,340** | 6,255 | 6,312 |
| Merger relief reserve | | **4,586** | 4,586 | 4,586 |
| Other reserves | | **1,825** | 1,377 | 1,322 |
| Retained earnings | | **7,962** | 6,831 | 7,525 |
| **Total shareholders' equity** | | **20,878** | 19,214 | 19,910 |
| Non-controlling interests | | **695** | 673 | 683 |
| **Total equity** | | **21,573** | 19,887 | 20,593 |

1 As restated (see note 12).

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

# Consolidated cash flow statement

for the six months ended 30 September

| | Notes | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | 10a | **2,152** | 2,165 | 4,537 |
| Interest received | | **138** | 170 | 317 |
| Interest paid | | **(495)** | (499) | (957) |
| Tax paid | | **(449)** | (337) | (620) |
| **Net cash generated from operating activities** | 10b | **1,346** | 1,499 | 3,277 |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment | | **(565)** | (728) | (1,436) |
| Proceeds from sale of property, plant and equipment | | **17** | 20 | 37 |
| Purchase of intangible assets | | **(49)** | (11) | (92) |
| Purchase of available for sale investments | | **–** | – | (6) |
| Proceeds from disposal of available for sale investments | | **–** | 2 | 14 |
| Acquisition of businesses (net of cash acquired) | | **(6)** | (30) | (78) |
| Purchase of shares from non-controlling interests | | **(3)** | (3) | (5) |
| Investments in joint ventures | | **(21)** | (142) | (353) |
| Investments in associates | | **(5)** | (9) | (76) |
| Repayment of investments by associates | | **–** | – | 3 |
| Dividends received from joint ventures | | **515** | 427 | 707 |
| Dividends received from associates | | **53** | 39 | 106 |
| Dividends received from other investments | | **1** | 1 | 2 |
| **Net cash used in investing activities** | | **(63)** | (434) | (1,177) |
| **Cash flows from financing activities** | | | | |
| Proceeds from the issue of shares | | **28** | 57 | 114 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | | **19** | – | – |
| Purchase of own shares for share trusts | | **–** | (8) | (8) |
| Proceeds from borrowings | | **826** | 3,623 | 5,110 |
| Repayment of borrowings | | **(1,654)** | (3,857) | (5,714) |
| Capital element of finance lease payments | | **(3)** | (1) | (4) |
| Net cash payments on net investment hedges | | **(12)** | (109) | (137) |
| Dividends paid to shareholders of the parent | | **(806)** | (654) | (924) |
| Dividends paid to non-controlling interests | | **(49)** | (95) | (160) |
| **Net cash used in financing activities** | | **(1,651)** | (1,044) | (1,723) |
| Net cash (outflow)/inflow from operating, investing and financing activities | | **(368)** | 21 | 377 |
| Effects of exchange rate changes | | **21** | 56 | 90 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(347)** | 77 | 467 |
| Cash and cash equivalents at 1 April | 10c | **589** | 122 | 122 |
| **Cash and cash equivalents at end of period** | 10c | **242** | 199 | 589 |

The notes on pages 17 to 27 form 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 2009 (audited)** | 159 | 6,198 | 3,395 | (872) | 6,496 | 15,376 | 741 | 16,117 |
| Total comprehensive income | – | – | – | 2,249 | 973 | 3,222 | 78 | 3,300 |
| Profit for the period | – | – | – | – | 973 | 973 | 89 | 1,062 |
| Other comprehensive income | – | – | – | 2,249 | – | 2,249 | (11) | 2,238 |
| Other movements | – | – | – | – | (4) | (4) | – | (4) |
| Dividends paid | – | – | – | – | (663) | (663) | (88) | (751) |
| Issue of SABMiller plc ordinary shares | 6 | 57 | 1,191 | – | – | 1,254 | – | 1,254 |
| Payment for purchase of own shares for share trusts | – | – | – | – | (8) | (8) | – | (8) |
| Arising on business combinations | – | – | – | – | – | – | 21 | 21 |
| Buyout of non-controlling interests | – | – | – | – | – | – | (79) | (79) |
| Credit entry relating to share-based payments | – | – | – | – | 37 | 37 | – | 37 |
| **At 30 September 2009[1] (unaudited)** | 165 | 6,255 | 4,586 | 1,377 | 6,831 | 19,214 | 673 | 19,887 |
| **At 1 April 2009 (audited)** | 159 | 6,198 | 3,395 | (872) | 6,496 | 15,376 | 741 | 16,117 |
| Total comprehensive income | – | – | – | 2,194 | 1,881 | 4,075 | 155 | 4,230 |
| Profit for the period | – | – | – | – | 1,910 | 1,910 | 171 | 2,081 |
| Other comprehensive income | – | – | – | 2,194 | (29) | 2,165 | (16) | 2,149 |
| Dividends paid | – | – | – | – | (924) | (924) | (162) | (1,086) |
| Issue of SABMiller plc ordinary shares | 6 | 114 | 1,191 | – | – | 1,311 | – | 1,311 |
| Payment for purchase of own shares for share trusts | – | – | – | – | (8) | (8) | – | (8) |
| Arising on business combinations | – | – | – | – | – | – | 21 | 21 |
| Buyout of non-controlling interests | – | – | – | – | – | – | (72) | (72) |
| Credit entry relating to share–based payments | – | – | – | – | 80 | 80 | – | 80 |
| **At 31 March 2010[1] (unaudited)** | 165 | 6,312 | 4,586 | 1,322 | 7,525 | 19,910 | 683 | 20,593 |
| **At 1 April 2010[1] (unaudited)** | 165 | 6,312 | 4,586 | 1,322 | 7,525 | 19,910 | 683 | 20,593 |
| Total comprehensive income | – | – | – | 503 | 1,082 | 1,585 | 32 | 1,617 |
| Profit for the period | – | – | – | – | 1,122 | 1,122 | 45 | 1,167 |
| Other comprehensive income | – | – | – | 503 | (40) | 463 | (13) | 450 |
| Dividends paid | – | – | – | – | (809) | (809) | (39) | (848) |
| Issue of SABMiller plc ordinary shares | – | 28 | – | – | – | 28 | – | 28 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | – | – | – | – | – | – | 19 | 19 |
| Credit entry relating to share-based payments | – | – | – | – | 164 | 164 | – | 164 |
| **At 30 September 2010 (unaudited)** | **165** | **6,340** | **4,586** | **1,825** | **7,962** | **20,878** | **695** | **21,573** |

1 As restated (see note 12).

The notes on pages 17 to 27 form 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 2010 and 30 September 2009, together with the audited results for the year ended 31 March 2010, 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 17 November 2010. The annual financial statements for the year ended 31 March 2010, approved by the board of directors on 3 June 2010, 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. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2010, which have been prepared in accordance with IFRS as adopted by the European Union.

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 accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2010, which were published in June 2010, as described in those financial statements except as set out below.

The following standards are mandatory for the first time in the financial year ending 31 March 2011 and are relevant for the group.

- IFRS 3 (revised), 'Business Combinations' requires all acquisition related costs to be expensed and adjustments to contingent consideration to be recognised in profit or loss rather than as an adjustment to goodwill. It allows the choice on an acquisition by acquisition basis of measuring the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's share of the acquiree's net assets. The group has applied the revised standard prospectively from 1 April 2010 for combinations completed after that date with no material impact in the six months ended 30 September 2010.
- IAS 27 (revised), 'Consolidated and Separate Financial Statements' requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. These transactions no longer result in the recognition of goodwill or gains and losses. When control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group has applied the revised standard prospectively from 1 April 2010 with no material impact in the six months ended 30 September 2010.

The following standards and interpretations have been adopted by the group since 1 April 2010 with no significant impact on its consolidated results or financial position:

- IFRS 1 (revised), 'First-time Adoption' and Amendment to IFRS 1 for Additional Exemptions.
- Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement' – Eligible Hedged Items.
- IFRIC 15, 'Agreements for the Construction of Real Estate'.
- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation'.
- IFRIC 17, 'Distribution of Non-cash Assets to Owners'.
- IFRIC 18, 'Transfers of Assets from Customers'.
- Amendment to IFRS 2, 'Group Cash-settled Share-based Payment Transactions'.
- Amendment to IAS 32, 'Financial Instruments: Presentation' – Classification of Rights Issues.
- Annual improvements to IFRSs (2009).

The following standards, interpretations and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2011 or later periods, but which have not been early adopted by the group:

- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments', is effective from 1 July 2010.
- Amendment to IFRS 1, 'Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters', is effective from 1 July 2010.
- Amendment to IAS 24, 'Related Party Disclosures', is effective from 1 January 2011.
- Amendment to IFRIC 14, 'Pre-payments of a Minimum Funding Requirement', is effective from 1 January 2011.
- Annual improvements to IFRSs (2010), is effective from 1 January 2011[1].
- Amendment to IFRS 7, 'Financial Instrument Disclosures: Transfers of Financial Assets', is effective from 1 July 2011[1].
- IFRS 9, 'Financial Instruments', is effective from 1 January 2013[1].

1 Not yet endorsed by the EU.

The adoption of these standards, interpretations and amendments is not anticipated to have a material effect on the consolidated results of operations or financial position of the group.

# Notes to the financial information continued

## 2. Segmental 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 30/9/10 Group revenue Unaudited US$m** | **Six months ended 30/9/10 EBITA Unaudited US$m** | Six months ended 30/9/09 Group revenue Unaudited US$m | Six months ended 30/9/09 EBITA Unaudited US$m | Year ended 31/3/10 Group revenue Audited US$m | Year ended 31/3/10 EBITA Audited US$m |
|---|---|---|---|---|---|---|
| Latin America | **2,971** | **676** | 2,746 | 566 | 5,905 | 1,386 |
| Europe | **3,040** | **549** | 3,211 | 590 | 5,577 | 872 |
| North America | **2,865** | **480** | 2,870 | 379 | 5,228 | 619 |
| Africa | **1,506** | **258** | 1,263 | 246 | 2,716 | 565 |
| Asia | **1,193** | **110** | 1,021 | 90 | 1,741 | 71 |
| South Africa: | **2,661** | **457** | 2,244 | 386 | 5,183 | 1,007 |
| – Beverages | **2,432** | **394** | 2,051 | 333 | 4,777 | 885 |
| – Hotels and Gaming | **229** | **63** | 193 | 53 | 406 | 122 |
| Corporate | **–** | **(64)** | – | (70) | – | (139) |
| **Group** | **14,236** | **2,466** | 13,355 | 2,187 | 26,350 | 4,381 |
| Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' | | **(103)** | | (97) | | (199) |
| Exceptional items – group and share of associates' and joint ventures' | | **(285)** | | (239) | | (507) |
| Net finance costs – group and share of associates' and joint ventures' (excluding exceptional items) | | **(300)** | | (263) | | (586) |
| Share of associates' and joint ventures' taxation | | **(64)** | | (63) | | (118) |
| Share of associates' and joint ventures' non-controlling interests | | **(24)** | | (27) | | (42) |
| **Profit before tax** | | **1,690** | | 1,498 | | 2,929 |

## **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 2010 Unaudited US$m** | **Share of associates' and joint ventures' revenue 2010 Unaudited US$m** | **Group revenue 2010 Unaudited US$m** | Revenue 2009 Unaudited US$m | Share of associates' and joint ventures' revenue 2009 Unaudited US$m | Group revenue 2009 Unaudited US$m |
|---|---|---|---|---|---|---|
| Latin America | **2,966** | **5** | **2,971** | 2,741 | 5 | 2,746 |
| Europe | **3,031** | **9** | **3,040** | 3,201 | 10 | 3,211 |
| North America | **64** | **2,801** | **2,865** | 57 | 2,813 | 2,870 |
| Africa | **915** | **591** | **1,506** | 802 | 461 | 1,263 |
| Asia | **305** | **888** | **1,193** | 226 | 795 | 1,021 |
| South Africa: | **2,170** | **491** | **2,661** | 1,819 | 425 | 2,244 |
| – Beverages | **2,170** | **262** | **2,432** | 1,819 | 232 | 2,051 |
| – Hotels and Gaming | **–** | **229** | **229** | – | 193 | 193 |
| **Group** | **9,451** | **4,785** | **14,236** | 8,846 | 4,509 | 13,355 |

| Year ended 31 March: | 2010 Audited US$m | 2010 Audited US$m | 2010 Audited US$m |
|---|---|---|---|
| Latin America | 5,894 | 11 | 5,905 |
| Europe | 5,558 | 19 | 5,577 |
| North America | 107 | 5,121 | 5,228 |
| Africa | 1,774 | 942 | 2,716 |
| Asia | 473 | 1,268 | 1,741 |
| South Africa: | 4,214 | 969 | 5,183 |
| – Beverages | 4,214 | 563 | 4,777 |
| – Hotels and Gaming | – | 406 | 406 |
| **Group** | 18,020 | 8,330 | 26,350 |

**Operating profit**

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

| Six months ended 30 September: | **Operating profit 2010 Unaudited US$m** | **Exceptional items 2010 Unaudited US$m** | **Operating profit before exceptional items 2010 Unaudited US$m** | Operating profit 2009 Unaudited US$m | Exceptional items 2009 Unaudited US$m | Operating profit before exceptional items 2009 Unaudited US$m |
|---|---|---|---|---|---|---|
| Latin America | **571** | **44** | **615** | 458 | 51 | 509 |
| Europe | **475** | **60** | **535** | 452 | 123 | 575 |
| North America | **17** | **–** | **17** | (3) | – | (3) |
| Africa | **127** | **2** | **129** | 115 | 4 | 119 |
| Asia | **(6)** | **–** | **(6)** | (17) | 1 | (16) |
| South Africa: Beverages | **221** | **149** | **370** | 290 | 21 | 311 |
| Corporate | **(90)** | **26** | **(64)** | (81) | 11 | (70) |
| **Group** | **1,315** | **281** | **1,596** | 1,214 | 211 | 1,425 |

| Year ended 31 March: | 2010 Audited US$m | 2010 Audited US$m | 2010 Audited US$m |
|---|---|---|---|
| Latin America | 1,114 | 156 | 1,270 |
| Europe | 638 | 202 | 840 |
| North America | 12 | – | 12 |
| Africa | 313 | 3 | 316 |
| Asia | (34) | – | (34) |
| South Africa: Beverages | 773 | 53 | 826 |
| Corporate | (197) | 58 | (139) |
| **Group** | 2,619 | 472 | 3,091 |

# Notes to the financial information continued

## 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 2010 Unaudited US$m** | **Share of associates' and joint ventures' operating profit before exceptional items 2010 Unaudited US$m** | **Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2010 Unaudited US$m** | **EBITA 2010 Unaudited US$m** | Operating profit before exceptional items 2009 Unaudited US$m | Share of associates' and joint ventures' operating profit before exceptional items 2009 Unaudited US$m | Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2009 Unaudited US$m | EBITA 2009 Unaudited US$m |
|---|---|---|---|---|---|---|---|---|
| Latin America | **615** | **–** | **61** | **676** | 509 | – | 57 | 566 |
| Europe | **535** | **1** | **13** | **549** | 575 | 1 | 14 | 590 |
| North America | **17** | **440** | **23** | **480** | (3) | 360 | 22 | 379 |
| Africa | **129** | **127** | **2** | **258** | 119 | 126 | 1 | 246 |
| Asia | **(6)** | **112** | **4** | **110** | (16) | 103 | 3 | 90 |
| South Africa: | **370** | **87** | **–** | **457** | 311 | 75 | – | 386 |
| – Beverages | **370** | **24** | **–** | **394** | 311 | 22 | – | 333 |
| – Hotels and Gaming | **–** | **63** | **–** | **63** | – | 53 | – | 53 |
| Corporate | **(64)** | **–** | **–** | **(64)** | (70) | – | – | (70) |
| **Group** | **1,596** | **767** | **103** | **2,466** | 1,425 | 665 | 97 | 2,187 |

| Year ended 31 March: | 2010 Audited US$m | 2010 Audited US$m | 2010 Audited US$m | 2010 Audited US$m |
|---|---|---|---|---|
| Latin America | 1,270 | – | 116 | 1,386 |
| Europe | 840 | 3 | 29 | 872 |
| North America | 12 | 562 | 45 | 619 |
| Africa | 316 | 248 | 1 | 565 |
| Asia | (34) | 98 | 7 | 71 |
| South Africa: | 826 | 180 | 1 | 1,007 |
| – Beverages | 826 | 59 | – | 885 |
| – Hotels and Gaming | – | 121 | 1 | 122 |
| Corporate | (139) | – | – | (139) |
| **Group** | 3,091 | 1,091 | 199 | 4,381 |

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 30/9/10 Unaudited US$m** | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|
| Share of associates' and joint ventures' operating profit (before exceptional items) | **767** | 665 | 1,091 |
| Share of associates' and joint ventures' exceptional items | **(4)** | (11) | (18) |
| Share of associates' and joint ventures' net finance costs | **(17)** | (14) | (40) |
| Share of associates' and joint ventures' taxation | **(64)** | (63) | (118) |
| Share of associates' and joint ventures' non-controlling interests | **(24)** | (27) | (42) |
| **Share of post-tax results of associates and joint ventures** | **658** | 550 | 873 |

Excise duties of US$2,089 million (2009: US$1,859 million) have been incurred during the six months as follows: Latin America US$769 million (2009: US$698 million); Europe US$648 million (2009: US$602 million); North America US$1 million (2009: US$1 million); Africa US$142 million (2009: US$129 million); Asia US$118 million (2009: US$89 million) and South Africa US$411 million (2009: US$340 million).

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

## 2. Segmental information continued

### EBITDA

The following table provides a reconciliation of EBITDA (the net cash generated from operating activities before working capital movements) before cash exceptional items to EBITDA after cash exceptional items. 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 before cash exceptional items 2010 Unaudited US$m** | **Cash exceptional items 2010 Unaudited US$m** | **EBITDA 2010 Unaudited US$m** | EBITDA before cash exceptional items 2009 Unaudited US$m | Cash exceptional items 2009 Unaudited US$m | EBITDA 2009 Unaudited US$m |
|---|---|---|---|---|---|---|
| Latin America | **846** | **(39)** | **807** | 712 | (50) | 662 |
| Europe | **680** | **(58)** | **622** | 693 | (90) | 603 |
| North America | **15** | **–** | **15** | (2) | – | (2) |
| Africa | **197** | **(2)** | **195** | 168 | (4) | 164 |
| Asia | **14** | **–** | **14** | – | (1) | (1) |
| South Africa: Beverages | **455** | **(24)** | **431** | 397 | (20) | 377 |
| Corporate | **4** | **(26)** | **(22)** | 73 | (11) | 62 |
| **Group** | **2,211** | **(149)** | **2,062** | 2,041 | (176) | 1,865 |

| Year ended 31 March: | 2010 Audited US$m | 2010 Audited US$m | 2010 Audited US$m |
|---|---|---|---|
| Latin America | 1,710 | (92) | 1,618 |
| Europe | 1,203 | (144) | 1,059 |
| North America | 15 | – | 15 |
| Africa | 412 | (3) | 409 |
| Asia | (3) | – | (3) |
| South Africa: Beverages | 984 | (42) | 942 |
| Corporate | (8) | (58) | (66) |
| **Group** | 4,313 | (339) | 3,974 |

Normalised EBITDA, including dividends received from the MillerCoors joint venture, was US$2,577 million (2009: US$2,292 million).

## 3. Exceptional items

| | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|
| **Exceptional items included in operating profit:** | | | |
| Business capability programme costs | **(155)** | (170) | (325) |
| Broad-Based Black Economic Empowerment scheme costs | **(126)** | – | (11) |
| Transaction costs | **–** | – | (13) |
| Impairments | **–** | – | (45) |
| Integration and restructuring costs | **–** | (41) | (78) |
| **Net exceptional losses included within operating profit** | **(281)** | (211) | (472) |
| **Exceptional items included in net finance costs:** | | | |
| Business capability programme costs | **–** | (17) | (17) |
| **Net exceptional losses included within net finance costs** | **–** | (17) | (17) |
| **Share of associates' and joint ventures' exceptional items:** | | | |
| Integration and restructuring costs | **(4)** | (7) | (14) |
| Unwinding of fair value adjustments on inventory | **–** | (4) | (4) |
| **Share of associates' and joint ventures' exceptional losses** | **(4)** | (11) | (18) |
| **Taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items** | **13** | 31 | 64 |

### 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$155 million have been incurred in the period (2009: US$170 million).

# Notes to the financial information continued

## 3. Exceptional items continued

**Broad-Based Black Economic Empowerment scheme costs**
During 2010, US$126 million of costs have been incurred in relation to the Broad-Based Black Economic Empowerment (BBBEE) transaction in South Africa. These were IFRS 2 share-based payment charges in relation to the retailer and employee components of the scheme and the costs associated with the scheme (2009: US$nil).

**Integration and restructuring costs**
In 2009, in Europe a total of US$41 million of integration and restructuring costs were incurred in Romania and Poland.

### Exceptional items included within net finance costs

**Business capability programme costs**
In 2009, a charge of US$17 million was incurred to reflect differences on the fair valuation of financial instruments.

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

**Integration and restructuring costs**
In 2010, the group's share of MillerCoors' integration and restructuring costs was US$4 million, primarily related to severance costs (2009: US$7 million primarily related to relocation and severance costs).

**Unwinding of fair value adjustments on inventory**
In 2009, the group's share of MillerCoors' charge to operating profit in the period relating to the unwind of the fair value adjustment to inventory was US$4 million.

### Taxation credits

Taxation credits of US$13 million (2009: US$31 million) arose in relation to exceptional items during the period and include US$2 million (2009: US$4 million) in relation to MillerCoors although the tax credit is recognised in Miller Brewing Company (see note 4).

## 4. Taxation

| | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|
| Current taxation | **464** | 425 | 725 |
| – Charge for the period (UK corporation tax: US$nil (2009: US$nil)) | **465** | 441 | 755 |
| – Adjustments in respect of prior years | **(1)** | (16) | (30) |
| Withholding taxes and other remittance taxes | **37** | 35 | 77 |
| Total current taxation | **501** | 460 | 802 |
| Deferred taxation | **22** | (24) | 46 |
| – Charge/(credit) for the period (UK corporation tax: US$nil (2009: US$nil)) | **22** | (24) | 71 |
| – Adjustments in respect of prior years | **–** | – | (14) |
| – Rate change | **–** | – | (11) |
| **Taxation expense** | **523** | 436 | 848 |
| Tax (credit)/charge relating to components of other comprehensive income is as follows: | | | |
| Deferred tax credit on actuarial gains and losses | **(25)** | – | (10) |
| Deferred tax (credit)/charge on financial instruments | **(1)** | 26 | 46 |
| | **(26)** | 26 | 36 |
| Effective tax rate (%) | **29.0** | 29.4 | 28.5 |

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.

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.

## 5. Earnings per share

| | Six months ended 30/9/10 Unaudited US cents | Six months ended 30/9/09 Unaudited US cents | Year ended 31/3/10 Audited US cents |
|---|---|---|---|
| Basic earnings per share | **71.2** | 63.0 | 122.6 |
| Diluted earnings per share | **70.8** | 62.6 | 122.1 |
| Headline earnings per share | **71.1** | 64.6 | 127.3 |
| Adjusted basic earnings per share | **93.0** | 80.0 | 161.1 |
| Adjusted diluted earnings per share | **92.5** | 79.5 | 160.4 |

The weighted average number of shares was:

| | Six months ended 30/9/10 Unaudited Millions of shares | Six months ended 30/9/09 Unaudited Millions of shares | Year ended 31/3/10 Audited Millions of shares |
|---|---|---|---|
| Ordinary shares | **1,655** | 1,627 | 1,641 |
| Treasury shares | **(72)** | (77) | (77) |
| EBT ordinary shares | **(8)** | (5) | (6) |
| **Basic shares** | **1,575** | 1,545 | 1,558 |
| Dilutive ordinary shares from share options | **9** | 9 | 6 |
| **Diluted shares** | **1,584** | 1,554 | 1,564 |

The calculation of diluted earnings per share excludes 6,812,050 (2009: 12,672,482) 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 and 13,242,372 (2009: 6,569,614) share awards that were non-dilutive for the period because the performance conditions attached to the share awards have not been met. These share awards 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 capitalised 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 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 3/2009 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 30/9/10 Unaudited US$m | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|
| Profit for the period attributable to equity holders of the parent | **1,122** | 973 | 1,910 |
| **Headline adjustments** | | | |
| Impairment of property, plant and equipment | **1** | – | 45 |
| (Profit)/loss on disposal of property, plant and equipment | **(5)** | 28 | 39 |
| Profit on disposal of available for sale investments | **–** | – | (2) |
| Tax effects of the above items | **–** | (6) | (17) |
| Non-controlling interests' share of the above items | **1** | 3 | 9 |
| **Headline earnings** | **1,119** | 998 | 1,984 |
| Business capability programme costs | **155** | 187 | 342 |
| Integration and restructuring costs | **–** | 9 | 41 |
| Broad-Based Black Economic Empowerment scheme costs | **126** | – | 11 |
| Transaction costs | **–** | – | 13 |
| Net loss/(gain) on fair value movements on capital items[1] | **1** | (3) | 8 |
| Amortisation of intangible assets (excluding capitalised software) | **79** | 73 | 150 |
| Tax effects of the above items | **(41)** | (59) | (101) |
| Non-controlling interests' share of the above items | **(3)** | (3) | (6) |
| Share of joint ventures' and associates' other adjustments, net of tax and non-controlling interests | **29** | 34 | 67 |
| **Adjusted earnings** | **1,465** | 1,236 | 2,509 |

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

# Notes to the financial information continued

## 6. Dividends

Dividends paid were as follows:

| | **Six months ended 30/9/10 Unaudited US cents** | Six months ended 30/9/09 Unaudited US cents | Year ended 31/3/10 Audited US cents |
|---|---|---|---|
| Prior year final dividend paid per ordinary share | **51.0** | 42.0 | 42.0 |
| Current year interim dividend paid per ordinary share | **–** | – | 17.0 |

The interim dividend declared of 19.5 US cents per ordinary share is payable on 10 December 2010 to ordinary shareholders on the register as at 3 December 2010 and will absorb an estimated US$307 million of shareholders' funds.

## 7. Goodwill

| | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09[1] Unaudited US$m | Year ended 31/3/10[1] Unaudited US$m |
|---|---|---|---|
| **Net book amount at beginning of period** | **11,578** | 8,716 | 8,716 |
| Exchange adjustments | **384** | 1,742 | 1,671 |
| Arising on increase in share of subsidiary undertakings | **–** | 1,122 | 1,125 |
| Acquisitions – through business combinations | **–** | 45 | 66 |
| **Net book amount at end of period** | **11,962** | 11,625 | 11,578 |

1 As restated (see note 12).

## 8. Intangible assets

| | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09[1] Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|
| **Net book amount at beginning of period** | **4,354** | 3,742 | 3,742 |
| Exchange adjustments | **172** | 694 | 657 |
| Additions – separately acquired | **49** | 10 | 93 |
| Acquisitions – through business combinations | **–** | 12 | 33 |
| Amortisation | **(108)** | (92) | (203) |
| Transfers from other assets | **2** | 6 | 32 |
| **Net book amount at end of period** | **4,469** | 4,372 | 4,354 |

1 As restated (see note 12).

## 9. Property, plant and equipment

| | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09[1] Unaudited US$m | Year ended 31/3/10[1] Unaudited US$m |
|---|---|---|---|
| **Net book amount at beginning of period** | **8,916** | 7,406 | 7,406 |
| Exchange adjustments | **147** | 1,257 | 1,137 |
| Additions | **554** | 701 | 1,440 |
| Acquisitions – through business combinations | **–** | 25 | 38 |
| Disposals | **(21)** | (50) | (107) |
| Impairment | **(1)** | – | (45) |
| Depreciation | **(451)** | (431) | (881) |
| Other movements | **(22)** | (23) | (72) |
| **Net book amount at end of period** | **9,122** | 8,885 | 8,916 |

1 As restated (see note 12).

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

| | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Audited US$m |
|---|---|---|---|
| Profit for the period | **1,167** | 1,062 | 2,081 |
| Taxation | **523** | 436 | 848 |
| Share of post-tax results of associates and joint ventures | **(658)** | (550) | (873) |
| Interest receivable and similar income | **(206)** | (159) | (316) |
| Interest payable and similar charges | **489** | 425 | 879 |
| Operating profit | **1,315** | 1,214 | 2,619 |
| Depreciation: | | | |
| – Property, plant and equipment | **337** | 318 | 655 |
| – Containers | **114** | 113 | 226 |
| Container breakages, shrinkages and write-offs | **11** | 22 | 40 |
| (Profit)/loss on disposal of property, plant and equipment | **(5)** | 28 | 39 |
| Profit on disposal of available for sale investments | **–** | – | (2) |
| Amortisation of intangible assets | **108** | 92 | 203 |
| Impairment of property, plant and equipment | **1** | – | 45 |
| Impairment of working capital balances | **6** | 12 | 34 |
| Amortisation of advances to customers | **12** | 11 | 28 |
| Unrealised net loss from fair value hedges | **–** | 12 | 1 |
| Dividends received from other investments | **(1)** | (1) | (2) |
| Charge with respect to share options | **40** | 37 | 80 |
| Charge with respect to Broad-Based Black Economic Empowerment scheme | **124** | – | – |
| Other non-cash movements | **–** | 7 | 8 |
| **Net cash generated from operations before working capital movements (EBITDA)** | **2,062** | 1,865 | 3,974 |
| Net inflow in working capital | **90** | 300 | 563 |
| **Net cash generated from operations** | **2,152** | 2,165 | 4,537 |

Cash generated from operations before working capital movements includes cash flows relating to exceptional items of US$147 million (2009: US$168 million) in respect of business capability programme costs, US$2 million (2009: US$nil) in respect of Broad-Based Black Economic Empowerment scheme costs and US$nil (2009: US$8 million) in respect of integration and restructuring costs.

Normalised EBITDA, including dividends received from the MillerCoors joint venture, was US$2,577 million (2009: US$2,292 million).

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

| | **Six months ended 30/9/10 Unaudited US$m** | Six months ended 30/9/09 Unaudited US$m | Year ended 31/3/10 Unaudited US$m |
|---|---|---|---|
| **Net cash generated from operating activities** | **1,346** | 1,499 | 3,277 |
| Purchase of property, plant and equipment | **(565)** | (728) | (1,436) |
| Proceeds from sale of property, plant and equipment | **17** | 20 | 37 |
| Purchase of intangible assets | **(49)** | (11) | (92) |
| Investments in joint ventures | **(21)** | (142) | (353) |
| Investments in associates | **(4)** | – | (63) |
| Repayment of investments by associates | **–** | – | 3 |
| Dividends received from joint ventures | **515** | 427 | 707 |
| Dividends received from associates | **53** | 39 | 106 |
| Dividends received from other investments | **1** | 1 | 2 |
| Dividends paid to non-controlling interests | **(49)** | (95) | (160) |
| **Free cash flow** | **1,244** | 1,010 | 2,028 |

## 10c. Analysis of net debt

Net debt is analysed as follows:

| | **As at 30/9/10 Unaudited US$m** | As at 30/9/09 Unaudited US$m | As at 31/3/10 Audited US$m |
|---|---|---|---|
| Borrowings | **(8,664)** | (9,738) | (9,212) |
| Borrowings-related derivative financial instruments | **495** | 207 | 237 |
| Overdrafts | **(236)** | (265) | (190) |
| Finance leases | **(11)** | (13) | (12) |
| Gross debt | **(8,416)** | (9,809) | (9,177) |
| Cash and cash equivalents (excluding overdrafts) | **478** | 464 | 779 |
| **Net debt** | **(7,938)** | (9,345) | (8,398) |

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

| | **As at 30/9/10 Unaudited US$m** | As at 30/9/09 Unaudited US$m | As at 31/3/10 Audited US$m |
|---|---|---|---|
| Cash and cash equivalents (balance sheet) | **478** | 464 | 779 |
| Overdrafts | **(236)** | (265) | (190) |
| Cash and cash equivalents (cash flow) | **242** | 199 | 589 |

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 2010** | 779 | (190) | (9,212) | 237 | (12) | (9,177) | (8,398) |
| Exchange adjustments | 4 | 17 | (99) | (7) | – | (89) | (85) |
| Cash flow | (305) | (63) | 828 | 93 | 3 | 861 | 556 |
| Other movements | – | – | (181) | 172 | (2) | (11) | (11) |
| **At 30 September 2010** | **478** | **(236)** | **(8,664)** | **495** | **(11)** | **(8,416)** | **(7,938)** |

The group has sufficient headroom to enable it to conform to covenants on its existing borrowings. The group has sufficient undrawn financing facilities to service its operating activities and ongoing capital investment. The group has the following undrawn committed borrowing facilities available at 30 September 2010 in respect of which all conditions precedent have been met at that date:

| | **As at 30/9/10 Unaudited US$m** | As at 30/9/09 Unaudited US$m | As at 31/3/10 Audited US$m |
|---|---|---|---|
| Amounts expiring: | | | |
| Within one year | **1,383** | 973 | 441 |
| Between one and two years | **88** | 398 | 1,025 |
| Between two and five years | **2,099** | 1,769 | 2,112 |
| In five years or more | **–** | 57 | 1 |
| | **3,570** | 3,197 | 3,579 |

Subsequent to 30 September 2010 the US$515 million 364 day facility expired and was not renewed.

## 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 2010.

### Commitments

Contracts placed for future capital expenditure for property, plant and equipment not provided in the financial statements amount to US$180 million at 30 September 2010 (2009: US$292 million).

## 12. Balance sheet restatements

**Initial accounting**

The initial accounting under IFRS 3, 'Business Combinations', for the Ambo Mineral Water Share Company, maheu, Bere Azuga and Voltic acquisitions had not been completed as at 30 September 2009. During the six months ended 31 March 2010, adjustments to provisional fair values in respect of these acquisitions were made. As a result comparative information for the six months ended 30 September 2009 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 impact on the prior period income statement has been reviewed and no material adjustments to the income statement are required as a result of the adjustments to provisional fair values. The following table reconciles the impact on the balance sheet reported as at 30 September 2009 to the comparative balance sheet presented in this interim financial information.

The initial accounting under IFRS 3, 'Business Combinations', for the maheu and Rwenzori acquisitions had not been completed as at 31 March 2010. During the six months ended 30 September 2010, adjustments to provisional fair values in respect of these acquisitions were made. As a result comparative information for the year ended 31 March 2010 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 impact on the prior period income statement has been reviewed and no material adjustments to the income statement are required as a result of the adjustments to provisional fair values. The following table reconciles the impact on the balance sheet reported as at 31 March 2010 to the comparative balance sheet presented in this interim financial information.

**Balance Sheet**

| | At 30/9/09 Unaudited US$m | Adjustments to provisional fair values Unaudited US$m | **At 30/9/09 As restated Unaudited US$m** | At 31/3/10 Audited US$m | Adjustments to provisional fair values Unaudited US$m | **At 31/3/10 As restated Unaudited US$m** |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| Goodwill | 11,608 | 17 | **11,625** | 11,584 | (6) | **11,578** |
| Intangible assets | 4,369 | 3 | **4,372** | 4,354 | – | **4,354** |
| Property, plant and equipment | 8,883 | 2 | **8,885** | 8,915 | 1 | **8,916** |
| Investments in joint ventures | 5,638 | – | **5,638** | 5,822 | – | **5,822** |
| Other non-current assets | 2,913 | – | **2,913** | 2,934 | – | **2,934** |
| | 33,411 | 22 | **33,433** | 33,609 | (5) | **33,604** |
| **Current assets** | | | | | | |
| Inventories | 1,424 | – | **1,424** | 1,295 | – | **1,295** |
| Trade and other receivables | 1,711 | – | **1,711** | 1,665 | – | **1,665** |
| Other current assets | 619 | – | **619** | 935 | – | **935** |
| | 3,754 | – | **3,754** | 3,895 | – | **3,895** |
| **Total assets** | 37,165 | 22 | **37,187** | 37,504 | (5) | **37,499** |
| **Liabilities** | | | | | | |
| **Current liabilities** | | | | | | |
| Trade and other payables | (3,040) | (9) | **(3,049)** | (3,227) | (1) | **(3,228)** |
| Other current liabilities | (2,174) | (5) | **(2,179)** | (2,750) | – | **(2,750)** |
| | (5,214) | (14) | **(5,228)** | (5,977) | (1) | **(5,978)** |
| **Non-current liabilities** | | | | | | |
| Trade and other payables | (235) | – | **(235)** | (145) | – | **(145)** |
| Provisions | (459) | – | **(459)** | (453) | – | **(453)** |
| Deferred tax liabilities | (2,321) | (1) | **(2,322)** | (2,374) | – | **(2,374)** |
| Other non-current liabilities | (9,056) | – | **(9,056)** | (7,956) | – | **(7,956)** |
| | (12,071) | (1) | **(12,072)** | (10,928) | – | **(10,928)** |
| **Total liabilities** | (17,285) | (15) | **(17,300)** | (16,905) | (1) | **(16,906)** |
| **Net assets** | 19,880 | 7 | **19,887** | 20,599 | (6) | **20,593** |
| **Total equity** | 19,880 | 7 | **19,887** | 20,599 | (6) | **20,593** |

## 13. Related party transactions

There have been no material changes to the nature or relative quantum of related party transactions as described in the 2010 Annual Report.

The only changes to key management during the period were the appointment to the board of Mark Armour on 1 May 2010 and the retirement from the board of Lord Fellowes on 22 July 2010. Consequently as at 30 September 2010 there were 25 key management (31 March 2010: 25).

## 14. Post balance sheet events

Subsequent to 30 September 2010 the US$515 million 364 day facility expired and was not renewed.

On 4 November 2010 Tsogo Sun Gaming (Pty) Ltd, a wholly owned subsidiary of the group's associate, Tsogo Sun Holdings Ltd, repaid the R490 million (US$67 million) preference shares issued to SABSA Holdings Pty Ltd, a wholly owned subsidiary of the group.

# 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 joint ventures' and associates' adjustments for similar items. The tax and non-controlling interests in respect of these items are also adjusted.

### 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.

The definition of free cash flow has been refined to exclude the purchase of shares from minorities and net investments in associates and joint ventures which result in a change in the group's effective ownership percentage, as these are deemed to be discretionary expenditure. Comparatives have been restated accordingly.

### 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 equity holders of the parent for items in accordance with the South African Circular 3/2009 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 normalised 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).

### Normalised EBITDA
This comprises EBITDA together with 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.

### Normalised EBITDA margin
This is calculated by expressing normalised EBITDA as a percentage of revenue plus the group's share of MillerCoors' revenue.

### 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 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. 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.

# Administration

**SABMiller plc**
Incorporated in England and Wales (Registration No. 3528416)

**General Counsel and Group Company Secretary**
John Davidson

**Registered office**
SABMiller House
Church Street West
Woking
Surrey, England
GU21 6HS
Facsimile +44 1483 264103
Telephone +44 1483 264000

**Head office**
One Stanhope Gate
London, England
W1K 1AF
Facsimile +44 20 7659 0111
Telephone +44 20 7659 0100

**Internet address**
http://www.sabmiller.com

**Investor relations**
Telephone +44 20 7659 0100
Email: investor.relations@sabmiller.com

**Sustainable development**
Telephone +44 1483 264134
Email: sustainable.development@sabmiller.com

**Independent auditors**
PricewaterhouseCoopers LLP
1 Embankment Place
London, England
WC2N 6RH
Facsimile +44 20 7822 4652
Telephone +44 20 7583 5000

**Registrar (United Kingdom)**
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent, England
BR3 4TU
Facsimile +44 20 8658 2342
Telephone +44 20 8639 3399 (outside UK)
Telephone 0871 664 0300
(from UK calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri)
Email: ssd@capitaregistrars.com
www.capitaregistrars.com

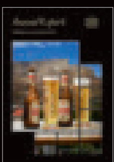
**Registrar (South Africa)**
Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg
PO Box 61051
Marshalltown 2107
South Africa
Facsimile +27 11 688 5248
Telephone +27 11 370 5000

**United States ADR Depositary**
BNY Mellon
Shareholder Services
PO Box 358516
Pittsburgh PA 15252-8516
United States of America
Telephone +1 888 269 2377
Telephone +1 888 BNY ADRS (toll free within the USA)
Telephone +1 201 680 6825 (outside USA)
Email: shrrelations@bnymellon.com
www.adrbnymellon.com

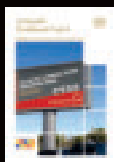
This paper is made from 100% Post-consumer recycled fibre. It has been certified according to the rules of the Forest Stewardship Council (FSC) and it is produced at a mill that is certified to the ISO 14001 environmental management standards through a totally chlorine free process (TCF). The inks used are all vegetable oil based.

Printed by The Pureprint Group, ISO 14001, FSC certified and CarbonNeutral®

Produced by Further
furthercreative.co.uk



Annual Report 2010
This report is also available on our website, go to www.sabmiller.com/annualreport



Sustainable Development Report
This report is available on our website, go to www.sabmiller.com/sdreporting

www.sabmiller.com
For more information on the group and latest news, go to www.sabmiller.com