SABMiller Holdings Inc.

fully and unconditionally guaranteed by

SABMiller plc

US$1,000,000,000 1.850% Notes due 2015
Issue Price: 99.994%

US$2,000,000,000 2.450% Notes due 2017
Issue Price: 99.809%

US$2,500,000,000 3.750% Notes due 2022
Issue Price: 99.522%

US$1,500,000,000 4.950% Notes due 2042
Issue Price: 99.335%

The US$1,000,000,000 1.850% Notes due 2015 (the "**2015 Notes**"), US$2,000,000,000 2.450% Notes due 2017 (the "**2017 Notes**"), US$2,500,000,000 3.750% Notes due 2022 (the "**2022 Notes**") and the US$1,500,000,000 4.950% Notes due 2042 (the "**2042 Notes**", and together with the 2015 Notes, 2017 Notes and the 2022 Notes, the "**Notes**") are being offered by SABMiller Holdings Inc., a company organised under the laws of the State of Delaware in the United States of America (the "**Issuer**" or "**SABMiller Holdings**"). The Notes will be fully and unconditionally guaranteed (the "**Guarantees**") by SABMiller plc, a public limited company organised under the laws of England and Wales (the "**Guarantor**" or "**SABMiller**"). The Notes and the Guarantees will rank *pari passu* with all other direct, unsecured and unsubordinated obligations (except those obligations preferred by statute or operation of law) of the Issuer and the Guarantor, respectively.

The Notes are redeemable in whole or in part at any time at the option of the Issuer or the Guarantor at redemption prices equal to the make-whole amounts described on page 92. In addition, each series of the Notes is redeemable in whole but not in part at the option of the Issuer or the Guarantor upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

The Notes will be issued initially in fully registered form as beneficial interests in Global Notes (as defined herein). Except as set forth herein, Global Notes will not be exchangeable for Definitive Notes (as defined herein).

This document is a prospectus (the "**Prospectus**") for the purpose of Directive 2003/71/EC (the "**Prospectus Directive**"). The Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). Such approval relates only to the Notes which are to be admitted to trading on a regulated market or for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area.

Investing in the Notes involves certain risks. For a discussion of certain factors that should be considered in connection with an investment in the Notes, see "*Risk Factors*" beginning on page 7.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws and are being offered and sold within the United States only to "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") and outside the United States to persons other than US persons as defined in and in reliance on Regulation S under the Securities Act ("**Regulation S**").

The Notes are being offered subject to various conditions and are expected to be delivered on or about 17 January 2012 through the facilities of The Depository Trust Company ("**DTC**") and its participants, including Euroclear Bank, S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"), against payment in immediately available funds.

Joint Book-Running Managers

Barclays Capital **BofA Merrill Lynch** **J.P. Morgan** **Morgan Stanley**

BBVA **Citigroup** **Mitsubishi UFJ Securities** **Mizuho Securities** **RBS** **Santander Global Banking & Markets**

12 January 2012

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Guarantor accepts responsibility only for the information contained in this Prospectus relating to the Group (as defined below) and to the Guarantees. To the best of the knowledge of the Guarantor (which has taken all reasonable care to ensure that such is the case), the information contained in those parts of the Prospectus relating to the Group and to the Guarantees is in accordance with the facts and does not omit anything likely to affect the import of such information.

No dealer, salesperson or other person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, any such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, or the Initial Purchasers (as defined under "*Plan of Distribution*") or any of their respective affiliates. This Prospectus does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Prospectus nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time subsequent to that date.

This Prospectus is being provided to QIBs in the United States and to certain prospective investors other than US persons (as defined in Regulation S) outside the United States for use solely in connection with the offering of the Notes. Its use for any other purpose is not authorised. This Prospectus may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to any person other than the prospective investors to whom it is being provided.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and their respective affiliates, the terms of the Notes, the Guarantees and the financial information contained in this Prospectus and their own assessment of the merits and risks involved.

None of the initial Purchasers or any of their directors, affiliates, advisers or agents has made an independent verification of the information contained in this Prospectus in connection with the issue or the offering of the Notes and no representation or warranty, express or implied is made by the Initial Purchasers or any of their directors, affiliates, advisers or agents with respect to the completeness or accuracy of such information.

Investors acknowledge that they have not relied, and will not rely, on the Initial Purchasers in connection with their investigation of the accuracy of any information or their decision to invest in the Notes. The contents of this Prospectus are not to be considered as legal, business, financial, investment or tax advice. Prospective investors should consult their own counsel, accountants and other advisers as to legal, tax, business, financial, investment and related aspects of a purchase of the Notes.

The contents of SABMiller's website do not form any part of this Prospectus.

The Initial Purchasers reserve the right to withdraw this offering of Notes at any time and to reject any commitment to subscribe for the Notes, in whole or in part. The Initial Purchasers also reserve the right to allot less than the full amount of the Notes sought by an investor. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own account.

The laws of certain jurisdictions may restrict the distribution of this Prospectus and the offer and sale of the Notes. Persons who come into possession of this Prospectus or any of the Notes must inform themselves about, and observe, any such restrictions. None of the Issuer, the Guarantor, the Initial Purchasers or their respective representatives is making any representation to any offeree or any purchaser of the Notes regarding the legality of any investment in the Notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a further description of certain restrictions on the offering and sale of the Notes and the distribution of this Prospectus, see "*Plan of Distribution*" and "*Transfer Restrictions*".

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE INITIAL PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE DATE OF ISSUE OF THE NOTES, PROVIDED THE AGGREGATE PRINCIPAL

AMOUNT OF THE NOTES ALLOTTED DOES NOT EXCEED 105 PERCENT OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES THAT ARE THE SUBJECT OF THE OFFER. HOWEVER, THERE IS NO OBLIGATION ON THE INITIAL PURCHASERS TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

The Notes will be issued in fully registered form and only in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes will be issued initially in fully registered form as beneficial interests in Global Notes (defined below), which will be deposited with The Bank of New York Mellon, as custodian (the "**Custodian**") for DTC and registered in the name of Cede & Co., as nominee of DTC. The Notes initially sold within the United States to QIBs will be represented by interests in three or more global notes (collectively, the "**Rule 144A Global Note**"), which will represent the Notes that are being sold within the United States to QIBs in reliance on the exemption from registration provided by Rule 144A. The Notes initially sold to persons other than US persons will be evidenced by interests in three or more global notes (collectively, the "**Regulation S Global Note**" and, together with the Rule 144A Global Note, the "**Global Notes**"), which will represent the Notes that are being sold to persons other than US persons in reliance on Regulation S. See "*Book-Entry, Delivery and Form*".

Certain US matters

This offering is being made in reliance upon an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. By purchasing the Notes, investors are deemed to have made the acknowledgements, representations, warranties and agreements set forth under "*Transfer Restrictions*".

The Notes have not been and will not be registered with, recommended by or approved by the United States Securities and Exchange Commission (the "**SEC**") or any other federal, state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

The Notes have not been registered under the Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States (see "*Plan of Distribution*" and "*Transfer Restrictions*"). Investors should be aware that they may be required to bear the financial risks of their investment in the Notes for an indefinite period of time. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Notice to New Hampshire residents

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY PROSPECTUS FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to investors in Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to investors in Hong Kong

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. Persons who are invited to purchase or subscribe for the Notes or to whom this Prospectus is sent are advised to exercise caution in relation to the offer. Persons who are in any doubt about any of the contents of this the Prospectus should obtain independent professional advice.

No action has been taken to authorise the offer of the Notes to the public in Hong Kong. Accordingly the Notes may not be offered or sold, or re-offered or resold, and this Prospectus may not be issued, circulated or distributed, in Hong Kong nor may any other advertisement, invitation or document related to the Notes be issued in Hong Kong.

Notice to investors in South Africa

No action has been taken to authorise the offer of the Notes to the public in South Africa. Accordingly the Notes may not be offered or sold, or re-offered or resold to the public in South Africa, and this Prospectus may not be issued, circulated or distributed to the public in South Africa nor may any other advertisement, invitation or document related to the Notes be issued to the public in South Africa. Should a South African resident wish to participate in the offering, such participation would be subject to South African exchange control regulations.

Available information

For so long as SABMiller is neither subject to Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, SABMiller will furnish to the holder of any Notes and to each prospective purchaser designated by any such holder, upon the request of such holder or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Exchange Act. As at the date of this Prospectus, SABMiller is exempt from reporting, pursuant to Rule 12g3-2(b) under the Exchange Act.

Special note regarding forward-looking statements

This Prospectus contains certain forward-looking statements with respect to the financial condition, results of operations and business of SABMiller and certain of its plans and objectives. In particular, among other statements, certain statements under "*Overview*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Description of the Group*" about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through use of words or phrases such as "will likely result", "are expected to", "will continue", "believe", "is anticipated", "estimated", "intends", "plans", "seek", "projection" and "outlook". Forward-looking statements are based on the current views and assumptions of SABMiller management ("**Management**") and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Prospectus. Among the key factors that have a direct bearing on the results of operations are:

- general economic conditions, including in particular economic conditions in Latin America, the United States, Europe, South Africa, Africa, Asia and Australia;
- fluctuations in interest rates;
- fluctuations in foreign currency exchange rates;
- changes in laws and regulations; and
- general competitive factors.

These and other factors are discussed under "*Risk Factors*" and elsewhere in this Prospectus.

Any forward-looking statements contained in this Prospectus speak only as at the date hereof. SABMiller expressly disclaims any obligation or undertaking to release publicly any updating or revisions to any forward-looking statements, whether as a result of new information, future events or otherwise save as required under applicable laws and regulations. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Prospectus might not occur and actual results may differ materially from those described in the forward-looking statements.

Enforceability of civil liabilities

The ability of an investor to bring action against SABMiller in respect of the Guarantees may be limited under law. SABMiller is a public limited company incorporated under the laws of England and Wales. The majority of the directors and the executive officers of SABMiller are citizens or residents of countries other than the United States. All or a substantial portion of the assets of such persons and substantially all of the assets of SABMiller are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against SABMiller judgments of US courts predicated upon civil liabilities under US federal or state securities laws. There is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgments of the US courts, of civil liabilities predicated upon US federal or state securities laws.

Certain defined terms

In this Prospectus, "**2003 Miller Bonds**" means the US$1,100 million 5.50% Notes due 2013 issued by Miller on 7 August 2003; "**2003 SABMiller Bonds**" means the US$300 million 6.625% Notes due 2033 issued by SABMiller on 7 August 2003; "**2006 Commercial Paper Programme**" means the US$1,000 million commercial paper programme established by SABMiller on 11 October 2006; "**2006 SABMiller Bonds**" means the US$850 million 6.50% notes due 2016 issued by SABMiller on 28 June 2006; "**2007 Domestic Medium Term Note Programme and Bonds**" means the Domestic Medium Term Note Programme with a programme limit of ZAR4,000 million established by SABSA Holdings (Pty) Ltd and SABFIN (Pty) Ltd as issuers and SABMiller as guarantor on 17 July 2007, the programme limit under which was increased to ZAR6,000 million on 24 December 2008, and the ZAR1.6 billion 9.935% Notes due 2012 issued by SABSA Holdings (Pty) Ltd on 19 July 2007 under the programme; "**2008 EMTN Programme**" means the Euro Medium Term Note Programme with a programme limit of US$5,000 million established by SABMiller on 25 July 2008; "**2008 SABMiller Bonds**" means the US$550 million 5.70% Notes due 2014 and the US$700 million 6.50% Notes due 2018 issued by SABMiller on 17 July 2008; "**2009 GMTN Programme**" means the Guaranteed Medium Term Note Programme with a programme limit of PEN1,500 million established by SABMiller and Racetrack Perú S.A. on 28 January 2009; "**2009 SABMiller Bonds**" means the €1,000 million 4.50% Notes due 2015 issued by SABMiller on 17 July 2009; "**2010 SABMiller Bonds**" means the PEN150 million 6.75% Notes due 2015 issued by SABMiller on 19 March 2010; "**Anadolu Efes**" means Anadolu Efes Biracılık ve Malt Sanayii A.Ş.; "**Backus**" means Union de Cervecerías Peruanas Backus y Johnston S.A.A.; "**Bavaria**" means Bavaria S.A., a Colombian company in which SABMiller obtained a controlling interest through a transaction which completed on 12 October 2005 (the "**Bavaria Transaction**"); "**Bavaria Group**" means Bavaria together with its subsidiaries and associated and affiliated companies; "**Castel**" or the "**Castel Group**" means Société des Brasseries et Glacières Internationales and B.I.H. Brasseries Internationales Holding Limited; "**CBC**" means Coors Brewing Company and certain of its subsidiaries which are subsidiaries of Molson Coors; "**Dreher**" means Dreher Sörgyárak Zrt, a Hungarian company acquired by the Group in 1993; "**Foster's**" means Foster's Group Limited, an Australian company acquired by the Group in December 2011; the "**Group**" means SABMiller together with its subsidiaries, associated companies and joint venture companies; "**Group Syndicated Loan Facilities**" means the US$2,500 million five year syndicated revolving loan facility entered into by SABMiller on 7 April 2011 and the US$12,500 million loan term and revolving loan facilities entered into by the Issuer and SABMiller on 9 September 2011; "**Miller**" means Miller Brewing Company, a corporation organised under the laws of the State of Wisconsin, United States of America; "**MillerCoors**" means MillerCoors LLC, which holds the combined US and Puerto Rico operations of Miller and CBC following completion of the MillerCoors Transaction; "**MillerCoors Transaction**" means the transaction between SABMiller and Molson Coors for the combination of the United States and Puerto Rico operations of Miller and CBC which completed on 1 July 2008; "**Molson Coors**" means Molson Coors Brewing Company, the parent of CBC; "**Moody's**" means Moody's Investors Services, Inc.; "**Notes**" means the US$1,000,000,000 1.850% Notes due 2015, the US$2,000,000,000 2.450% Notes due 2017, the US$2,500,000,000 3.750% Notes due 2022 and the US$1,500,000,000 4.950% Notes due 2042; "**Racetrack Peru**" means Racetrack Perú S.A; "**Royal Grolsch**" means Koninklijke Grolsch N.V.; and "**S&P**" means Standard and Poor's, a division of The McGraw Hill Companies, Inc.

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Presentation of Information

Financial information

The financial information relating to the Group contained in this Prospectus relates to the six month periods ended 30 September 2011 and 2010 and the years ended 31 March 2011, 2010 and 2009 (the "**Group Financial Information**"). The financial information as at and for the six month periods ended 30 September 2011 and 2010 has been extracted without material adjustment from the interim report of the Group for the six months ended 30 September 2011 and the financial information as at and for the years ended 31 March 2011, 2010 and 2009 has been extracted without material adjustment from the annual reports and accounts of the Group for the years ended 31 March 2011 (the "**Group 2011 Annual Report**") and 31 March 2010 (the "**Group 2010 Annual Report**" and, together with the Group 2011 Annual Report, the "**Group Annual Reports**"). The Group Financial Information was prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

None of the financial information was prepared in accordance with accounting principles generally accepted in the United States ("**US GAAP**") or audited in accordance with auditing standards generally accepted in the United States ("**US GAAS**"). No opinion or any other assurance with regard to the Group Annual Reports was expressed under US GAAP or US GAAS.

The reporting currency of the Group is US dollars.

The Group Financial Information, which has been extracted without material adjustment from the Group Annual Reports, contains independent auditors' reports for each of the years ended 31 March 2011 and 2010 from PricewaterhouseCoopers LLP ("**PwC**"). These independent auditors' reports purport to limit the scope of PwC's duty of care in relation to such reports and the Group Financial Information to which they relate. If a US court (or any other court) were to give effect to this limitation, the recourse that investors in the Notes may have against PwC based on their reports or the Group Financial Information to which they relate could be limited. The SEC would not permit such limitation to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. See "*General Information – Auditors and nature of financial information*" for a description of the independent auditors' reports.

Group revenue, EBITA and EBITDA

This Prospectus contains information in relation to group revenue, EBITA (on a Group-wide basis and in relation to the Group's segments) and EBITDA (on a Group-wide basis). Group revenue comprises revenue together with the Group's share of revenue from associates and joint ventures. EBITA derived from IFRS financial information comprises operating profit before exceptional items, amortisation of intangible assets (excluding software) and including the Group's share of associates' and joint ventures' operating profit on a similar basis (i.e., before interest, tax and non-controlling interests). EBITDA derived from IFRS financial information comprises net cash generated from operations before working capital movements and after operating cash exceptional items. EBITA margin under IFRS is calculated by expressing EBITA as a percentage of group revenue (including share of associates' and joint ventures' revenue).

Group revenue, EBITA, EBITA margin and EBITDA are non-IFRS financial measures, which the Group believes are measures commonly reported and widely used by investors in comparing performances with regard to depreciation and certain other items, which can vary significantly depending upon accounting methods, interest expense or taxation, or non-operating factors. Additionally, group revenue, EBITA, EBITA margin and EBITDA have been disclosed in this Prospectus to permit a more complete and comprehensive analysis of the Group's operating performance and of the Group's ability to service its debt. Further, on a segmental basis, EBITA allows for greater comparability between segments. The segmental disclosures accord with the manner in which the Group is managed. Segmental performance is reported after the specific apportionment of attributable head office service costs.

Group revenue, EBITA, EBITA margin and EBITDA are not measurements of performance under IFRS, and they should not be considered as an alternative to (a) revenue (as determined in accordance with generally accepted accounting principles), (b) operating profit (as determined in accordance with generally accepted accounting principles), or as a measure of the Group's operating performance, (c) cash flows from operating activities (as determined in accordance with generally accepted accounting principles), or as a measure of the Group's ability to meet cash needs, or (d) any other measures of performance under generally accepted accounting principles. Group revenue, EBITA, EBITA margin and EBITDA may not be indicative of the Group's historical operating results, nor are they meant to be projections or forecasts of future results. In addition, because companies do not calculate EBITA or EBITDA identically, the Group's presentation of group revenue, EBITA, EBITA margin and EBITDA may not be comparable to similarly-titled measures used by other companies.

Disposals

On 1 July 2008 the Group completed the disposal of Miller's United States and Puerto Rico operations into a joint venture with Molson Coors. Group revenue, EBITA and volumes reported for the financial year ended 31 March 2009 include 100% of Miller's performance for the first quarter of the year and the Group's 58% share of MillerCoors' performance and the retained wholly owned Miller business (principally Miller Brewing International, Inc.) for the remainder of the financial year.

Restatements

The initial accounting under IFRS 3, 'Business Combinations', for the Pabod Breweries Limited ("**Pabod**") and Voltic International Inc. and its subsidiaries ("**Voltic**") acquisitions had not been completed as at 31 March 2009 and similarly for the maheu and Rwenzori Bottling Company Limited ("**Rwenzori**") acquisitions as at 31 March 2010. Adjustments to provisional fair values in respect of the acquisitions have been made and as a result, comparative information for the years ended 31 March 2009 and 2010 has been presented as if the further adjustments to provisional fair values had been made from the transaction dates. The financial information as at 31 March 2009 and 31 March 2010 contained within this Prospectus has been extracted from the comparative restated column of the Group 2011 and 2010 Annual Reports respectively to reflect the adjustments.

The initial accounting under IFRS 3, 'Business Combinations', for the Rwenzori acquisition had not been completed as at 30 September 2010. Adjustments to provisional fair values in respect of the acquisition have been made and as a result, comparative information for the six months ended 30 September 2010 has been presented as if the further adjustments to provisional fair values had been made from the transaction date. The financial information as at 30 September 2010 contained within this Prospectus has been extracted from the comparative restated column of the Group interim report for the six months ended 30 September 2011 to reflect the adjustments.

Currencies

All references to "pounds", "pounds sterling", "sterling" and "£" are to the lawful currency of the United Kingdom. All references to "dollars", "US dollars", "US$", "$" and "cents" are to the lawful currency of the United States. All references to "Colombian Pesos" or "COP" are to Colombian pesos, the lawful currency of Colombia. All references to "SA rand", "ZAR" and "R" are to the lawful currency of the Republic of South Africa. All references to "Peruvian Nuevos Soles" or "PEN" are to the lawful currency of Peru. All references to "euro" and "€" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the treaty establishing the European Community, as amended. All references to "Australian dollars" and "A$" are to the lawful currency of the Commonwealth of Australia.

While the Group believes that the currency translations are fairly representative of the US dollar values of local currency amounts reported by the various segments, no representation is made that the local currency amounts have been, could have been or could be converted into US dollars on the date or at the rates indicated or at all.

Volume measurements

Unless otherwise stated, volume measurements are stated in hectolitres ("**hl**"). References to the Group's lager, sorghum and soft drinks volumes, and rankings based on those volumes, include 100% of the volumes of all consolidated subsidiaries and the Group's share of volumes of all associated undertakings and joint ventures.

Employees

Annualised average numbers of employees include part-time employees on the basis of their full-time equivalents.

Trademarks and other proprietary marks

This Prospectus contains trade names, trademarks, logos, devices, product names, service names and brands that are proprietary to the Group. Certain other trade names, product names and brands that are referred to in this Prospectus are proprietary to others and may be used by the Group only pursuant to specific contractual arrangements. Other trade names, product names and brands are used for identification purposes only, for example, to indicate specific competitors or competing products.

Other companies

References made to companies and/or groups of companies not forming part of the Group include the companies trading under those names and any affiliates or associates thereof.

Sources of information

Certain information has been extracted from third party sources. SABMiller Holdings and SABMiller confirm that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The information includes statements contained in this Prospectus relating to the market positions and market shares of the Group and other companies in individual markets and the respective consumption figures and rates of growth in those markets. Unless otherwise stated, these statements are Management estimates, based, where available, on the most recent available beer industry reports relevant to those markets published on a worldwide or country basis. Other sources of information include Plato Logic Limited (‘‘**Plato Logic**’’), Euromonitor International Limited (‘‘**Euromonitor**’’), Canadean Limited (‘‘**Canadean**’’), Nielsen Consumer (‘‘**Nielsen**’’), the Federal State Statistics Service in Russia (‘‘**Goskomstat**’’), Business Analytica Retail Audit (‘‘**Business Analytica**’’), CCR Audit (‘‘**CCR**’’), Frontline Research (‘‘**Frontline**’’), Marketing Insights (‘‘**Marketing Insights**’’), Marketing Trends (‘‘**Marketing Trends**’’) and SymphonyIRI Group (‘‘**SymphonyIRI**’’).

Although SABMiller believes these sources to be reliable, the accuracy or completeness of these materials has not been independently verified and, accordingly, SABMiller makes no representation with respect thereto. Similarly, while SABMiller believes that internal research is reliable, this research has not been assessed or confirmed by any independent sources.

Language

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Overview

The following summary should be read as an introduction to this Prospectus, and in conjunction with, and as qualified in its entirety by, the more detailed information that appears elsewhere in this Prospectus. Before deciding to invest in the Notes, investors should read the entire Prospectus carefully, including the "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Group's Annual Reports (including the explanatory notes to those financial statements) and the more detailed information included elsewhere in this Prospectus. Any decision to invest in the Notes should be based on this Prospectus as a whole.

Overview

SABMiller, together with the Issuer, its other subsidiaries, its associated companies and joint ventures, is, according to Canadean, one of the world's largest brewers, occupying a top-two market position by volume in many markets in which it operates, with group revenue[1], operating profit and lager volumes for the year ended 31 March 2011 of US$28,311 million, US$3,127 million and 218 million hectolitres respectively. As at 31 March 2011, the Group's total assets were US$39,108 million. The Group is also one of the largest bottlers and distributors of Coca-Cola products outside the United States.

SABMiller Holdings is incorporated in the State of Delaware in the United States of America and is an intermediate holding company that holds economic interests in the Group's operations in North America, South America, Australia and South Africa, and obtains and provides funding to those operations.

The Group has brewing interests and distribution agreements across six continents, with a balance between fast-growing developing markets and cash-generative mature markets. The Group has a diverse portfolio of local, regional and global brands, including international premium beers such as Pilsner Urquell, Peroni Nastro Azzurro, MGD and Grolsch, along with leading local brands such as Aguila, Castle Lager, Miller Lite, Snow, Tyskie and Victoria Bitter.

SABMiller is a FTSE-100 company listed on the London and the Johannesburg stock exchanges. The Group has demonstrated significant growth, with market capitalisation growing from US$5,421 million as at 31 December 2000 to approximately US$57,191 million as at 6 January 2012. Since the Group was first rated in 2003, SABMiller has been rated, and is currently rated, Baa1/stable outlook by Moody's and BBB+/stable outlook by S&P.

The registered office of the Issuer is c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, USA. The registered office of SABMiller is at SABMiller House, Church Street West, Woking, Surrey, GU21 6HS, England.

Highlights of the Group's Operations

Latin America

The Group initially invested in El Salvador and Honduras in 2001, gaining full ownership in 2005. On 12 October 2005, the Group completed a transaction through which it obtained a controlling interest in the second largest brewer in South America, Bavaria S.A. ("**Bavaria**"), a Colombian company (the "**Bavaria Transaction**"), and on 24 November 2010 the Group acquired Cervecería Argentina SA Isenbeck ("**CASA Isenbeck**"), the third largest brewer in Argentina. As at 31 March 2011, Group companies were the number one brewer, in terms of lager market share, in Colombia, Ecuador, El Salvador, Honduras, Panama and Peru. The Group bottles soft drinks for The Coca-Cola Company in El Salvador and Honduras and for Pepsico International and Schweppes in Panama.

Europe

The Group's expansion into Europe began in 1993 with the acquisition of Dreher in Hungary. The Group now has brewing operations in ten countries: The Netherlands, Poland, the Czech Republic, Italy, Russia, Romania, Hungary, Slovakia, Ukraine and the Canary Islands (Spain). The Group also exports significant volumes to a further eight European markets of which the largest are the UK and Germany.

In October 2011, the Group announced its intention to form a strategic alliance with Anadolu Efes for Turkey, Russia, the Commonwealth of Independent States, Central Asia and the Middle East. The Group intends to transfer its Russian and Ukrainian beer business to Anadolu Efes and take a 24%

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

equity stake in the enlarged group. Subject to finalisation of the definitive legal agreements and relevant regulatory approvals, the Group expects to complete the transaction before the end of the financial year ending 31 March 2012.

North America

The Group acquired Miller Brewing Company ("**Miller**"), the United States' second largest brewer, in 2002. On 1 July 2008, the MillerCoors joint venture was established through the combination of the operations of SABMiller's and Molson Coors Brewing Company's ("**Molson Coors**") respective subsidiaries (Miller and Coors Brewing Company ("**CBC**")) located in the United States and Puerto Rico. As a result, SABMiller has a 58% economic interest and Molson Coors has a 42% economic interest in MillerCoors. Voting interests in MillerCoors are shared equally between SABMiller and Molson Coors, and each of SABMiller and Molson Coors has equal board representation.

The North America segment includes the Group's 58% share in MillerCoors and 100% of Miller Brewing International.

Africa

The Group operates in 15 countries in Africa: Botswana, Comores, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mayotte, Mozambique, Nigeria, South Sudan, Swaziland, Tanzania, Uganda and Zambia. In addition, the Group has a strategic alliance with Castel, pursuant to which Castel's holding company has a 38% economic interest in SABMiller's principal African holding company and the Group has a 20% economic interest in Castel. This alliance capitalises on the complementary nature of the companies' geographic portfolios. Castel has lager and soft drinks interests in 22 largely French-speaking countries of West, Central and North Africa and the Indian Ocean. Its operations cover Algeria, Angola, Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of Congo, Equatorial Guinea, Ethiopia, Gabon, Gambia, Guinea, Madagascar, Mali, Mauritius, Morocco, Niger, Senegal, Togo and Tunisia. In addition the Group has associated undertakings in Algeria, Morocco and Zimbabwe, and a procurement company in Mauritius.

Asia Pacific

The Group has operations in Australia, through Foster's Group Limited ("**Foster's**"), which it acquired on 16 December 2011 (see "*Overview – Overview of Foster's Acquisition*" below), and through Pacific Beverages (Pty) Ltd ("**Pacific Beverages**"), its joint venture with Coca-Cola Amatil Limited ("**CCA**"), as well as operations in India and Vietnam, and in China through an associated company.

South Africa

The South African Breweries Limited ("**SAB Ltd**") is the Group's original brewing company. Founded in 1895, SAB Ltd has since become one of South Africa's leading companies as well as Africa's largest brewer. The soft drinks division of SAB Ltd, ABI, is South Africa's largest bottler for The Coca-Cola Company.

The Group also has hotel and gaming interests through Tsogo Sun Holdings Limited, which is listed on the Johannesburg Stock Exchange and is also the largest black empowerment company in the leisure industry in South Africa.

Group

Business Capability Programme

In the year ended 31 March 2010, the Group commenced a major business capability programme that will simplify processes, reduce costs and allow local management teams to enhance focus on their markets. Information and processes will be standardised based on a single, integrated IT system across back, middle and front office and selectively certain back office activities will be outsourced. The programme will take four years to complete.

Trinity Procurement GmbH ("**Trinity**"), the Group's global procurement organisation, is well established and is beginning to demonstrate its significant potential.

The Group had incurred cumulative exceptional costs of US$638 million in relation to, and realised US$620 million of cumulative financial benefits from, the business capability programme by 31 March 2011.

Overview of Foster's Acquisition

On 16 December 2011, the Group completed the acquisition of Foster's for A$5.40 per share in cash, representing a total cash consideration of approximately A$10,483 million (approximately US$10,465 million). Separately in June 2011, the Group reached agreement with CCA to acquire CCA's remaining 50% interest in Pacific Beverages after completion of the Foster's acquisition and also granted CCA the right to acquire certain non-core operations of Foster's together with certain assets and trading liabilities attributable to them. The acquisition of the 50% interest in Pacific Beverages is expected to complete on 16 January 2012, and the sale of the non-core operations to CCA is expected to complete during the quarter ending 31 March 2012.

Business strategy

The Group's business strategy is based upon the following four strategic priorities:

- Creating a balanced and attractive global spread of businesses;
- Developing strong, relevant brand portfolios that win in the local market;
- Constantly raising the profitability of local businesses, sustainably; and
- Leveraging the Group's skills and global scale.

Financial strategy

The Group is committed to maintaining a prudent financial profile that is reflected in a high quality investment-grade credit rating. Consistent with this commitment is the Group's objective to optimise its overall capital structure, which it maintains by funding acquisitions where necessary through an appropriate mix of equity and debt. The Group's strong financial structure also helps to ensure that adequate resources are available to it from a variety of market sources to meet ongoing business needs, as well as to provide medium-term flexibility to assess investments in appropriate markets.

Competitive strengths

Management believes that the Group's key competitive strengths are:

- Leading market positions;
- Geographic diversification;
- A strong and comprehensive brand portfolio;
- A strong cash generative business;
- Conservative financial policies; and
- A highly experienced management team with an outstanding track record in integrating and managing assets.

Risk Factors

The Issuer and SABMiller believe that the factors described below represent the principal risks inherent in investing in the Notes. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risks relating to the Group

- The Group may be negatively impacted by fluctuations in exchange rates.
- The Group operates in many developing markets, which exposes it to certain political and economic risks in these markets.
- The Group is exposed to the risks and effects of economic recession and to falls in per capita income, which could adversely affect the demand for its products.
- The Group may be unable to influence its strategic partnerships.
- The Group may not be able to successfully carry out further acquisitions, or to integrate acquired businesses, including Foster's, with the Group's businesses.
- Information about Foster's has been derived from publicly available information and has not been verified by the Group.
- The Group may be impacted by changes in the availability or price of raw materials.

- The Group is dependent on its senior management and may fail to identify, develop and retain its current and future global management capability.
- The Group operates in highly competitive markets.
- The jurisdictions in which the Group operates may adopt regulations that could increase costs and liabilities or could limit business activities.
- Tax, fees and excise costs in excess of the Group's existing provisions may arise from fiscal reforms, discriminatory excise taxes and restrictive legislative environments.
- The Group is facing increasing restrictions on the marketing, distribution and sale of alcohol.
- The Group is exposed to financial market risks, including fluctuations in foreign exchange and interest rates, which create volatility in relation to its derivative contracts.
- The Group has exposure to the risk of litigation.
- Negative publicity against consumption of alcoholic beverages in general and beer consumption in particular may adversely affect the Group.
- The Group's future capital needs may require that the Group seek debt financing, refinancing or additional equity funding, which may not be available or may be materially more expensive.
- The Group is subject to environmental regulation by national, state and local agencies, including, in certain cases, regulations that impose liability without regard to fault.
- Change in the competition regulations in certain jurisdictions in which the Group has a leading market share may restrict the Group's ability to expand through strategic acquisitions.
- Certain of the Group's operations depend on independent distributors to sell its products.
- The Group is dependent on sole suppliers for some of its key materials.
- If any of the Group's products are found to contain contaminants, the Group may be subject to product recalls or other liabilities which could cause it to incur significant additional costs.
- The Group's results of operations depend heavily on maintaining good relations with its workforce.
- There is a high incidence of HIV/AIDS in certain of the developing markets in which the Group operates.
- The Group is reliant on the reputation of its brands and the protection of intellectual property rights.
- The Group is reliant on its information technology to conduct its business in the different regions in which the Group operates.
- Failure by the Group to complete the delivery of its current business capability programme could have a negative impact.
- Adverse weather conditions may reduce the demand for the Group's products.
- The Group may be negatively impacted by natural and other disasters.

Risk Factors relating to the Notes

- Investors in the Notes may have limited recourse against the independent auditors.
- If an active trading market does not develop for the Notes, holders of Notes may not be able to resell them.
- The Notes and the Guarantees are unsecured obligations of the Issuer and the Guarantor, respectively.
- The Issuer and SABMiller must rely on payments from their respective subsidiaries to fund payment on the Notes and under the Guarantees, respectively.

Principal Features of the Offering

Issuer	SABMiller Holdings Inc., a company organised under the laws of the State of Delaware in the United States of America.
Guarantor	SABMiller plc, a company organised under the laws of England and Wales.
Notes	US$1,000,000,000 total principal amount of 1.850% Notes due 2015. US$2,000,000,000 total principal amount of 2.450% Notes due 2017. US$2,500,000,000 total principal amount of 3.750% Notes due 2022. US$1,500,000,000 total principal amount of 4.950% Notes due 2042.
Guarantee	The Notes will be fully and unconditionally guaranteed by SABMiller plc.
Ratings	As at the date of this Prospectus, the ratings of the Notes are BBB+ (S&P) and Baa1 (Moody's). Each of S&P and Moody's is established in the European Union and registered under Regulation 1060/2009/EC. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revisions, suspension or withdrawal at any time by the relevant rating agency.
Issue Price	99.994% of the total principal amount of the 2015 Notes. 99.809% of the total principal amount of the 2017 Notes. 99.522% of the total principal amount of the 2022 Notes. 99.335% of the total principal amount of the 2042 Notes.
The Offering	The Notes are being offered and sold by the Initial Purchasers (i) within the United States only to QIBs in reliance on Rule 144A and (ii) outside the United States to persons other than US persons in reliance on Regulation S.
Ranking	The Notes will rank as direct, unsecured and unsubordinated indebtedness of the Issuer and the Guarantees will rank as direct, unsecured and unsubordinated obligations of the Guarantor, in each case ranking *pari passu* with all other direct, unsecured and unsubordinated obligations of the Issuer and the Guarantor, respectively.
Maturity	Unless previously purchased or redeemed in accordance with the applicable Conditions, the principal amount of the 2015 Notes will mature and become due and payable on 15 January 2015, the principal amount of the 2017 Notes will mature and become due and payable on 15 January 2017, the principal amount of the 2022 Notes will mature and become due and payable on 15 January 2022, and the principal amount of the 2042 Notes will mature and become due and payable on 15 January 2042, in each case with accrued and unpaid interest to such date.
Interest	The 2015 Notes will bear interest from 17 January 2012 (the "**Closing Date**") at a rate of 1.850% per annum. The 2017 Notes will bear interest from the Closing Date at a rate of 2.450% per annum. The 2022 Notes will bear interest from the Closing Date at a rate of 3.750% per annum. The 2042 Notes will bear interest from the Closing Date at a rate of 4.950% per annum. Interest will be payable on the Notes in equal instalments semi-annually in arrears on 15 January and 15 July of each year commencing on 15 July 2012.

Form and Denomination of Notes	The Notes will be in registered form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes will be issued in the form of Global Notes in registered form and may be exchanged into definitive Notes only under the circumstances described in the applicable Conditions. The Notes sold to QIBs in the United States in reliance on Rule 144A will be represented by the Rule 144A Global Note. The Notes sold outside the United States to persons other than US persons in reliance on Regulation S will be represented by the Regulation S Global Note. The Global Notes will be deposited with the Custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.
Further Issues	Subject to certain conditions, the Issuer may from time to time without the consent of the registered holders of a series of Notes issue additional securities having identical terms and conditions as the Notes of that series so that any further issue is consolidated and forms a single series of securities with the applicable Notes.
Redemption at the Option of the Issuer	Each series of Notes is redeemable in whole or in part at the option of the Issuer or the Guarantor at any time at a redemption price equal to the make-whole amount described under "*Description of the Notes – Redemption*".
Redemption for Tax Reasons	The Issuer may redeem all but not part of each series of the Notes outstanding at their principal amount with accrued and unpaid interest to the applicable date of redemption if the Issuer or the Guarantor is required to pay Additional Amounts as a result of certain changes in the tax laws in the Relevant Jurisdiction (as defined under "*Description of the Notes – Payment of Additional Amounts*").
Change of Control	If a Put Event (as defined in "*Description of the Notes – Certain Definitions*") occurs, the holder of each Note will have the option (a "**Put Option**") (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer or the Guarantor has given notice of redemption in accordance with the terms of the Notes) to require the Issuer or the Guarantor to redeem or, at the option of the Issuer or the Guarantor, purchase (or procure the purchase of) that Note at a repurchase price in cash equal to 101% of its principal amount together with interest accrued to (but excluding) the date which is seven days after the expiration of the Put Period (as defined below) on the Put Date (as defined below).
Transfer Restrictions	The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with all applicable laws. The Notes are subject to certain restrictions on transfer.
Governing Law	The Notes and the Guarantees will be governed by and construed in accordance with the laws of the State of New York.
Listing and Trading	Application has been made for the Notes to be admitted to listing on the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.
Use of Proceeds	The net proceeds will be used to repay in part the Issuer's debt obligations incurred to finance the acquisition of Foster's.

Risk Factors

The Issuer and SABMiller believe that the following factors may affect their ability to fulfil their obligations under the Notes and the Guarantees respectively. All of these factors are contingencies which may or may not occur and neither the Issuer nor SABMiller is in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and SABMiller believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer and SABMiller believe that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer and SABMiller may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and neither the Issuer nor SABMiller represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risk Factors relating to the Group

The Group may be negatively impacted by fluctuations in exchange rates

The majority of the Group's business is transacted in euro, South African rand, sterling, US dollars, Colombian pesos and other local currencies. The functional and presentation currency of the Group is and will remain the US dollar, although dividends are also payable in sterling and rand. In each country of operation, the Group generates revenue and incurs costs primarily in local currency. Fluctuations in the relative values of these currencies, or of any local currency, may adversely affect the results of the Group when translated into US dollars. The Group seeks to manage currency exposure wherever possible through hedging and funding activity.

The Group operates in many developing markets, which exposes it to certain political and economic risks in these markets.

A substantial proportion of the Group's principal operations are in developing markets, including South Africa, China, India, Tanzania, Botswana, Mozambique, certain emerging European markets and Latin America. In particular, a significant proportion of the Group's earnings comes from its lager and other operations in South Africa and Colombia.

The Group's operations in these markets are subject to the usual risks of operating in developing countries, which include potential political and economic uncertainty, application of exchange controls, nationalisation or expropriation, empowerment legislation and policy, crime and lack of law enforcement, political insurrection, external interference, currency fluctuations, lack of upkeep of public infrastructure and changes in government policy. Such factors could affect the Group's results by causing interruptions to its operations or by increasing the costs of operating in those countries or by limiting the ability of the Group to extract profits from those countries.

Moreover, the economies of developing countries are often affected by developments in other emerging market countries, and, accordingly, adverse changes in developing markets elsewhere in the world could have a negative impact on the markets in which the Group operates.

The Group is exposed to the risks and effects of economic recession and to falls in per capita income, which could adversely affect the demand for its products.

The Group is exposed to the effects of global recession and a recession in one or more of its key markets, including lower revenue and reduced income. For the beer business, recession adversely affects demand, and therefore the prices that can be achieved for beer in the relevant markets.

Beer consumption in many of the countries in which the Group operates is closely linked to general economic conditions, with levels of consumption tending to rise during periods of rising per capita income and fall during periods of declining per capita income. Additionally, per capita consumption is inversely related to the sale price of the Group's products.

Besides moving in concert with changes in per capita income, beer consumption also increases or decreases in accordance with changes in disposable income. Currently, disposable income is low in many of the countries in which the Group operates relative to disposable income in more developed countries. Any further decrease in disposable income resulting from an increase in income taxes, the cost of living or other factors would likely adversely affect demand for beer.

The current economic conditions may adversely impact the Group's sales, earnings and financial position. Whilst the Group has taken steps to alleviate the impact of these conditions on its business, there can be no guarantee that these will be effective, and to the extent that the current economic climate does not improve or any improvement takes place over an extended period of time, the Group's business, results of operations and financial condition may be materially adversely affected.

The Group may be unable to influence its strategic partnerships.

A proportion of the Group's global portfolio consists of strategic partnerships in new or emerging markets such as China. There are challenges in influencing these diverse cultures to ensure that the Group integrates these business interests successfully into its wider global portfolio. In addition, the Group has a growing number of such partnerships in mature markets such as the United States, where decision making is shared 50-50. There can be challenges in ensuring that decisions are taken in such partnerships which promote the strategic and business objectives of the Group.

The Group may not be able successfully to carry out further acquisitions, or to integrate acquired businesses, including Foster's, with the Group's businesses.

The Group's overall business strategy and focus is to be a significant participant in the consolidation of the global beer industry. In recent years, the Group has made numerous acquisitions of companies and businesses, including in Europe, Africa, Asia, Latin America, the United States and Australia. Although further consolidation of the beer industry is expected, the Group will be able to make further acquisitions only if it identifies suitable businesses to acquire on acceptable terms. When considering an acquisition, the Group makes certain estimates as to economic, market and other conditions, including estimates relating to the value or potential value of the business to be acquired and the potential return on investment. These estimates may prove to be incorrect, rendering the Group's further consolidation unsuccessful, with consequent negative effects for the Group's business, financial condition and results of operations.

Any acquisition which the Group has completed (including its recent acquisition of Foster's) or does complete is accompanied by the risks commonly encountered with acquisitions of companies or businesses, such as the difficulty of integrating the acquired businesses, the potential disruption to its own businesses, the retention of key management personnel, the assumption of unexpected liabilities and the possibility that indemnification agreements with the sellers of such assets may be insufficient to cover potential liabilities, the establishment and maintenance of common standards, controls, procedures and policies, and the impairment of relationships with employees and counterparties as a result of difficulties arising out of integration. In the case of any acquisition, there can be no assurance that these risks will not materialise, and such matters could have a material adverse effect on the Group's business, financial condition and results of operations.

Information about Foster's has been derived from publicly available information and has not been verified by the Group.

The Group has not verified the accuracy of the information about Foster's that is contained in this Prospectus, nor has the Group had an opportunity to conduct a comprehensive examination of Foster's non-public records. As a result, completing the acquisition can expose the Group to unknown risks, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group has derived the information about Foster's that is contained in this Prospectus, including the financial information about Foster's, from publicly available information. The Group has not been involved in the preparation of the relevant information or related financial statements and therefore could not examine whether or not such information or financial statements are accurate and complete, or whether they present Foster's in a comprehensive manner. In preparing the acquisition offer and its terms, the Group relied on publicly accessible information about Foster's, including periodic and other reports published on the Foster's website. The Group has not conducted independent due diligence of Foster's using records that are not publicly available. As a result, the Group cannot exclude the possibility that the Group will fail or has failed to recognise material risks, such as material liabilities, in estimating the risks involved with the acquisition.

The Group may be impacted by changes in the availability or price of raw materials.

The supply and price of raw materials used to produce the Group's products can be affected by a number of factors beyond its control, including the level of crop production around the world, export demand, government regulations and legislation affecting agriculture, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions, various plant diseases and pests. The Group cannot predict future availability or prices of the products and materials required for its products. The markets in the relevant commodities may continue to experience price increases or suffer from disruptions in supply. The foregoing may affect the price and availability of ingredients that the Group uses to produce its products as well as the cans and bottles in which the Group's products are packaged. In particular, in recent years the Group has experienced significant input cost increases in the market prices of malt, barley and hops. Rising prices of oil, gasoline, natural gas and diesel fuel have also led to an increase in the cost of transport, glass and aluminium. The impact of this on the Group's profitability has been tempered through supply contracts for future requirements and an active hedging programme, combined with programmes to support development of local barley farming in India and China. However, such hedging measures may not provide complete protection over the longer term. If the Group cannot recapture these price increases through its sales to customers, or if volumes decrease as a result, the Group's revenues and/or profits may decrease, which could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, water availability is of utmost concern to the Group as the Group requires access to significant water resources to continue its operations. The Group has entered into partnerships with global, local and governmental partners in different regions to engineer a coordinated response to water stress. Despite these efforts, any stoppage, scarcity or interruption in water supply could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is dependent on its senior management and may fail to identify, develop and retain its current and future global management capability.

In order to develop, support and market its products, the Group must hire and retain skilled employees with particular expertise. Failure to maintain this capacity at a high level or maintain its effective organisational leadership process, which can capture shared learning and leverage global synergies and expertise, could jeopardise its growth potential.

In addition, various aspects of the Group's business depend on the continuing services and skills of key individuals of the Group, in particular, its senior management and executive directors. The Group has entered into employment contracts and taken other steps to encourage the retention of these individuals, and to identify and retain additional personnel, but if one or more of these key individuals retire or are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily or at all and its business, results of operations and financial condition could be materially adversely affected if certain key individuals either cease to be employed by the Group or their services cease to be available to the Group.

The Group operates in highly competitive markets.

Globally, brewers compete mainly on the basis of brand image, price, customer service, distribution networks and, particularly in developed markets, quality. While globally the beer industry is not highly concentrated, in many of the countries in which the Group has operations, including the United States, two or three brewers account for a very large proportion of the market and smaller local brewers make up the balance. Consolidation has significantly increased the capital base and geographic reach of the Group's other competitors in some of the markets in which they operate, as well as increasing the cost of competition, and competition is expected to increase further as the trend towards consolidation among companies in the beer industry continues. Examples of this trend include the acquisition in 2008 by InBev S.A.-N.V. of Anheuser-Busch Companies Inc. to form Anheuser-Busch InBev S.A.-N.V. ("**A-B InBev**"), the acquisition by Heineken N.V. of the Mexican and Brazilian beer businesses of Fomento Económico Mexicana S.A.B. de C.V. ("**FEMSA**") in 2010, and the Kirin Group's acquisition of Lion Nathan National Foods in 2009 and the Schincariol Group in 2011.

In addition to competition among brewers, the Group competes against alternative beverages on the basis of factors over which the Group has little or no control and that may result in fluctuations in demand for the Group's products. Such factors include variation and perceptions in health consciousness, changes in prevailing economic conditions, changes in the demographic make-up of target consumers, changing social trends and attitudes regarding alcoholic beverages and changes in consumer preferences for beverages.

Competition with brewers and producers of alternative beverages in its various markets could cause the Group to reduce pricing, increase capital, marketing and other expenditure or lose market share, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The jurisdictions in which the Group operates may adopt regulations that could increase costs and liabilities or could limit business activities.

The Group's business is highly regulated by the European Union and other national and local government entities and, in the case of MillerCoors, is subject to extensive regulation in the United States by federal, state and quasi-governmental authorities. These regulations govern many parts of the Group's operations, including brewing, bottling, branding, marketing and advertising, transportation, distributor relationships and sales. Other regulations governing taxation, environmental impact and labour relations also affect the Group's operations. Changes in any of the relevant regulations could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition. There can be no assurance that the Group will not incur material costs or liabilities in connection with its compliance with current applicable regulatory requirements or that such regulations will not interfere with, restrict or affect the Group's businesses.

The level of regulation to which the businesses of the Group are subject can be affected by changes in the public perception of beer consumption. Governmental bodies may respond to any public criticism by implementing further regulatory restrictions on opening hours, drinking ages or advertising, or by varying, revoking or suspending the licenses, permits or approvals under which the Group operates. Such steps could adversely affect the sale and consumption of beer and have a material adverse effect on the Group's business, financial condition and results of operations.

Tax, fees and excise costs in excess of the Group's existing provisions may arise from fiscal reforms, discriminatory excise taxes and restrictive legislative environments.

Various legislative authorities in those countries in which the Group operates consider proposals from time to time to impose additional excise and other taxes or fees on the production and sale of alcoholic beverages, including beer. Changes in such duties applicable to the Group's products affect the prices at which they are sold. Increases in the levels of fees, excise and other tax (either on an absolute basis or relative to the levels applicable to other alcoholic beverages) could have a significant adverse impact on sales volumes. In addition, there is no assurance that the operations of the Group's breweries and other facilities will not become subject to increased taxation by national, local or foreign authorities. Changes in corporate income tax rates or regulations on repatriation of dividends and capital would also adversely affect the Group's cash flow and its ability to distribute earnings to the Group.

The Group is facing increasing restrictions on the marketing, distribution and sale of alcohol.

In recent years, there has been increased social and political attention directed at the alcoholic beverage industry, particularly in the United States. The Group believes that this attention is the result of public concern over alcohol-related problems, including drunk driving, underage drinking and the health consequences of the misuse of alcohol. Such public concerns and any resulting restrictions may cause consumption trends to shift away from beer to non-alcoholic beverages. If, as a result of such concerns and restrictions, the social acceptability of beer were to decline significantly, sales of the Group's products could materially decrease.

The Group is exposed to financial market risks, including fluctuations in foreign exchange and interest rates, which create volatility in relation to its derivative contracts.

The Group uses derivative financial instruments to manage foreign exchange rate and interest rate risks, which expose the Group to movements in foreign exchange and interest rates. The Group's derivatives include interest rate swaps, cross currency swaps and forward foreign currency contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the Group in line with its risk management policies.

The accounting for these interest rate and foreign exchange rate hedging activities results in volatility in the Group's net assets caused by marking to market these derivative contracts at each balance sheet date. In addition, if derivatives are fixed at rates in excess of actual market rates, this may in the future reduce the Group's profitability. To the extent that the Group does not, or does not effectively, hedge its exposure to interest rate and foreign exchange rate fluctuations, the

Group may incur higher than expected interest and foreign exchange expenses, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group has exposure to the risk of litigation.

Companies in the alcoholic beverage industry are, from time to time, exposed to litigation relating to alcohol advertising, alcohol abuse problems or health consequences from the excessive consumption of alcohol. Increasing restrictions over alcoholic beverages increases the risk of non-compliance, which increases the likelihood of litigation claims. Moreover, changes in applicable laws regarding claimant's rights and collective action and the growing claim culture potentially increase the risks of litigation. If any such litigation results in fines, liability to pay damages or reputational damage to SABMiller or any member of the Group or its brands, this could have a material adverse effect on the Group.

Negative publicity against consumption of alcoholic beverages in general and beer consumption in particular may adversely affect the Group

Negative publicity regarding alcohol consumption generally and beer consumption specifically, whether medical in nature or otherwise, could adversely affect public perception of alcoholic beverages and negatively impact demand for the Group's products, which may result in a material adverse effect on the Group's business, results of operations and financial condition.

The Group's future capital needs may require that the Group seek debt financing, refinancing or additional equity funding, which may not be available or may be materially more expensive.

From time to time, the Group may be required to raise additional funds for its future capital needs or refinance its current funding through public or private financing, strategic relationships or other arrangements. However, due to the current economic uncertainty and recent crises in the global financial markets, there can be no assurance that the funding, if needed, will be available on attractive terms, or at all. Furthermore, any additional financing arrangements may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants.

In addition, debt financing, refinancing or additional equity funding may be materially more expensive due to the lack of liquidity in the market and the general lack of confidence in the equity markets. The Group's failure to raise capital when needed could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to environmental regulation by national, state and local agencies, including, in certain cases, regulations that impose liability without regard to fault.

The Group's operations are subject to environmental regulation by national and local agencies. These can result in liability or increased costs of operations which might adversely affect the Group's profits. The environmental regulatory climate in the markets in which the Group operates is becoming stricter, with greater emphasis on enforcement. It is anticipated that, in the medium to long term, environmental controls in most of the jurisdictions in which the Group operates will be brought up to the same standards as those existing in the United States and Western Europe.

While the Group has budgeted for future capital and operating expenditure to maintain compliance with environmental laws and regulations, there can be no assurance that the Group will not incur any environmental liability or that applicable environmental laws and regulations will not change or become more stringent in the future.

Change in the competition regulations in certain jurisdictions in which the Group has a leading market share may restrict the Group's ability to expand through strategic acquisitions.

In many of the countries in which the Group operates, including the United States and countries in Africa, Europe and Latin America, the Group has a leading position in the local beer markets. There can be no assurance that the introduction of new competition regulations in these markets would not have a material adverse effect on the Group's business by restricting the Group's ability to expand its operations through strategic acquisitions.

Certain of the Group's operations depend on independent distributors to sell its products.

Certain of the Group's operations, including MillerCoors, are highly dependent on independently owned wholesale distributors for distribution of their products for resale to retail outlets. There can be no assurance that these distributors, who often act both for the Group and its competitors, will not give the Group's competitors' products higher priority, thereby reducing their efforts to sell the Group's products. In addition, the regulatory environment of many states in the United States makes it very difficult to change distributors. In most cases, poor performance by a distributor is not a ground for replacement. The consequent inability of the Group to replace unproductive or inefficient distributors could have a material adverse effect on the Group's business.

The Group is dependent on sole suppliers for some of its key materials.

Certain companies within the Group currently purchase nearly all of their key packaging materials from sole suppliers under multi-year contracts. The loss or temporary discontinuity of supply from any of these suppliers without sufficient time to develop an alternative source could cause the Group to spend increased amounts on such supplies in the future.

If any of the Group's products are found to contain contaminants, the Group may be subject to product recalls or other liabilities which could cause it to incur significant additional costs.

The Group takes precautions to ensure that its beverage products are free from contaminants. Such precautions include quality-control programmes for primary materials, the production process and the Group's final products. The Group has established procedures to correct problems detected. Although the Group has not had any material problems in the past with contamination of any of its products, in the event that contamination occurs in the future, it may lead to business interruption, product recalls or liability, each of which could have an adverse effect on the Group's business, reputation, prospects, financial condition and results of operations. Although the Group maintains insurance policies against certain of these risks, it may not be able to enforce its rights in respect of these policies and, in the event contamination occurs, any amounts that the Group does recover may not be sufficient to offset any damage it may suffer.

The Group's results of operations depend heavily on maintaining good relations with its workforce.

The success of the Group depends upon maintaining good relations with its workforce. Management believes that the Group's relations with its employees and unions are satisfactory. A substantial majority of the Group's workforce in various of its operations is unionised. Any work stoppages or strikes could adversely affect the Group's ability to operate its businesses. There can be no assurance that any increase in labour costs would not have a material adverse effect on the Group's business.

There is a high incidence of HIV/AIDS in certain of the developing markets in which the Group operates.

The incidence of HIV/AIDS infection in developing markets, especially sub-Saharan Africa, is high, and prevalence rates are forecast to increase over the next decade, particularly in Africa, India and China. Those at risk may include both the Group's employees, giving rise to increased sickness and disability costs for the Group, and customers and consumers, resulting in a reduction in sales. There can be no assurance that the incidence of HIV/AIDS infection in the markets in which the Group operates will not have a material adverse effect on the Group's business.

The Group is reliant on the reputation of its brands and the protection of its intellectual property rights.

An event, or a series of events, that materially damages the reputation of one or more of the Group's brands could have an adverse effect on the value of that brand and subsequent revenue from that brand or business. The Group has invested considerable effort in protecting its brands, including the registration of trademarks and domain names. If the Group is unable to protect its intellectual property, any infringement or misappropriation could materially harm its future financial results, and ability to develop its business. Also, if the Group fails to ensure the relevance and attractiveness of its brands, and the enhancement of brand marketing, there is a risk that significant growth opportunities may not be realised and this could have a material adverse effect on the Group's business.

The Group is reliant on its information technology to conduct its business in the different regions in which the Group operates.

The Group is increasingly reliant on its information technology and systems as the Group maintains operations in different regions and relies on its information systems to maintain and improve its operational efficiency. Although the Group takes preventative measures to protect and secure its information systems, the Group's information systems may be vulnerable to different operational or security challenges including telecommunications failures, interruptions, security breaches and other types of interference. Any such interference may have a material adverse effect on the Group's business, results of operations and financial condition.

Failure by the Group to complete the delivery of its current business capability programme could have a negative impact.

The Group is executing a major business capability programme designed to simplify its business processes, reduce costs and allow local management teams to focus more closely on their own markets. If the Group fails for any reason to successfully deliver this programme as planned or to derive the expected benefits from the programme, there is a risk of increased programme costs, delays in benefit realisation, disruption to the business or a reduced competitive advantage. This could have a material adverse effect on the Group's business, results of operations and financial condition.

Adverse weather conditions may reduce the demand for the Group's products.

Demand for the Group's products may be affected by adverse weather conditions. Demand is affected by seasonal consumption cycles whereby the Group experiences the strongest demand for its products during the summer months in each of the regions in which the Group operates. Adverse weather conditions, especially in the summer months, when unseasonably cool or wet weather can affect sales volumes therefore may have a material adverse effect on the Group's results of operations and financial condition.

The Group may be negatively impacted by natural and other disasters.

The Group's business and operating results could be negatively impacted by natural, social, technical or physical risks or disruptions or disasters such as earthquakes, hurricanes, flooding, fire, water scarcity, power loss, loss of water supply, telecommunications failures, labour disputes, political instability, military conflict and uncertainties arising from terrorist attack, a global economic slowdown, the economic consequences of any military action and associated political instability.

Risk factors relating to the Notes

Investors in the Notes may have limited recourse against the independent auditors.

The Group Financial Information, which has been extracted without material adjustment from the Group Annual Reports, contains independent auditors' reports for each of the years ended 31 March 2011 and 2010 from PwC. These independent auditors' reports contain the following sentences: "This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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." These sentences purport to limit the scope of the independent auditor's duty of care in relation to such reports and the Group Financial Information to which they relate. If a US court (or any other court) were to give effect to this limitation, the recourse that investors in the Notes may have against PwC based on their reports or the Group Financial Information to which they relate could be limited. The US Securities and Exchange Commission would not permit such a limitation to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. See "*General Information – Auditors and nature of financial information*" for a description of the independent auditors' reports.

If an active trading market does not develop for the Notes, holders may not be able to resell them.

The Notes and the Guarantees have not been registered under the Securities Act. Accordingly, the Notes can only be offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Issuer and SABMiller do not intend subsequently to register the Notes for resale or to exchange a new series of registered notes for the Notes. There is no existing market for the Notes, and the Issuer and SABMiller can offer no assurance as to the liquidity of any market that may develop for the Notes, the ability of holders to sell their Notes or the prices at which Notes may be sold. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, the Group's operating results and the market for similar securities. Certain of the Initial Purchasers have advised the Issuer and SABMiller that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making at any time without notice.

The Notes and the Guarantees are unsecured obligations of the Issuer and the Guarantor, respectively.

The Notes will be senior unsecured indebtedness of the Issuer and will rank junior to all of the Issuer's existing and future secured obligations. Similarly, the Guarantees will be a senior unsecured obligation of SABMiller and will rank junior to all of SABMiller's existing and future secured obligations. The Notes will rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and will be effectively subordinated to all of the existing and future indebtedness and other liabilities of the subsidiaries and associated companies of the Issuer. Similarly, the Guarantees will rank equally in right of payment with all existing and future unsecured obligations of SABMiller and will be effectively subordinated to all of the existing and future indebtedness and other liabilities of the subsidiaries and associated companies of SABMiller. The terms of the Notes limit only the amount of additional indebtedness secured by principal properties or shares of companies that own principal properties that the Issuer or SABMiller can create, incur, assume or guarantee. For more information on the ranking of the Notes, see "*Description of the Notes*".

The Issuer and SABMiller must rely on payments from their respective subsidiaries to fund payments on the Notes and under the Guarantees, respectively.

The Issuer and SABMiller are holding companies with limited assets and limited ability to generate revenues. As such, the Issuer and SABMiller are each wholly-dependent on funding arrangements with their respective subsidiaries to meet their cash requirements, including paying amounts due under the Notes or (as the case may be) the Guarantees. If payments of dividends or other distributions from the Issuer's or (as the case may be) SABMiller's subsidiaries are not made, for whatever reason, the Issuer or (as the case may be) SABMiller may not have sufficient sources of funds available to make payments on the Notes or (as the case may be) the Guarantees. Holders will not have a direct claim on the cash flows or assets of the Issuer's or SABMiller's subsidiaries and those subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes or the Guarantees, or to make funds available to the Issuer or SABMiller for those payments. In addition, the ability of the Issuer's and SABMiller's subsidiaries to make payments, loans or advances to the Issuer or SABMiller may be limited by the laws of the relevant jurisdiction in which such subsidiaries are organised or located.

Use of Proceeds

The estimated net proceeds of the offering of the Notes will be approximately US$6,938,320,000 after deducting discounts, commissions and any expenses associated with the offering. The net proceeds will be used to repay in part the Issuer's debt obligations incurred to finance the acquisition of Foster's.

Consolidated Capitalisation and Indebtedness of SABMiller

The following table sets out the consolidated capitalisation and indebtedness of SABMiller as at 30 September 2011, unadjusted for the issue of the Notes. This table should be read in conjunction with the Group Financial Information and the other information in this Prospectus.

	As at 30 September 2011
	(unaudited) *(in US$ millions)*
Current borrowings (< 1 year)	1,142
Non-current borrowings (> 1 year)	6,788
Total debt(1)	7,930
Shareholders' equity	
Share capital	166
Share premium and other reserves	12,014
Retained earnings	9,420
Total shareholders' equity	21,600
Equity non-controlling interests	853
Total capitalisation and indebtedness(2)	30,383

(1) As at 30 September 2011, US$154 million of SABMiller's consolidated indebtedness was secured.

(2) Total capitalisation and indebtedness includes current and non-current borrowings, shareholders' equity and equity non-controlling interests.

On 16 December 2011, the Group completed the acquisition of Foster's. As a result it acquired Foster's borrowings, which amounted to approximately A$1,676 million (approximately US$1,797 million) as at 30 June 2011. The Group borrowed US$8,700 million and A$2,000 million (approximately US$2,021 million) to fund the acquisition.

Other than the transaction described above, there has been no material change in the consolidated capitalisation and indebtedness of SABMiller since 30 September 2011.

Selected Financial and Other Information

The following table sets forth summary consolidated financial information for the Group as at and for the six-month periods ended 30 September 2011 and 2010, and the years ended 31 March 2011, 2010 and 2009 prepared in accordance with IFRS.

The summary financial information in this section has been derived from the Group Financial Information included herein and should be read in conjunction with, and is qualified by reference to, such information.

Such information is also qualified by reference to, and should be read in conjunction with, "*Management's Discussion and Analysis of Financial Condition and Results of Operation*s" and the other information relating to the Group included elsewhere in this Prospectus.

	Six months ended 30 September		Years ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	(unaudited) *(in US$ millions)*		*(audited)* *(in US$ millions)*		
Consolidated income statement data					
Revenue	10,539	9,451	19,408	18,020	18,703
Operating profit	1,609	1,315	3,127	2,619	3,148
Net finance costs	(203)	(283)	(525)	(563)	(706)
Share of post-tax results of associates and joint ventures	635	658	1,024	873	516
Taxation	(556)	(523)	(1,069)	(848)	(801)
Profit for the period	1,485	1,167	2,557	2,081	2,157
Profit attributable to non-controlling interests	103	45	149	171	276
Profit attributable to equity shareholders	1,382	1,122	2,408	1,910	1,881
	1,485	1,167	2,557	2,081	2,157

	Six months ended 30 September		Years ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	(unaudited) *(in US$ millions)*		*(audited)* *(in US$ millions)*		
Consolidated cash flows					
Net cash generated from operating activities	1,719	1,346	3,043	3,277	2,183
Net cash used in investing activities	(178)	(60)	(517)	(1,172)	(2,014)
Net cash used in financing activities	(1,634)	(1,654)	(2,327)	(1,728)	(257)
Effects of exchange rate changes	13	21	25	90	22
Net (decrease)/increase in cash and cash equivalents	(80)	(347)	224	467	(66)
Cash and cash equivalents at 1 April	813	589	589	122	188
Cash and cash equivalents at end of period	733	242	813	589	122

	Six months ended 30 September		Years ended 31 March		
	2011	2010	2011	2010	2009
	(unaudited) *(in US$ millions)*		*(audited)* *(in US$ millions)*		
Consolidated balance sheet					
Non-current assets	33,863	34,601	34,864	33,604	28,156
Current assets	4,053	3,682	4,244	3,895	3,472
Total assets	37,916	38,283	39,108	37,499	31,628
Current liabilities	(5,650)	(6,315)	(6,013)	(5,978)	(5,345)
Non-current liabilities	(9,813)	(10,395)	(10,336)	(10,928)	(10,166)
Total liabilities	(15,463)	(16,710)	(16,349)	(16,906)	(15,511)
Net assets	22,453	21,573	22,759	20,593	16,117
Shareholders' equity	21,600	20,878	22,008	19,910	15,376
Non-controlling interests in equity	853	695	751	683	741
Total equity	22,453	21,573	22,759	20,593	16,117

	Six months ended 30 September		Years ended 31 March		
	2011	2010	2011	2010	2009
	(unaudited)		*(audited)*		
Other financial data					
EBITA margin (%)[1]	17.2	17.3	17.8	16.6	16.3
Adjusted EBITDA margin (%)[2]	21.9	22.2	22.9	21.7	20.9
Interest cover[3]	12.7x	9.7x	10.8x	9.3x	6.7x
Net debt to total equity (%)[4]	28.9	36.8	31.2	40.8	54.0
Cash flow to total borrowings (%)[5]	60.3	50.8	54.0	48.2	38.2

(1) EBITA margin (%) is calculated by expressing EBITA as a percentage of group revenue (including the Group's share of revenue from associates and joint ventures).

(2) Adjusted EBITDA margin (%) is calculated by expressing adjusted EBITDA as a percentage of revenue plus the Group's share of MillerCoors' revenue. Adjusted EBITDA comprises EBITDA before cash flows from exceptional items and includes dividends received from our joint venture MillerCoors.

(3) Interest cover is the ratio of adjusted EBITDA to adjusted net finance costs. Adjusted net finance costs 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.

(4) Net debt to total equity (%) is calculated by expressing gross debt (including borrowings, overdrafts, borrowings-related derivative financial instruments and finance leases) net of cash and cash equivalents (excluding overdrafts) as a percentage of total equity.

(5) Cash flow to total borrowings (%) is calculated by expressing net cash generated from operations for the 12 months to the end of the period as a percentage of gross debt (including borrowings, overdrafts and finance leases).

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, the Group Financial Information. The discussion includes forward-looking statements which involve risks and uncertainties. Prospective investors should review the "Risk Factors" set forth elsewhere in this Prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained herein.

Overview

SABMiller, together with its subsidiaries, associated companies and joint ventures, is, according to Canadean, one of the world's largest brewers, occupying a top-two market position by volume in many markets in which it operates, with group revenue[2], operating profit and lager volumes for the year ended 31 March 2011 of US$28,311 million, US$3,127 million and 218 million hectolitres respectively. As at 31 March 2011, the Group's total assets were US$39,108 million. The Group is also one of the largest bottlers and distributors of Coca-Cola products outside the United States.

The Group has brewing interests and distribution agreements across six continents, with a balance between fast-growing developing markets and cash-generative mature markets. The Group has a diverse portfolio of local, regional and global brands, including international premium beers such as Pilsner Urquell, Peroni Nastro Azzurro, MGD and Grolsch, along with market-leading local brands such as Aguila, Castle Lager, Miller Lite, Snow, Tyskie and Victoria Bitter.

SABMiller is a FTSE-100 company listed on the London and the Johannesburg stock exchanges. The Group has demonstrated significant growth, with market capitalisation growing from US$5,421 million as at 31 December 2000 to US$57,191 million as at 6 January 2012. Since the Group was first rated in 2003, SABMiller has been rated, and is currently rated as Baa1/stable outlook by Moody's and BBB+/stable outlook by S&P.

Segmental Reporting

The Group operates its businesses in seven operating segments: Latin America, Europe, North America, Africa, Asia Pacific (formerly Asia), South Africa Beverages and South Africa: Hotels and Gaming. The operating segments reflect the management structure of the Group and the way performance is evaluated and resources allocated based on group revenue and EBITA by the Group's chief operating decision maker, defined as the executive directors. An operating segment is a distinguishable business or geographical component of the Group that provides products or services that are different from those of other segments. Segments' results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Reportable segments are operating segments that meet certain quantitative thresholds set out in accordance with IFRS. The Group is focused geographically and, while historically not meeting the definition of reportable segments, the Group reported separately as segments Asia and South Africa: Hotels and Gaming as the Group believes this provided useful additional information.

Factors that affect the results of operations

Seasonality

Revenue across the Group's operating segments tends to be stronger in the summer months but, because of the diverse geographical profile of the businesses, which are located in both the Northern and Southern hemispheres, the impact of any regional seasonality does not have a material effect on the Group as a whole.

Currency translation effects

While translations of foreign currencies into US dollars impact the Group's financial statements, changes in the relative values of the currencies of the respective jurisdictions in which the Group operates do not generally have a material direct impact on the operating performance of local operations, as the majority of the associated revenues and costs arise within such jurisdictions.

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

Recent Developments

Anadolu Efes

In October 2011, the Group announced its intention to form a strategic alliance with Anadolu Efes. The Group intends to transfer its Russian and Ukrainian beer business to Anadolu Efes, and take a 24% equity stake in the enlarged group, which will be the vehicle for both groups' investments in Turkey, Russia, the CIS, Central Asia and the Middle East. Subject to finalisation of the definitive legal agreements and relevant regulatory approvals, the Group expects to complete the transaction before the end of the financial year ending 31 March 2012.

Kenya Breweries

On 25 November 2011, the Group disposed of its 20% interest in its associate Kenya Breweries Limited for a cash consideration of US$205 million.

Foster's Acquisition

On 16 December 2011, the Group completed the acquisition of Foster's for A$5.40 per share in cash, representing a total cash consideration of approximately A$10,483 million (approximately US$10,465 million).

The information set forth in this section has been derived or extracted from Foster's public information distributed prior to the acquisition of Foster's by the Group on 16 December 2011, and has not been verified by the Group. With respect to the financial information set forth below, neither the Group's nor Foster's independent accountants have performed any comfort or other procedure in relation to the inclusion of such information in this Prospectus.

Foster's is an iconic Australian beverages company with market leadership positions in both the beer and cider categories. Foster's portfolio of brands includes Victoria Bitter (number one regular beer), Carlton Draught (number one draught beer), Crown Lager (number one domestic premium beer), Corona (number one imported beer) and Strongbow (number one cider brand).

Foster's is primarily focused on brewing activities with the majority of its sales revenue generated by Carlton & United Brewers (CUB), its Australian and Pacific beer business, with the remainder generated by its Rest of World business. Subsequent to 30 June 2011, Foster's changed the composition of its divisions, with the Pacific beer business now included, together with the Rest of World, in International and Corporate included within CUB.

The following table sets forth the sales volumes, net sales revenues, EBIT and EBIT margins of the CUB and the Rest of World divisions of Foster's, together with Foster's cash conversion ratios and capital expenditure.*

	2011	2010	change %	
12 Months to 30 June	*A$ million (unless otherwise stated)*			
CUB				
Volume (millions 9L cases)	101.0	106.6	(5.3)	
NSR (A$ millions)	2228.8	2337.1	(4.6)	
EBIT (A$ millions)	847.8	904.1	(6.2)	
EBIT / NSR Margin (%)	38.0	38.7	(0.7)	pts
Rest of World				
Volume (millions 9L cases)	6.9	7.2	(4.2)	
NSR (A$ millions)	46.0	58.3	(21.1)	
EBIT (A$ millions)	18.0	18.0	—	
EBIT / NSR Margin (%)	39.1	30.9	8.2	pts
Total (excluding corporate costs)				
Volume (millions 9L cases)	107.9	113.8	(5.2)	
NSR (A$ millions)	2274.8	2395.4	(5.0)	
EBIT (A$ millions)	865.8	922.1	(6.1)	
EBIT / NSR Margin (%)	38.1	38.5	(0.4)	pts
Cash Conversion (%)	98.4	101.3	(2.9)	pts
Capex (A$ millions)	65.9	36.2		

Note: Sales volumes, net sales revenues, EBIT and EBIT margin are defined and measured differently to measures used by SABMiller.

* The following information is taken from Foster's Annual Report 2011.

The following table sets forth historical selected financial data of Foster's for each of the years ended 30 June as indicated.*

	2011	2010	2009
	A$ million (unless otherwise stated)		
Net sales revenue	2,274.8	2,395.4	2,346.3
Continuing EBIT from operations (prior to material items)			
– CUB and Rest of World	865.8	922.1	885.3
– Corporate	(49.1)	(34.7)	(24.4)
EBIT (Continuing business)	816.7	887.4	860.9
Net interest	(119.8)	(118.8)	(146.6)
Income tax expense(1)	(201.6)	(226.3)	(191.1)
Net profit attributable to non-controlling interests	(0.4)	(0.4)	(3.3)
Net profit from continuing operations (before material items)	494.9	541.9	519.9
Material items (after tax)	551.6	10.7	—
Discontinued operations – trading (after tax)(1)	99.3	156.4	205.6
Discontinued operations – material items (after tax)	(1,234.8)	(1,173.4)	(287.2)
Net (loss)/profit after tax	(89.0)	(464.4)	438.3
Cash Flow(2)			
Operating cash flow	749.5	934.7	884.9
Capital expenditure	(112.3)	(105.0)	(162.6)

(1) Income tax expense and Discontinued operations – trading (after tax) have been derived based on each year's effective tax rates.
(2) Includes contribution from discontinued operations. Discontinued operations relate to the Treasury Wine Estates business which was demerged effective 9 May 2011.
(3) Note: The financial measures used by Foster's are defined and measured differently to measures used by SABMiller.

Strategic alliance agreement with the Castel Group

With effect from 1 January 2012, the Group and Castel implemented a number of organisational changes in their African operations, as part of their strategic alliance agreement. The changes involved the combination of the operational management of the Castel and SABMiller businesses in Nigeria and Angola, with the Nigerian businesses now being managed by SABMiller, and the Angolan businesses now being managed by Castel, and a modification of the existing strategic alliance agreement to reflect that in future the groups will share, at the strategic alliance level, the aggregate profits and cash flows of their operations in Nigeria and Angola based primarily on the relative contributions of their businesses in each country. In Nigeria the businesses are of approximately equal size. In Angola, the Castel business is approximately three times as large as SABMiller's operations. Amendments have also been made to the terms of the strategic alliance agreement to provide for improved sharing of best practice and technical expertise, and a more precise methodology for the existing mutual pre-emptive rights over their respective beverage operations in Africa (excluding South Africa and Namibia). The existing strategic alliance agreement, pursuant to which SABMiller has a 20% shareholding in Castel, and Castel's holding company has a 38% shareholding in SABMiller's principal African holding company, is otherwise unchanged.

* The following information is taken from Foster's Annual Report 2011.

SABMiller Group Financial Information

The six-month period ended 30 September 2011 compared with the six-month period ended 30 September 2010

	Six months ended 30 September	
	2011	**2010**
	(unaudited) *(in US$ millions)*	
Revenue	10,539	9,451
Net operating expenses	(8,930)	(8,136)
Operating profit	1,609	1,315
Operating profit before exceptional items	1,784	1,596
Exceptional items	(175)	(281)
Net finance costs	(203)	(283)
Interest payable and similar charges	(423)	(489)
Interest receivable and similar income	220	206
Share of post-tax results of associates and joint ventures	635	658
Profit before taxation	2,041	1,690
Taxation	(556)	(523)
Profit for the period	1,485	1,167
Profit attributable to non-controlling interests	103	45
Profit attributable to equity shareholders	1,382	1,122
	1,485	1,167

Revenue

Revenue, excluding share of joint ventures and associates, was US$10,539 million for the six months ended 30 September 2011, representing an increase of 12% from US$9,451 million for the six months ended 30 September 2010. Revenue increased principally as a result of volume growth, mix benefits, selective price increases and positive currency translation effects.

Group revenue, including share of associates and joint ventures of US$5,149 million, was US$15,688 million for the six months ended 30 September 2011, representing an increase of 10% from US$14,236 million for the six months ended 30 September 2010. This represents, on an organic, constant currency basis, an increase of 6% for the period, which was driven by total beverage volume growth of 3% and a 3% improvement in the prices of the Group's products and the mix of products sold, with Latin America, Africa, Asia and South Africa Beverages being the more significant contributors. The impact of currency movements for the six months ended 30 September 2011 increased group revenue by 4%. Acquisitions and disposals did not have a material effect on the group revenue figure.

Net operating expenses

Net operating expenses were US$8,930 million for the six months ended 30 September 2011, representing an increase of 10% from US$8,136 million for the six months ended 30 September 2010. Net operating expenses included US$175 million of exceptional charges for the six months ended 30 September 2011 compared with US$281 million of exceptional charges in the comparative prior period. Excluding these exceptional items, net operating expenses increased by 11% for the six months ended 30 September 2011 compared with the comparative prior period as a result of higher raw material and packaging costs, marketing spend that increased in line with revenue to support brand development, increased fixed costs, reflecting additional spending to support sales, marketing and system capabilities across the Group's operations and the corporate centre and negative currency translation effects, partly offset by productivity initiatives across the Group's businesses.

Operating profit

Operating profit was US$1,609 million for the six months ended 30 September 2011, representing an increase of 22% from US$1,315 million for the six months ended 30 September 2010. Operating profit included US$175 million of exceptional charges for the six months ended 30 September 2011 compared with US$281 million of exceptional charges in the comparative prior period. Operating profit before exceptional items was US$1,784 million for the six months ended 30 September 2011, representing an increase of 12% from US$1,596 million for the six months ended 30 September 2010. Operating profit before exceptional items increased principally as a result of higher sales volumes, selective price increases, improved mix and productivity and positive currency translation effects, partially offset by higher raw material and packaging costs, marketing spend and fixed costs.

Exceptional items

Net exceptional charges of US$210 million before finance costs and tax were reported for the six months ended 30 September 2011 compared with exceptional costs of US$285 million for the six months ended 30 September 2010. These included net exceptional charges of US$35 million in the six months ended 30 September 2011 compared with US$4 million in the six months ended 30 September 2010 related to the Group's share of joint ventures' and associates' exceptional charges.

The net exceptional charge included US$115 million related to business capability programme costs principally in Latin America, Europe and the Corporate division, a charge of US$15 million in respect of the Broad-Based Black Economic Empowerment scheme in South Africa representing the ongoing IFRS 2 'Share-based Payment Transactions' charge in respect of the employee element of the scheme, transaction-related advisers' costs associated with the acquisition of Foster's, amounting to US$18 million in Corporate, an exceptional loss of US$15 million generated on the disposal of the distribution business in Italy and various integration and restructuring projects in Latin America which resulted in an exceptional charge of US$12 million.

The Group's share of associates' and joint ventures' exceptional items in the six months ended 30 September 2011 included charges of US$35 million related to the Group's share of the impairment of the Sparks brand in MillerCoors.

The net exceptional charges for the six months ended 30 September 2010 included US$155 million related to business capability programme costs in Latin America, Europe, Africa, Asia, South Africa Beverages and Corporate and a charge of US$126 million in respect of the Broad-Based Black Economic Empowerment transaction in South Africa which included 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 in the six months ended 30 September 2010 included a charge of US$4 million related to the Group's share of MillerCoors' integration and restructuring costs.

EBITA

EBITA is the Group's operating profit before exceptional items and amortisation of intangible assets (excluding software) and includes the Group's share of associates' and joint ventures' operating profit on a similar basis. EBITA was US$2,701 million for the six months ended 30 September 2011, representing an increase of 10% from US$2,466 million for the six months ended 30 September 2010. On an organic, constant currency basis, EBITA increased by 6% for the six months ended 30 September 2011, as a result of higher volumes and revenue, partly offset by increased raw material, packaging and marketing spend and higher fixed costs.

The Group's EBITA margin for the six months ended 30 September 2011 was 17.2%, as compared with 17.3% for the six months ended 30 September 2010.

Net finance costs

Net finance costs were US$203 million for the six months ended 30 September 2011, representing a decrease of 28% from US$283 million for the six months ended 30 September 2010, mainly as a result of the reduction in net debt.

Finance costs for the six months ended 30 September 2011 included a net gain of US$7 million compared with a net loss of US$1 million for the six months ended 30 September 2010 from the mark to market adjustments of various derivatives on capital items for which hedge accounting cannot be applied.

Finance costs in the six months ended 30 September 2011 also included a transaction-related net exceptional gain of US$19 million related to mark to market gains on derivative financial instruments partially offset by financing fees, both connected with the Foster's acquisition.

Interest payable and similar charges

Interest payable and similar charges were US$423 million for the six months ended 30 September 2011, representing a decrease of 13% from US$489 million for the six months ended 30 September 2010. Interest payable and similar charges decreased principally as a result of the reduction in net debt.

Interest receivable and similar income

Interest receivable and similar income was US$220 million for the six months ended 30 September 2011, representing an increase of 7% from US$206 million for the six months ended 30 September 2010. Interest receivable and similar income increased principally as a result of the exceptional mark to market gains on derivative financial instruments connected with the Foster's acquisition.

Share of post-tax results of associates and joint ventures

Share of post-tax results of associates and joint ventures was US$635 million for the six months ended 30 September 2011, representing a decrease of 3% from US$658 million for the six months ended 30 September 2010. Share of post-tax results of associates and joint ventures decreased principally as a result of lower profits generated by MillerCoors, partly offset by increased profits of the Group's associates in Africa.

Profit before taxation

Profit before taxation was US$2,041 million for the six months ended 30 September 2011, representing an increase of 21% from US$1,690 million for the six months ended 30 September 2010. Profit before taxation included net exceptional charges of US$191 million for the six months ended 30 September 2011 compared with net exceptional charges of US$285 million for the six months ended 30 September 2010. Excluding these exceptional items, profit before taxation increased by 13% for the six months ended 30 September 2011 as a result of higher volumes and revenue and positive currency translation effects, partly offset by increased input, marketing and fixed costs.

Taxation

Taxation was US$556 million for the six months ended 30 September 2011, representing an increase of 6% from US$523 million for the six months ended 30 September 2010. Taxation increased principally as a result of increased profitability, partly offset by a lower effective tax rate. The effective tax rate, before the amortisation of intangible assets (excluding software) and exceptional items of 28.5% was lower than the 29.0% for the six months ended 30 September 2010 principally reflecting the Group's successful appeal relating to Russian royalty cases, and general tax efficiencies throughout the Group.

Profit for the period

As a result of the balance of all of the foregoing, profit was US$1,485 million for the six months ended 30 September 2011, representing an increase of 27% from US$1,167 million for the six months ended 30 September 2010.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests was US$103 million for the six months ended 30 September 2011, representing an increase of 129% from US$45 million for the six months ended 30 September 2010. Profit attributable to non-controlling interests increased principally as a result of higher profits in Africa.

Profit attributable to equity shareholders

Profit attributable to equity shareholders was US$1,382 million for the six months ended 30 September 2011, representing an increase of 23% from US$1,122 million for the six months ended 30 September 2010. Profit attributable to equity shareholders increased principally as a result of higher volumes and revenue, lower finance costs and favourable currency movements, partly offset by increased input, marketing and fixed costs and increased tax charges.

The year ended 31 March 2011 compared with the year ended 31 March 2010

	Years ended 31 March	
	2011	**2010**
	(audited) *(in US$ millions)*	
Revenue	19,408	18,020
Net operating expenses	(16,281)	(15,401)
Operating profit	3,127	2,619
Operating profit before exceptional items	3,563	3,091
Exceptional items	(436)	(472)
Net finance costs	(525)	(563)
Interest payable and similar charges	(883)	(879)
Interest receivable and similar income	358	316
Share of post-tax results of associates and joint ventures	1,024	873
Profit before taxation	3,626	2,929
Taxation	(1,069)	(848)
Profit for the year	2,557	2,081
Profit attributable to non-controlling interests	149	171
Profit attributable to equity shareholders	2,408	1,910
	2,557	2,081

Revenue

Revenue, excluding share of associates and joint ventures, was US$19,408 million for the year ended 31 March 2011, representing an increase of 8% from US$18,020 million for the year ended 31 March 2010. Revenue increased principally as a result of increased volumes, selective price increases and favourable brand mix.

Group revenue, including share of associates and joint ventures of US$8,903 million, was US$28,311 million for the year ended 31 March 2011, representing an increase of 7% from US$26,350 million for the year ended 31 March 2010. This represents, on an organic, constant currency basis, an increase of 5% for the year, which was driven equally by volume growth and price/mix gains in all regions with Africa, Asia and South Africa Beverages being the more significant contributors. The impact of currency movements for the year ended 31 March 2011 increased group revenue by 2%. Acquisitions and disposals did not have a material effect on the group revenue figure.

Net operating expenses

Net operating expenses were US$16,281 million for the year ended 31 March 2011, representing an increase of 6% from US$15,401 million for the year ended 31 March 2010. Net operating expenses included US$436 million of exceptional charges for the year ended 31 March 2011 compared with US$472 million of exceptional charges in the previous year. Excluding these exceptional items, net operating expenses increased by 6% for the year ended 31 March 2011 compared with the previous year, broadly in line with the increase in revenue, and principally as a result of increased investment to support and develop the Group's brands, partly offset by a marginal reduction in raw material costs.

Operating profit

Operating profit was US$3,127 million for the year ended 31 March 2011, representing an increase of 19% from US$2,619 million for the year ended 31 March 2010. Operating profit included US$436 million of exceptional losses for the year ended 31 March 2011 and US$472 million in the previous year. Operating profit before exceptional items was US$3,563 million for the year ended 31 March 2011, representing an increase of 15% from US$3,091 million for the year ended 31 March 2010. Operating profit before exceptional items increased principally as a result of growth in volume and revenue and assisted by the strength of key operating currencies against the US dollar compared with the prior year, partially offset by increased investment to support and develop brands.

Exceptional items

Net exceptional charges of US$467 million before finance costs and tax were incurred in the year ended 31 March 2011, compared with net exceptional charges of US$490 million in the year ended 31 March 2010. These included net exceptional charges of US$31 million in the year ended 31 March 2011 compared with net exceptional charges of US$18 million in the year ended 31 March 2010, which related to the Group's share of associates' and joint ventures' exceptional charges.

The net exceptional charge in the year ended 31 March 2011 included US$296 million related to business capability programme costs in Latin America, Europe, Africa, South Africa Beverages and the Corporate division; US$98 million related to impairment charges following the classification of the in-house distribution business in Italy as held for sale and the closure of the Cluj brewery in Romania; a charge of US$149 million in respect of the Broad-Based Black Economic Empowerment scheme in South Africa which included 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; a profit of US$159 million related to the partial disposal of the Group's shareholding in Tsogo Sun Holdings (Pty) Ltd ("**Tsogo Sun**") as part of the Tsogo Sun / Gold Reef Resorts Ltd ("**GRR**") merger; and a charge of US$52 million related to restructuring costs in Europe.

The Group's share of associates' and joint ventures' exceptional items in the year ended 31 March 2011 included a charge of US$5 million related to the Group's share of MillerCoors' integration and restructuring costs and US$26 million related to the Group's share of the impairment loss on Tsogo Sun's existing holding in GRR as a result of the merger transaction between these two businesses and costs associated with the transaction.

The net exceptional charges for the year ended 31 March 2010 included US$325 million related to business capability programme costs in Latin America, Europe, Africa, South Africa Beverages and the Corporate division; US$78 million related to integration and restructuring costs in Europe and Latin America; US$45 million related to the impairment of property, plant and equipment in Latin America; US$11 million in respect of costs of the transaction for the Broad-Based Black Economic Empowerment scheme in South Africa, and US$13 million related to transaction services in the Corporate division.

The Group's share of associates' and joint ventures' exceptional items in the year ended 31 March 2010 included charges of US$14 million related to the Group's share of MillerCoors' integration and restructuring costs and US$4 million related to the Group's share of the unwinding of fair value adjustments to inventory in MillerCoors.

EBITA

EBITA was US$5,044 million for the year ended 31 March 2011, which represented a 15% increase from US$4,381 million for the year ended 31 March 2010. On an organic, constant currency basis, EBITA increased by 12% for the year ended 31 March 2011, assisted by the strength of key operating currencies against the US dollar compared with the prior year, and as a result of revenue growth and a marginal reduction in raw material costs.

The Group's EBITA margin for the year ended 31 March 2011 was 17.8%, as compared with 16.6% for the year ended 31 March 2010.

Net finance costs

Net finance costs were US$525 million for the year ended 31 March 2011, representing a decrease of 7% from US$563 million for the year ended 31 March 2010 mainly as a result of the reduction in net debt.

Finance costs for the year ended 31 March 2011 included a net loss of US$7 million, compared with a net loss of US$8 million for the year ended 31 March 2010, from the mark to market adjustments of various derivatives on capital items for which hedge accounting cannot be applied.

Finance costs for the year ended 31 March 2010 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.

Interest payable and similar charges

Interest payable and similar charges were US$883 million for the year ended 31 March 2011, in line with the figure of US$879 million for the year ended 31 March 2010.

Interest receivable and similar income

Interest receivable and similar income was US$358 million for the year ended 31 March 2011, representing an increase of 13% from US$316 million for the year ended 31 March 2010. Interest receivable and similar income increased principally as a result of fair value gains on standalone derivatives.

Share of post-tax results of associates and joint ventures

Share of post-tax results of associates and joint ventures was US$1,024 million for the year ended 31 March 2011, representing an increase of 17% from US$873 million for the year ended 31 March 2010. Share of post-tax results of associates and joint ventures increased principally as a result of increased profits from MillerCoors and the inclusion of the results of the Group's associate in Zimbabwe, Delta Corporation Limited, effective 1 April 2010 following the effective 'dollarisation' of the Zimbabwe economy in 2009, the end of hyperinflation and the stabilisation of the local economy.

Profit before taxation

Profit before taxation was US$3,626 million for the year ended 31 March 2011, representing an increase of 24% from US$2,929 million for the year ended 31 March 2010. Profit before taxation included a net exceptional charge of US$467 million for the year ended 31 March 2011 compared with a net exceptional charge of US$507 million in the previous year. Excluding these exceptional items, profit before taxation increased by 19% for the year ended 31 March 2011 as a result of higher revenue, improved profitability of associates and joint ventures, and lower finance costs.

Taxation

Taxation was US$1,069 million for the year ended 31 March 2011, representing an increase of 26% from US$848 million for the year ended 31 March 2010. Taxation increased principally as a result of increased profitability, partly offset by a lower effective tax rate. The effective tax rate, before the amortisation of intangible assets (excluding software) and exceptional items was 28.2%, a decrease compared with 28.5% for the year ended 31 March 2010, principally as a result of a beneficial mix of profits between operating territories, changes in tax legislation in Europe, and the resolution of various uncertain tax positions.

Profit for the year

As a result of the balance of all the foregoing, profit was US$2,557 million for the year ended 31 March 2011, representing an increase of 23% from US$2,081 million for the year ended 31 March 2010.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests was US$149 million for the year ended 31 March 2011, representing a decrease of 13% from US$171 million for the year ended 31 March 2010. Profit attributable to non-controlling interests decreased principally as a result of the buy-out of non-controlling interests in Poland during the year ended 31 March 2010.

Profit attributable to equity shareholders

Profit attributable to equity shareholders was US$2,408 million for the year ended 31 March 2011, representing an increase of 26% from US$1,910 million for the year ended 31 March 2010. Profit attributable to equity shareholders increased principally as a result of increased revenue, improved profitability of associates and joint ventures and lower finance costs.

The year ended 31 March 2010 compared with the year ended 31 March 2009

	Years ended 31 March	
	2010	**2009**
	(audited) *(in US$ millions)*	
Revenue	18,020	18,703
Net operating expenses	(15,401)	(15,555)
Operating profit	2,619	3,148
Operating profit before exceptional items	3,091	3,146
Exceptional items	(472)	2
Net finance costs	(563)	(706)
Interest payable and similar charges	(879)	(1,301)
Interest receivable and similar income	316	595
Share of post-tax results of associates and joint ventures	873	516
Profit before taxation	2,929	2,958
Taxation	(848)	(801)
Profit for the year	2,081	2,157
Profit attributable to non-controlling interests	171	276
Profit attributable to equity shareholders	1,910	1,881
	2,081	2,157

Revenue

Revenue, excluding share of associates and joint ventures, was US$18,020 million for the year ended 31 March 2010, representing a decrease of 4% from US$18,703 million for the year ended 31 March 2009. Revenue decreased principally as a result of the formation of the MillerCoors joint venture at the end of the first quarter of the year ended 31 March 2009 and the resultant exclusion of the Group's share of MillerCoors' revenue from the statutory measure of revenue from that date.

Group revenue, including share of associates and joint ventures of US$8,330 million, was US$26,350 million for the year ended 31 March 2010, representing an increase of 4% from US$25,302 million for the year ended 31 March 2009. This represented, on an organic, constant currency basis, an increase of 4% for the year, which was driven by price/mix gains as organic volumes were in line with the previous year, with South Africa Beverages and Africa being the most significant contributors. The impact of currency movements for the year ended 31 March 2010 was negligible in relation to group revenue and the net impact of acquisitions and disposals did not have a material effect on group revenue.

Net operating expenses

Net operating expenses were US$15,401 million for the year ended 31 March 2010, representing a decrease of 1% from US$15,555 million for the year ended 31 March 2009. Net operating expenses included net exceptional charges of US$472 million for the year ended 31 March 2010 compared with a net exceptional gain of US$2 million in the year ended 31 March 2009. Excluding these exceptional items, net operating expenses decreased by 4% for the year ended 31 March 2010 compared with the previous year principally as a result of the exclusion of the Group's share of MillerCoors' operating expenses for the full 12 month period, focus on cost management and productivity, with synergies and cost restructuring benefits offsetting increases in depreciation, paycost inflation and, in some markets, increased investment in brand and retail execution.

Operating profit

Operating profit was US$2,619 million for the year ended 31 March 2010, representing a decrease of 17% from US$3,148 million for the year ended 31 March 2009. Operating profit included net exceptional costs of US$472 million for the year ended 31 March 2010 and a net exceptional gain of US$2 million in the year ended 31 March 2009. Operating profit before exceptional items was US$3,091 million for the year ended 31 March 2010, representing a decrease of 2% from US$3,146 million for the year ended 31 March 2009. Operating profit before exceptional items decreased principally as a result of a decrease in revenue primarily related to the exclusion of the Group's share of MillerCoors' revenue, which was partially offset by increased productivity and cost restructuring benefits.

Exceptional items

Net exceptional charges of US$490 million before finance costs and tax were reported during the year ended 31 March 2010 compared with net exceptional charges of US$89 million in the year ended 31 March 2009. These included net exceptional charges of US$18 million in the year ended 31 March 2010 compared with US$91 million in the year ended 31 March 2009 related to the Group's share of associates' and joint ventures' exceptional charges.

The net exceptional charges in the year ended 31 March 2010 included US$325 million related to business capability programme costs in Latin America, Europe, Africa, South Africa: Beverages and the Corporate division; US$78 million related to integration and restructuring costs in Europe and Latin America; US$45 million related to the impairment of property, plant and equipment in Latin America; US$11 million in respect of costs of the transaction for the Broad-Based Black Economic Empowerment scheme in South Africa; and US$13 million related to transaction costs in the Corporate division.

The Group's share of associates' and joint ventures' exceptional items in the year ended 31 March 2010 included charges of US$14 million related to the Group's share of MillerCoors' integration and restructuring costs and US$4 million related to the Group's share of the unwinding of fair value adjustments to inventory in MillerCoors.

In 2009, net exceptional charges included US$110 million related to integration and restructuring costs in Latin America, Europe and North America; US$392 million related to impairments in Europe; US$9 million related to the unwinding of fair value adjustments on inventory related to the acquisition of Grolsch; and US$13 million in relation to litigation in Latin America, partially offset by a US$437 million profit on the deemed disposal of 42% of the US and Puerto Rico operations of the Miller business into the MillerCoors joint venture and a US$89 million profit in Latin America on the disposal of the water business in Colombia and the soft drinks business in Bolivia. The Group's share of associates' and joint ventures' exceptional items in 2009 included charges of US$38 million related to the Group's share of impairment of the Sparks brand in MillerCoors; US$33 million related to the Group's share of MillerCoors' integration and restructuring costs; US$13 million related to the Group's share of the unwinding of fair value adjustments to inventory in MillerCoors; and US$7 million related to the Group's share of fair value mark to market losses on financial instruments at South Africa: Hotels and Gaming.

EBITA

EBITA was US$4,381 million for the year ended 31 March 2010, representing an increase of 6% from US$4,129 million for the year ended 31 March 2009. EBITA increased principally as a result of price increases taken in the prior year and improved productivity. On an organic, constant currency basis, EBITA grew 6% for the year ended 31 March 2010.

The Group's EBITA margin for the year ended 31 March 2010 increased to 16.6% as compared with 16.3% for the year ended 31 March 2009.

Net finance costs

Net finance costs were US$563 million for the year ended 31 March 2010, representing a decrease of 20% from US$706 million for the year ended 31 March 2009. Net finance costs decreased principally as a result of lower interest rates.

Finance costs for the year ended 31 March 2010 included a net loss of US$8 million, compared with a net loss of US$27 million for the year ended 31 March 2009, from the mark to market adjustments of various derivatives on capital items for which hedge accounting cannot be applied.

Finance costs for the year ended 31 March 2010 also included a charge of US$17 million related to a change in valuation methodology of financial instruments as part of the business capability programme. Finance costs in the year ended 31 March 2009 included an exceptional gain arising on the early termination of financial derivatives.

Interest payable and similar charges

Interest payable and similar charges were US$879 million for the year ended 31 March 2010, representing a decrease of 32% from US$1,301 million for the year ended 31 March 2009. Interest payable and similar charges decreased principally as a result of lower interest rates and favourable foreign exchange impacts on financing activities.

Interest receivable and similar income

Interest receivable and similar income was US$316 million for the year ended 31 March 2010, representing a decrease of 47% from US$595 million for the year ended 31 March 2009. Interest receivable and similar income decreased principally as a result of reduced fair value gains on various derivatives.

Share of post-tax results of associates and joint ventures

Share of post-tax results of associates and joint ventures was US$873 million for the year ended 31 March 2010, representing an increase of 69% from US$516 million for the year ended 31 March 2009. Share of post-tax results of associates and joint ventures increased principally as a result of the formation of the MillerCoors joint venture at the end of the first quarter of the year ended 31 March 2009 and the resultant inclusion of the Group's share of MillerCoors' post-tax results in the reported statutory measure of post-tax results of associates and joint ventures from that date.

Profit before taxation

Profit before taxation was US$2,929 million for the year ended 31 March 2010, representing a decrease of 1% from US$2,958 million for the year ended 31 March 2009. Profit before taxation included net exceptional charges of US$507 million for the year ended 31 March 2010 and net exceptional charges of US$69 million in the year ended 31 March 2009. Excluding these exceptional items, profit before taxation increased by 14% for the year ended 31 March 2010 as a result of revenue increases, improved productivity and lower net finance costs.

Taxation

Taxation was US$848 million for the year ended 31 March 2010, representing an increase of 6% from US$801 million for the year ended 31 March 2009. Taxation increased principally as a result of increased underlying core profitability before exceptional items. The effective tax rate, before the amortisation of intangible assets (excluding software) and exceptional items, was 28.5%, a decrease compared with 30.2% for the year ended 31 March 2009, principally as a result of a more beneficial geographic mix of earnings, reduced levels of withholding and local taxes, releases of some provisions in Latin America and Russia following the satisfactory resolution of certain tax matters and general efficiency initiatives in the management of the Group's effective tax rate.

Profit for the year

As a result of the balance of all of the foregoing, profit was US$2,081 million for the year ended 31 March 2010, representing a decrease of 4% from US$2,157 million for the year ended 31 March 2009.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests was US$171 million for the year ended 31 March 2010, representing a decrease of 38% from US$276 million for the year ended 31 March 2009. Profit attributable to non-controlling interests decreased principally as a result of the buy-out of non-controlling interests in Poland during the year ended 31 March 2010.

Profit attributable to equity shareholders

Profit attributable to equity shareholders was US$1,910 million for the year ended 31 March 2010, representing an increase of 2% from US$1,881 million for the year ended 31 March 2009. Profit attributable to equity shareholders increased principally as a result of revenue increases, improved productivity, lower net finance costs and lower profit attributable to non-controlling interests.

Segmental analysis

The following table shows group revenue (including share of associates and joint ventures) and EBITA (including share of associates' and joint ventures' profit where relevant, but excluding operating exceptional items and corporate costs) for: (i) Latin America, (ii) Europe, (iii) North America, (iv) Africa, (v) Asia, (vi) South Africa: Beverages and (vii) South Africa: Hotels and Gaming for the six months ended 30 September 2011 and 2010, and for the years ended 31 March

2011, 2010 and 2009, each in accordance with IFRS. Following the completion of the Foster's acquisition in December 2011, the Asia segment has been renamed the Asia Pacific segment.

	Six months ended 30 September		Years ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	(unaudited) *(in US$ millions)*		*(audited)* *(in US$ millions)*		
Group Revenue					
Latin America	3,396	2,971	6,335	5,905	5,495
Europe	3,268	3,040	5,394	5,577	6,145
North America	2,830	2,865	5,223	5,228	5,227
Africa	1,839	1,506	3,254	2,716	2,567
Asia	1,439	1,193	2,026	1,741	1,565
South Africa: Beverages	2,669	2,432	5,598	4,777	3,955
South Africa: Hotels and Gaming	247	229	481	406	348
EBITA					
Latin America	797	676	1,620	1,386	1,173
Europe	570	549	887	872	944
North America	452	480	741	619	581
Africa	327	258	647	565	562
Asia	138	110	92	71	80
South Africa: Beverages	446	394	1,067	885	764
South Africa: Hotels and Gaming	67	63	137	122	122

Latin America

The Group's brewing and beverage operations cover seven countries across South and Central America: Argentina, Colombia, Ecuador, El Salvador, Honduras, Panama and Peru. It is the largest brewer by market share in each of those countries except Argentina. The Group also bottles Coca-Cola products in El Salvador and Honduras and Pepsico and Schweppes products in Panama.

Discussion of results of operations for Latin America for the six-month periods ended 30 September 2011 and 2010

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in Latin America was US$3,396 million for the six months ended 30 September 2011, representing an increase of 14% from US$2,971 million for the six months ended 30 September 2010. Revenues increased principally as a result of increased sales volumes, strong growth from the upper mainstream segment delivering mix benefits and selected price increases across the region.

Lager and soft drinks (comprising malt beverages, sparkling soft drinks, water and juices) volumes were 20 million hl and 9 million hl, respectively, for the six months ended 30 September 2011, showing increases of 9% and 12%, respectively, on the equivalent period of the previous year.

In Colombia, lager volumes rose by 7% for the six months ended 30 September 2011, benefiting from a price restraint strategy, new creative platforms and marketing campaigns for the Group's core brands, activations around the FIFA Under-20's World Cup and improved trade execution in key consumption occasions and channels. Volume growth also benefited from a more buoyant economy, the cycling of the February 2010 VAT increase and more favourable weather conditions than in the prior period. The light beer category showed continued momentum with upper mainstream Aguila Light growing at 49% compared with the prior year. Premium segment volumes grew 25%, helped by the permanent listing of the previously seasonal Club Colombia Roja variant, which attracted new consumers to the beer category. In the non-alcoholic malts category, Pony Malta recorded double-digit growth aided by the introduction of a new smaller pack together with increased distribution reach.

In Peru, lager volumes grew by 11% for the six months ended 30 September 2011, underpinned by further gains in beer market share of over 270 basis points (''**bps**''), in part reflecting the successful repositioning and new packaging of Pilsen Callao in the upper mainstream segment, and assisted by a buoyant economy. The local premium brand, Cusqueña, grew volumes by 25%, capitalising on its association with Peruvian heritage and the centenary of the rediscovery of Machu Picchu. The flagship mainstream brand, Cristal, grew volumes by 11%, supported by strong brand activation, football sponsorship, further expansion of refrigeration at the point of sale and execution in new consumption occasions. Positive mix was delivered by strong growth in the premium segment and the repositioning of Pilsen Callao as an upper mainstream brand.

In Ecuador, lager volumes increased by 5% for the six months ended 30 September 2011. The direct service model significantly improved outlet coverage and captured share of total alcohol from the informal sector, resulting in an increase in beer share of total alcohol of over 360 bps. The premium brand, Club, delivered double-digit volume growth while the Group's flagship brand, Pilsener, continued to benefit from new marketing campaigns and increased presence and participation at events. Pilsener Light, an upper mainstream variant, continued to grow following the successful launch of a new returnable pack in July 2011.

In Panama, total volumes were up by 2%, although market share declined marginally as competition intensified in the lager category. Lager mix improved following the successful launch of Miller Lite, which together with the good performance of MGD assisted in elevating the Group to the leading position in the premium segment, according to Nielsen. The Group's mainstream brand, Atlas, returned to growth following the launch of a new creative platform and improvements in trade execution, while Balboa continued its growth momentum.

Honduras delivered double-digit volume growth across both lager and soft drinks during the six months ended 30 September 2011. Lager volumes were up 16%, underpinned by an affordability strategy across both the traditional channel (with bulk packs) and the modern trade (with cans), which drove the Group's share of alcohol up nearly 500 bps. Soft drinks volume growth was supported by a strong performance of the Jugos Del Valle juice brand and the Nestea brand following their launch in September and December 2010, respectively.

El Salvador also delivered a strong performance, with double-digit lager volume growth in the six months ended 30 September 2011, as compared with the six months ended 30 September 2010, largely due to the launch of a mainstream bulk pack as part of the Group's affordability strategy. The premium segment was revitalised with the relaunch of Suprema and the introduction of a new returnable pack, as well as the MGD brand launch. Soft drinks volumes grew 9%, benefiting from improved reach and cooler penetration.

EBITA

EBITA increased by 18% to US$797 million for the six months ended 30 September 2011 from US$676 million for the six months ended 30 September 2010, principally as a result of increased volumes, improved product mix, selective pricing and fixed cost productivity, partially offset by negative currency translation effects, moderate raw material price increases, together with increased investment behind brands and market facing capabilities.

EBITA margin increased to 23.5% for the six months ended 30 September 2011 from 22.7% for the six months ended 30 September 2010.

Discussion of results of operations for Latin America for the two years ended 31 March 2011 and 2010

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in Latin America was US$6,335 million for the year ended 31 March 2011, representing an increase of 7% from US$5,905 million for the year ended 31 March 2010. Revenues increased principally as a result of selective price increases and mix benefits, also assisted by inorganic growth through the acquisition of the beer business in Argentina.

Lager and soft drinks volumes (comprising malt beverages, sparkling soft drinks, water and juices) were 38 million hl and 16 million hl respectively for the year ended 31 March 2011, representing an increase of 1% in lager volumes from the previous year, and a decrease of 1% in soft drinks volumes from the previous year.

In Colombia, lager volumes decreased by 6% for the year ended 31 March 2011 as a result of the emergency VAT increase levied on the beer category in February 2010, exceptional rainfall with widespread flooding in a number of regions impacting consumer demand and product distribution, as well as a number of 'dry days' around elections. As a result of the decrease in volumes and the aguardiente (a local spirit) sector benefiting from the impact of the VAT increase for beer only, total alcohol market share, according to Nielsen, declined to 62% in the year ended 31 March 2011, from 66% in the prior year. Group revenue was impacted by decreased lager volumes, partially offset by improved mix. The Group enhanced its brand mix by growing its upper mainstream segment, with Aguila Light up by over 50% and the successful introduction of Poker Ligera, a functional light beer, and Club Colombia Roja, a local premium brand, while seeding MGD as a premium brand in high end outlets in a number of major cities. Redd's, which has been attracting a wider female following, grew by 6%. The Group continued to enhance the availability of cold beer and placed a further 19,000 fridges in the market. The Group's non-alcoholic malt beverage, Pony Malta, benefited from expansion of availability and the launch of a new small pack size, the Pony Mini.

Peru saw GDP growth of 8.8% in 2011, on the back of which lager volumes were up by 10% for the year ended 31 March 2011. The Group continued to grow beer market share by volume to 92%, according to Nielsen, and achieved a higher value share. The Group's brand portfolio was enhanced through the repositioning of Pilsen Callao, which grew by 18%, as an upper mainstream brand at a higher price point. MGD was launched, while the Group's local premium brand Cusqueña gained further outlet penetration as a new seasonal variant was launched selling at a higher price point. Pilsen Trujillo continued to provide an effective defence against competitor economy brands and took volume from the informal alcohol segment. The Group's strategy of profitable revenue growth included selective price increases during the year, as well as improved brand and pack mix. Further capital investments were made to meet capacity requirements, given the high level of growth, while the production grid efficiency was enhanced with the closure of the Trujillo plant and the transfer of this capacity to the Motupe and Ate plants.

Ecuador achieved lager volume growth of 1% with improved product availability and increased sales coverage helping to offset government restrictions on alcohol with a ban on Sunday alcohol sales introduced in June 2010. Premium brands performed well, led by the local premium brand Club, with volumes up 5%. The new 225ml Pilsener offering launched in January 2010 saw strong performance and helped enhance sales mix. These actions helped maintain the Group's share of the alcohol market at 46%, according to Nielsen.

Honduras delivered strong growth in both lager and soft drinks while strengthening margins, despite a challenging social environment with increased violence and the highest rainfall in the last 30 years. Lager volumes ended the year up 1%, with double digit growth in the last quarter. The Group's alcohol market share improved from 49% to a historical high of 50%. Soft drinks saw a significant positive trend in the second half of the year, with the Group's share of sparkling soft drinks increasing to 58%, up from 56% in the prior year. However, volumes remained below the prior year due to price increases taken to recover an excise tax increase. Two new categories of soft drinks were also introduced with the launch of the Jugos Del Valle juice brand and Nestea.

In Panama, total volumes increased by 2%, with lager volumes level with the prior year amid an increasingly competitive environment where the Group's beer market share declined marginally to 69%. Mix improvements were encouraging, boosted in the last quarter by the introduction of Miller Lite in the premium segment. The Group's portfolio of soft drinks grew volumes by 3%, supported by a solid performance of Malta Vigor and increases in outlet coverage.

In El Salvador, domestic lager volumes were in line with the prior year while soft drinks declined by 5%. Volumes suffered from challenging economic conditions, an increase in social unrest, poor weather and two increases in beer taxes. Soft drinks volumes were also impacted by the Group's strategy to cut back on non-core brands, and the Group's share of the sparkling soft drinks market fell from 55% to 54%.

In November 2010, the Group entered Argentina with the acquisition of Cervecería Argentina SA Isenbeck ("**CASA Isenbeck**"), a brewery near Buenos Aires, which has Isenbeck and Warsteiner as its principal brands.

EBITA

EBITA increased by 17% to US$1,620 million for the year ended 31 March 2011 from US$1,386 million for the year ended 31 March 2010, principally as a result of selective price increases, lower raw material input costs and continued focus on fixed cost productivity.

EBITA margin increased to 25.6% for the year ended 31 March 2011 from 23.5% for the year ended 31 March 2010.

Discussion of results of operations for Latin America for the two years ended 31 March 2010 and 2009

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in Latin America was US$5,905 million for the year ended 31 March 2010, representing an increase of 7% from US$5,495 million for the year ended 31 March 2009. Revenues increased principally as a result of increased lager sales volumes, mix benefits and the annualised impact of price increases taken in the previous year.

Lager volumes, which were 38 million hl for the year ended 31 March 2010, increased 3% compared with 37 million hl for the year ended 31 March 2009, while soft drinks volumes of 16 million hl (comprising malt beverages, sparkling soft drinks, water and juices) for the year ended 31 March 2010 decreased by 14% compared with the previous year as a result of the sale of the Colombian water business and the Bolivian soft drinks operations.

In Colombia, revenue was supported in the first half of the year by price increases taken in the prior year while the second half benefited from volume recovery and continued mix improvement. Full year lager volumes grew 3%. The Group's share of the alcohol market remained in line with the prior year at approximately 66%. Premium brand volumes increased 29% aided by strong growth of Club Colombia and Redd's. Mainstream brand volumes grew 2%, with Aguila Light continuing to outperform on the back of a consumption trend towards lighter beer.

Peru continued to gain beer market share with both volume and value share growing to approximately 90%. Improved trading in the fourth quarter lifted lager volumes towards the end of the year in line with the prior year. Revenue benefited from a national price increase in April 2009 and positive sales mix resulting from growth in the Group's premium brands and contraction of the economy segment. The local premium brand, Cusqueña, grew volumes 7%. Mainstream brands grew 1% as they recovered share from the economy segment led by Pilsen Callao, which was priced at the upper mainstream level in some markets.

Ecuador saw robust growth with lager volumes growing by 9%, with 37% growth from the premium segment reflecting the continued success of the local premium brand, Club, following its relaunch in the prior year. The Group's flagship mainstream brand, Pilsener, also grew strongly, assisted by the launch of a new 225ml returnable pack in January 2010. In the non-alcoholic malt beverage category, the brand Pony Malta saw growth of 19% following pack extensions. Continued development of the sales and distribution model in the provincial areas led to simultaneous improvements in service levels, efficiencies and reach resulting in better outlet coverage and product availability. In a highly dynamic market, the Group's share of the alcohol market remained at 44%.

Honduras endured both deteriorating economic conditions following the global financial crisis, and political turmoil, which continued for much of the year. As the political situation worsened, the Group's operations took action to protect their route-to-market, secure supply and maintain customer service. Total volume growth of 5% was achieved with growth of soft drinks offsetting lower lager volumes. Sparkling soft drinks grew market share to 56% with good growth from the Group's Tropical brand and the Coca-Cola brand.

In Panama, total volumes grew by 4%, with lager volumes up 1% in an increasingly competitive environment. Soft drinks volumes grew 7%, boosted by the performance of Malta Vigor following its relaunch in the prior year and higher availability of still soft drinks.

In El Salvador, total volumes grew 8% with strong soft drink sales in a fast-growing soft drinks market. The Group maintained its leadership in sparkling soft drinks with a 55% market share. Juice volumes grew 46% following the launch of a new brand, Jugos del Valle Fresh, in August 2009, while lager volumes were in line with the prior year.

EBITA

EBITA increased 18% to US$1,386 million for the year ended 31 March 2010, from US$1,173 million for the year ended 31 March 2009, principally as a result of increased lager volumes, strong pricing taken in the prior year, improved mix, marketing efficiencies and restructuring benefits, partially offset by decreased soft drinks volumes in Colombia and Bolivia as a result of the disposals during the year.

EBITA margin increased to 23.5% for the year ended 31 March 2010 from 21.4% for the year ended 31 March 2009.

Europe

The Group's primary brewing operations cover 10 European countries including Poland, the Czech Republic, Russia, Romania and Italy. In the majority of these countries the Group is the number one or two brewer by market share. The Group also sells significant volumes to a further eight European markets via in market operations, the largest being the United Kingdom and Germany. The lager markets in the European countries in which the Group operates are highly competitive and economic recovery remained fragile with reduced consumer confidence and spending in recent months.

Discussion of results of operations for Europe for the six-month periods ended 30 September 2011 and 2010

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in Europe was US$3,268 million for the six months ended 30 September 2011, representing an increase of 8% from US$3,040 million for the six months ended 30 September 2010. Revenues increased principally as a result of moderate price increases and positive currency translation effects, despite the deteriorating economic conditions in most of the markets where the Group operates.

In Poland, lager volumes were down 2% as the beer market in the second quarter was impacted by poor weather and weakening consumer spending. The beer market is increasingly being impacted by downtrading, driven by competitor price reductions and economy segment investment, and the growth of the discounter and modern trade channels. As a consequence, the economy segment has grown and the Group's economy brand, Wojak, has grown in this environment, while mainstream brands including Tyskie and Zubr have lost market share. As a result of the downtrading and competitive price pressures, revenue per hectolitre declined.

In the Czech Republic, volumes declined by 1% as the market was impacted by a sharp drop in consumer sentiment in the second half of the six months ended 30 September 2011, and adverse weather in July 2011. The on-premise channel remained weak and consumers continued to downtrade. In this context, the Group's premium brands continued to grow and thus outperformed the market. Pilsner Urquell benefited from successful trade activities, growing brand equity and expanding tank beer distribution, while premium variant Kozel 11 also continued to grow, particularly in the on-premise channel, supported by outlet expansion. Innovations also boosted these segments with the successful launch of new variants of super premium Frisco and premium Birell. Mainstream volumes, led by the Gambrinus brand, continued to decline, although the rate of decline slowed, supported by the successful launch of Kozel in polyethylene terephthalate (''**PET**'') and cans to capture share of the growing convenience package sub-segment. Despite continuing pressure in the on-premise channel, revenue per hectolitre grew, reflecting solid performance of the super premium and premium brand portfolio.

In Romania, volumes were down 8% in a market where once again intensified competitor activity in the economy segment resulted in continued downtrading and reduced share for the Group's flagship mainstream brand, Timisoreana. The macroeconomic environment remained fragile and consumer confidence remained low. In this context, the Group's economy brand, Ciucas, grew supported by new PET packaging. The premium segment was significantly impacted by competitive price pressure resulting in volume losses for the Ursus brand, although the recently launched 1 litre PET performed well. Downtrading and promotional price reductions in the market drove revenue per hectolitre down.

In Russia, volumes were up 3% in a market estimated to have declined. The economy showed signs of recovery with consumer sentiment improving, although market volatility subdued growth. In contrast with the previous trend of downtrading in the market, the six months ended 30 September 2011 saw share growth in the super premium and mainstream segments and a decline in the economy segment. In the super premium segment, the Group's brand Essa performed well, benefiting from a successful can launch and overall growth within the feminine brand sub-segment, supported by marketing investment. In the premium segment, Kozel continued to grow benefiting from consistent communication and consumer appeal. The Group's local brand, Zolotaya Bochka, lost volume, despite brand investment, as a result of competitor price discounting. A new mainstream brand, Zwei Meister, was successfully launched in the period with performance to date in line with expectations. The Group's local economy brands delivered good growth, performing ahead of the market.

In Ukraine, volumes grew by 58% benefiting from economic improvement, the successful introduction of the mainstream brand, Amsterdam, further growth of the premium brand Zolotaya Bochka (particularly from the recently launched variant Razlivnoe), and continued solid performance of the core brand Sarmat and its variant Zhigulivskoe.

In Italy, recent economic developments concerning Italian debt and government austerity measures significantly impacted consumer confidence, which, combined with competitor price promotion activities in the off-premise channel, led to a 2% decline in Birra Peroni's domestic volumes. During the six months ended 30 September 2011, the Group's share in the on-premise draught market rose in part due to the successful expansion of the Peroni draught beer, while a focused expansion of the Group's premium portfolio was effective.

In the Netherlands, domestic lager volumes declined by 1%, predominantly driven by a highly competitive off-premise channel which was impacted by subdued consumer confidence.

In Hungary, volumes were up 6%, growing ahead of the market as the Group captured consumer downtrading into its economy brands, and delivered solid growth in its super premium brands. Macroeconomic conditions improved in Slovakia which, combined with a number of successful summer promotions, resulted in volumes increasing by 4%. Trading was challenging in the Canaries, but volumes grew by 1%, boosted by improved performance in the tourist areas.

In the United Kingdom, lager volumes grew 6% and the Group continued to gain share in a premium segment which declined following the impact of the 2010 FIFA World Cup in the prior year. Peroni Nastro Azzurro continued its solid growth performance, supported by continued draught expansion.

EBITA

EBITA in Europe increased by 4% to US$570 million for the six months ended 30 September 2011 from US$549 million for the six months ended 30 September 2010, principally as a result of positive currency translation, operational cost efficiencies, and strong profit growth in the Group's medium size markets, particularly the United Kingdom and Hungary, partially offset by increased raw material costs, and negative sales mix.

EBITA margin decreased to 17.4% for the six months ended 30 September 2011 from 18.0% for the six months ended 30 September 2010.

Discussion of results of operations for Europe for the two years ended 31 March 2011 and 2010

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in Europe was US$5,394 million for the year ended 31 March 2011, representing a decrease of 3% from US$5,577 million from the year ended 31 March 2010. Revenues decreased principally as a result of lower lager volumes as the beer market continued to reflect generally difficult economic conditions for consumers. Widespread price weakness and competitor discounting were also persistent.

In Poland, lager volumes decreased 4% as the beer market continued to suffer, with a particularly challenging first half affected by widespread flooding and alcohol sales restrictions during a nine day national mourning period following the death of the president. Competitor activity focused on price reductions and discounting led to downtrading and growth in the economy segment. In this context the Group drove defensive growth of the economy brand Wojak which doubled volumes during the year. Other major brands, including Tyskie, lost share in this environment. However Lech held its position well in a declining premium segment. Zubr performed particularly well in the fourth quarter responding to strong promotional support which improved the second half volume trend.

In the Czech Republic, lager volumes declined by 6% as the market continued to be impacted by weakness in the on-premise channel, downtrading and the effect of the January 2010 excise increase. Consumer confidence was severely impacted by high unemployment, low real wage growth and higher taxation, resulting in a double digit volume decline in the on-premise channel. The Group's premium brands outperformed the market. Despite its on-premise channel bias Pilsner Urquell performed well, helped by strong brand equity and expanded tank beer distribution. The Group's premium variant Kozel 11 also continued to grow with increased distribution in the on-premise channel. The Group's mainstream brand, Gambrinus, continued to be under pressure partly due to its significant exposure to the on-premise channel.

In Russia, volumes grew 1%, despite a slow start to the year after the significant January 2010 excise increase, then assisted by an exceptionally warm summer and an improving trend in the second half of the year as the economy showed signs of recovery and consumer sentiment strengthened. In a market characterised by significant downtrading the Group has held market share. In the premium segment the Group's local brand Zolotaya Bochka was affected by competitor price reductions to which the Group responded with a continued focus on value, supported by brand investment. Kozel enjoyed another strong year growing in a declining segment, and the decline in MGD slowed due to a revitalised 'It's Miller time' marketing campaign. The Group drove economy segment growth led by Tri Bogatyrya, particularly as a result of a new 3 litre PET pack. Growth in the Group's regional portfolio, including Simbirskoe in the Ulyanovsk region and the Vladpivo brands, offset volume declines in the Moscow area.

In Ukraine, volumes grew 21% benefiting from economic recovery along with the success of the Sarmat variant Zhigulivskoe and a 1.25 litre PET pack, while recently introduced premium brands also boosted growth.

In Romania, lager volumes declined by 8% in an economy which has been slow to recover. Consumer confidence was severely impacted by government austerity measures including a 5% increase in VAT in July 2010 and a decline in real wages. Until these measures were implemented, the mainstream category had held its own, capturing downtrading from the premium segment. Subsequent to July 2010 the economy segment saw accelerated downtrading from the mainstream segment and the Group's mainstream brand Timisoreana declined despite performing well within its segment. The Group's economy brands Ciucas and Azuga gained share in the growing economy segment. Ciucas growth followed a brand relaunch in the second half with a new pack offering supported by effective trade and consumer communication.

In Italy, economic conditions remained depressed resulting in a continued decline in the beer market, particularly in the on-premise channel. Birra Peroni domestic volumes declined 4% but its value strategy resulted in improved channel mix and strong pricing.

In the Netherlands, domestic lager volumes declined by 2%, in line with the beer market, and the Group maintained market share. The Group launched Pilsner Urquell and Peroni Nastro Azzurro in the premium segment.

In the United Kingdom, lager volumes grew 23% in a premium segment which expanded only marginally. Peroni Nastro Azzurro continued its strong performance, growing volume 21%, with significant expansion of draught sales. Premium portfolio volumes were strong across the board and particularly healthy in MGD, Pilsner Urquell and Tyskie.

In Hungary and Slovakia difficult economic conditions continued, resulting in depressed beer markets but with improving trends in the second half of the year. In Hungary volumes declined 5%, however the Group's market share improved, reflecting in-trade execution focused on capturing uptrading into the premium segment alongside the more significant down-trading into economy brands. Volumes declined in Slovakia by 7% but the focus on premium occasions successfully drove growth in Pilsner Urquell and on-premise share growth. While trading was challenging in the Canaries, the gradual return of tourists resulted in level volume performance.

EBITA

EBITA in Europe increased by 2% to US$887 million for the year ended 31 March 2011 from US$872 million for the year ended 31 March 2010, which reflected cost efficiencies from the Group's regional manufacturing project, which is focused on consistent world class manufacturing and reduced commodity costs, partially offset by volume decline and ongoing downtrading.

EBITA margin increased to 16.4% for the year ended 31 March 2011 from 15.6% for the year ended 31 March 2010.

Discussion of results of operations for Europe for the two years ended 31 March 2010 and 2009

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in Europe was US$5,577 million for the year ended 31 March 2010, representing a decrease of 9% from US$6,145 million for the year ended 31 March 2009. Revenues decreased principally as a result of a decrease in volumes as the beer market continued to be impacted by depressed consumer spending and tighter credit across the region. During the year a number of markets also faced significant increases in excise.

In Poland, lager volumes decreased by 3% although the Group grew market share, reflecting a sustained focus on sales execution and trade programmes. Brand activities centred on Tyskie, Poland's leading brand, as sponsor of the International Year of Beer, driving an increase in brand market share for the third consecutive year. Zubr also captured significant market share, growing volumes by 3%. In the premium segment, the Group increased its value share, and Grolsch was successfully launched in the super premium segment.

In the Czech Republic, the market was impacted by higher unemployment and significant increases in VAT and excise in January 2010. Domestic lager volumes declined 5%, reflecting a 7% fall in the on-premise channel which was severely affected by economic pressures and lower tourism. Despite this, the Group maintained market share with its brands now occupying the number one, two and three market positions. The Group's combined super premium and premium portfolio grew over 6% with all key brands growing market share. The performance of Pilsner Urquell, underpinned by strong and improving brand health, was particularly noteworthy given its price premium. The market-leading brand, Gambrinus, continued to be negatively affected by its significant exposure to the on-premise channel; however the higher priced variant Gambrinus 11 performed well, maintaining its leadership of the semi-premium segment. In the mainstream segment, Kozel enjoyed another exceptional year, growing 5% and consolidating its position as Czech's number two brand.

Romania suffered a severe recession during the year ended 31 March 2010 and the Group's lager volumes fell 13% on an organic basis in a market that declined 24%. The Group took market leadership with share improving to reach 32%. The mainstream segment continued to grow at the expense of premium and economy sectors as consumers sought brands with strong value propositions. The Group's largest brand, Timisoreana, continued its strong performance with volume growth of 2%. The Group increased its share in the off-premise channel with intensive 360 degree brand activation and strong display support and took market leadership of the growing key accounts sub-channel. The Group maintained its leadership of the declining on-premise channel. During the year the Group strengthened its economy segment with the acquisition of the Azuga operations.

In Russia, a significant increase in excise in January 2010 and a sharp decline in consumer disposable income led to a drop in industry beer production and sales. The Group's lager volumes decreased 5% but its market share was maintained. Repositioning, renovation and line extensions on Zolotaya Bochka lifted the brand to number two in the premium segment, while the Kozel brand delivered 13% volume growth to become the number one licensed brand in Moscow. In September 2009, the Group launched Grolsch. In May 2009, the Group opened the new brewery in Ulyanovsk, in line with its geographic expansion strategy; and launched the Tri Bogatyrya economy brand in a new PET format leading to a doubling of the brand's volume. Brand mix partially diluted the strong pricing taken in the prior year.

In Ukraine, the Sarmat brand was relaunched but volume performance was severely impacted by a 94% increase in excise in July 2009. Volume growth on licensed brands Kozel and Zolotaya Bochka was very strong, benefiting mix.

In Italy, Birra Peroni volumes declined 7% during the year as the Group reduced promoted volume and stock in trade levels. The Group's market share of sales to retailers ("**STRs**") was marginally below the prior year while revenue grew reflecting strong pricing and improved channel mix.

In the Netherlands, domestic lager volumes declined 2%, in line with the branded market; a solid result given heavy competitor discounting and off-premise consolidation in the year.

In the United Kingdom, lager volumes grew 14% on a comparable basis, with Peroni Nastro Azzurro sales up 29% following strong growth in on-premise channels and in key national retailers. During the year, exports of MGD to Ireland were taken over by our UK business following the termination of the previous licensing arrangement.

In Hungary, Slovakia and the Canaries, economic conditions remained difficult and beer markets depressed. The Group grew market share in Hungary and maintained share in Slovakia and the Canaries, despite the decline in the on-premise channel.

EBITA

EBITA in Europe decreased 8% to US$872 million for the year ended 31 March 2010 from US$944 million for the year ended 31 March 2009, principally reflecting negative currency translation effects, lower volumes, increased fixed costs and depreciation due to expanded sales and distribution reach and capacity in both Russia and Romania, partially offset by pricing and variable production cost savings.

EBITA margin increased to 15.6% for the year ended 31 March 2010 from 15.4% for the year ended 31 March 2009.

North America

Until 30 June 2008, the Group's subsidiary Miller conducted its operations predominantly in the United States, where it was the second-largest brewing company. Up to that date Miller's results were consolidated within the Group's financial statements. On 1 July 2008, the MillerCoors Transaction closed. As a result, SABMiller has a 58% economic interest and Molson Coors has a 42% economic interest in MillerCoors. As part of the MillerCoors Transaction, Miller transferred substantially all of its operating assets (excluding its international assets, which represent a small percentage of Miller's total operating assets) to MillerCoors. MillerCoors is accounted for as a joint venture by SABMiller using equity accounting. As a result, after the completion of the MillerCoors Transaction, the Group's share of profits in MillerCoors is reflected in the Group's share of post-tax results of joint ventures, but not in the Group's revenue, operating profit or EBITDA. The North America segment includes the Group's 58% share in MillerCoors and 100% of Miller Brewing International.

MillerCoors brews, markets and sells the MillerCoors portfolio of brands in the US and Puerto Rico. It competes in every major category of the US beer industry, including the Import, Premium Light, Premium Regular, Below Premium and Craft categories.

MillerCoors' core brand families, Miller Lite, Coors Light and MGD 64 (Premium Light), MGD, Coors Banquet (Premium Regular), Miller High Life, Keystone and Milwaukee's Best (Below-Premium) accounted for approximately 85% of MillerCoors' total domestic volume (excluding contract brewing) in the United States during the year ended 31 March 2011.

In August 2010, MillerCoors established the Tenth and Blake Beer Company, its craft and import division. It imports Peroni Nastro Azzurro, Pilsner Urquell and Grolsch and features craft brews from the Jacob Leinenkugel Brewing Company, Blue Moon Brewing Company and the Blitz-Weinhard Brewing Company.

Discussion of results of operations for North America for the six month periods ended 30 September 2011 and 2010

Group revenue

Group revenue (including share of joint venture's revenue) was US$2,830 million for the six months ended 30 September 2011 representing a decrease of 1% from US$2,865 million for the six months ended 30 September 2010. Revenue decreased principally due to lower volumes during the period.

In the six months ended 30 September 2011, MillerCoors' US domestic STRs were down 2%, as the US beer market continued to be impacted by a weak economic environment and subdued consumer spending. Domestic sales to wholesalers (''**STWs**'') were down 4%, impacted by the timing of shipments in the prior year.

Premium light sales to retailer volumes declined low single digits as growth in Coors Light was offset by a mid single digit decline in Miller Lite. MillerCoors' Tenth and Blake crafts and imports division experienced double digit growth driven by Blue Moon and Leinenkugel's, and supported by innovative seasonal craft brand extensions including Leinenkugel's Summer Shandy. The below premium segment declined mid single digits, led by Miller High Life, as consumers continued to trade up to other categories.

MillerCoors' revenue per hectolitre grew by 2%, as a result of firm pricing and favourable brand mix.

EBITA

EBITA decreased to US$452 million for the six months ended 30 September 2011 representing a 6% decrease from US$480 million for the six months ended 30 September 2010. This decrease was driven by lower volumes, rising cost of goods and higher fixed costs. Cost of goods sold per hectolitre increased slightly, driven by higher freight and packaging costs, partially offset by the continued delivery of synergies and cost savings. Marketing, general and administrative costs increased, largely as a result of higher information system costs and higher depreciation.

MillerCoors delivered US$18 million of incremental synergies in the six months ended 30 September 2011, mainly through the optimisation of marketing and media, freight, and brewing and packaging expenditure. Other cost savings of US$36 million were realised in the six months ended 30 September 2011, driven by a variety of initiatives, primarily within the integrated supply chain function. Total annualised synergies and other cost savings of US$738 million had been achieved since the joint venture commenced operations on 1 July 2008.

EBITA margin declined from 16.8% to 16.0% in the six months ended 30 September 2011 as compared with the six months ended 30 September 2010.

Discussion of results of operations for North America for the two years ended 31 March 2011 and 2010

Group revenue

Group revenue (including share of joint venture's revenue) was US$5,223 million for the year ended 31 March 2011 in line with the figure of US$5,228 million for the year ended 31 March 2010.

For the year ended 31 March 2011, MillerCoors' US domestic volume STRs were down 3%, as the US beer market remained under pressure from high levels of unemployment amid a slow economic recovery. Domestic STWs also fell by 3%, in line with the STRs. Revenue growth was driven by pricing and favourable brand mix from uptrading and product innovation.

Premium light brand volumes were down low single digits, with growth in Coors Light and an improving performance for Miller Lite. MillerCoors' Tenth and Blake craft and import brand portfolio saw continued double digit growth driven by Blue Moon and Leinenkugel's (including their associated seasonal craft brand extensions) as well as Peroni Nastro Azzurro. The below premium segment declined mid single digits, with both Keystone and Miller High Life volumes down as consumers began to trade up to other categories.

MillerCoors' revenue per hectolitre grew by 2% as a result of disciplined revenue management with selected price increases, including the narrowing of the price gaps between the below premium and premium brands, which resulted in consumers trading up and mix improving.

EBITA

EBITA increased to US$741 million for the year ended 31 March 2011 representing a 20% increase from US$619 million for the year ended 31 March 2010. This increase was driven by strong cost management, including cost synergies realised by the MillerCoors joint venture. Cost of goods sold per hectolitre were marginally higher despite the ongoing benefit of synergies and cost savings, due to higher freight and carrier rates and the increased product costs of more premium brands. Marketing, general and administrative costs decreased mainly due to synergy realisation and as a result of other cost savings initiatives.

In the year ended 31 March 2011, MillerCoors delivered an incremental US$202 million of synergy savings from the prior year. Synergies were driven mainly by marketing and media savings, brewing and packaging material cost reductions, and lower distribution costs. Other cost savings of US$73 million came mainly from a number of other supply chain initiatives. Total annualised synergies and other cost savings of US$684 million have been realised since the inception of the joint venture on 1 July 2008. MillerCoors achieved the original three year US$500 million synergy target six months earlier than expected.

EBITA margin improved from 11.8% to 14.2% in the year ended 31 March 2011 as compared with the year ended 31 March 2010.

Discussion of results of operations for North America for the two years ended 31 March 2010 and 2009

MillerCoors *pro forma* figures are based on results for Miller and Coors' US and Puerto Rico operations reported under International Financial Reporting Standards (IFRS) and US GAAP respectively for the twelve months ended 31 March 2009. Adjustments have been made to reflect both companies' comparative data on a similar basis including amortisation of definite-life intangible assets, depreciation reflecting revisions to property, plant and equipment values and the exclusion of exceptional items.

Group revenue

Group revenue (including share of joint venture's revenue) was US$5,228 million for the year ended 31 March 2010, in line with the figure of US$5,227 million for the year ended 31 March 2009.

For the year ended 31 March 2010, MillerCoors STRs declined 2% from the prior year on a *pro forma* basis with continued weak economic conditions affecting the entire industry. Domestic STWs also declined 2% on a *pro forma* basis. Premium light brand volumes were down low single digits with declines in Miller Lite and Coors Light partially offset by growth of MGD 64. MillerCoors' craft and import portfolio grew marginally with growth from Blue Moon and Peroni Nastro Azzurro, which outperformed a soft import category. The domestic above premium portfolio, which includes Miller Chill, Sparks and Killian's Irish Red, continued to exhibit double digit decline. The below premium portfolio was up low single-digits with a decline in Milwaukee's Best offset by good growth of Keystone and continued growth of Miller High Life.

MillerCoors' revenue per hectolitre grew 3% on a *pro forma* basis driven by sustained price increases in the year ended 31 March 2009 and the second half of the year ended 31 March 2010.

EBITA

EBITA was US$619 million for the year ended 31 March 2010, representing an increase of 7% from US$581 million[3] for the year ended 31 March 2009. EBITA increased principally as a result of firm pricing and cost management offsetting volume reductions. Cost of goods sold per hectolitre were driven up by increases in commodity costs, with increases in brewing materials (malt and corn), packaging materials (glass and aluminium), and higher fuel costs. Cost of goods sold per hectolitre were also negatively impacted by the absorption of fixed costs across lower production volumes. Marketing, general and administrative costs decreased primarily due to the continued realisation of synergies.

In the year ended 31 March 2010, MillerCoors delivered an incremental US$248 million of synergy savings from the prior year, largely through the elimination of duplicate and transitional positions and specific marketing synergies. Network optimisation savings continued to be realised from shifting production of Coors and Miller brands within the larger MillerCoors brewery network. MillerCoors continued to integrate business processes and systems across the enterprise to improve customer service and capitalise on the scale of the business. An incremental US$33 million savings was delivered from other cost initiatives and projects including efficiencies in production costs, procurement, and marketing, general and administrative expenses. At 31 March 2010, total annualised synergies and other cost savings stood at US$409 million, comprising synergies of US$326 million and other cost savings of US$83 million.

EBITA margin improved from 11.1% to 11.8% in the year ended 31 March 2010 compared with the year ended 31 March 2009.

Africa

The Group conducts operations in Africa in 15 countries and holds a 20% equity interest in a strategic alliance with Castel in Castel's African beverage business, which operates in a further 21 countries located principally in French-speaking Africa and the Indian Ocean. In addition the Group has associated undertakings in Algeria, Morocco and Zimbabwe.

With effect from 1 January 2012, the Group and Castel implemented a number of organisational changes in their African operations, as part of their strategic alliance agreement. The changes involved the combination of the operational management of the Castel and SABMiller businesses in Nigeria and Angola, with the Nigerian businesses now being managed by SABMiller, and the Angolan businesses now being managed by Castel, and a modification of the existing strategic alliance agreement to reflect that in future the groups will share, at the strategic alliance level, the aggregate profits and cash flows of their operations in Nigeria and Angola based primarily on the relative contributions of their businesses in each country. In Nigeria the businesses are of approximately equal size. In Angola, the Castel business is approximately three times as large as SABMiller's operations. Amendments have also been made to the terms of the strategic alliance agreement to provide for improved sharing of best practice and technical expertise, and a more precise methodology for the existing mutual pre-emptive rights over their respective beverage operations in Africa (excluding South Africa and Namibia). The existing strategic alliance agreement, pursuant to which SABMiller has a 20% shareholding in Castel, and Castel's holding company has a 38% shareholding in SABMiller's principal African holding company, is otherwise unchanged.

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3 Represents 100% of Miller Brewing Company's performance in the first quarter of the year ended 31 March 2009 and the Group's 58% share of MillerCoors' performance and 100% of the retained wholly owned Miller Brewing Company business (principally Miller Brewing International) for the balance of the year ended 31 March 2009.

Discussion of results of operations for Africa for the six-month periods ended 30 September 2011 and 2010

Group Revenue

Group revenue (including share of associates' revenue) for the Group's operations in Africa was US$1,839 million for the six months ended 30 September 2011, representing an increase of 22% from US$1,506 million for the six months ended 30 September 2010. Revenues increased principally as a result of an increase in volumes, favourable currency translation effects and good revenue management which resulted in price and mix benefits.

Reported lager volumes grew 16% in the six months ended 30 September 2011 as compared with the six months ended 30 September 2010, helped by a generally positive environment and market activation of the Group's diverse brand portfolio, which led to market share gains. Soft drinks volumes for the six months ended 30 September 2011 grew by 13%.

In Mozambique, lager volumes increased by 11%, supported by strong mainstream brand growth and increased penetration in the north of the country enabled by the Group's newly commissioned Nampula brewery. The 2M brand grew by 26% following its packaging upgrade in the latter part of the prior year, partly at the expense of Laurentina Preta. Exceptional growth was delivered by the Manica brand, reflecting the expansion in the north of the country where it enjoys a strong regional following.

In Tanzania, lager volumes grew by 20%, primarily as a result of placing more refrigeration at the point of sale, enhanced outlet branding and a more focused distribution model, as well as favourable economic conditions. The Mbeya brewery, commissioned in 2009 in the south of the country, has served as a catalyst for incremental growth in that region.

In Uganda, lager volumes increased 23%, despite capacity constraints, as a result of improved market penetration into the western regions and a differentiated brand portfolio, reflecting growth in all segments. The Nile Special and Club Pilsener brands performed particularly well.

In Angola, lager volume growth of 12% was more subdued due to the cycling of the capacity expansion for the six months ended 30 September 2010. Soft drinks volumes continued to be impacted by a relatively poor economic environment and lower consumer disposable income.

Zambia continued to perform well with lager volumes up 22%, driven by favourable economic conditions, strong growth of the Castle and Mosi brands and improved availability.

In Ghana, lager volumes grew strongly following two years of declining volumes after a significant excise increase. This growth was driven by improved availability and a buoyant economy. Club Lager, which celebrated its 80^{th} anniversary, led the volume growth. Soft drinks volumes also grew strongly, underpinned by the performance of the Voltic water brand.

In Zimbabwe, the Group's associate, Delta Corporation Limited ("**Delta**"), enjoyed strong organic growth across all categories following additional capacity investments made in the last two years. Delta's diverse portfolio of lager brands helped deliver volume growth of 30%.

In South Sudan, the Group's start up operation delivered good growth in both lager and soft drinks with the brewery already operating at full capacity.

The Group's Castel associate performed well and achieved good growth in lager and soft drinks volumes in many markets. Lager volumes grew 11% on an organic basis with good performance in the Democratic Republic of Congo and Cameroon. During the second half of the six months ended 30 September 2011 Castel acquired the Star Breweries business in Madagascar.

EBITA

Africa's EBITA grew by 27% for the six months ended 30 September 2011 as compared with the six months ended 30 September 2010, from US$258 million to US$327 million, driven by increased volumes, good revenue management and cost control. EBITA margin improved to 17.8%, from 17.2% for the six months ended 30 September 2010, reflecting positive leverage through improved utilisation of recent capacity investments.

Discussion of results of operations for Africa for the two years ended 31 March 2011 and 2010

Group Revenue

Group revenue (including share of associates' revenue) for the Group's operations in Africa was US$3,254 million for the year ended 31 March 2011, representing an increase of 20% from

US$2,716 million for the year ended 31 March 2010. Revenues increased principally as a result of volume growth and price increases.

Lager volumes grew 13%, helped by greater focus on route to market activities, improved and differentiated brand portfolios as well as the continued economic growth across the region. Soft drinks volumes for the year ended 31 March 2011 grew by 18% from the year ended 31 March 2010.

In Uganda, lager volumes grew by 20% for the year ended 31 March 2011 compared with the prior year, supported by improved distribution, retail execution and a strong brand portfolio that was able to leverage the prior year's capacity expansion. The Eagle brand continued to record exceptional growth in the economy segment while Nile Gold, and Castle Lite, which was launched in 2011, progressed well in the premium segment.

In Tanzania, lager volumes grew by 5% for the year ended 31 March 2011 from the prior year. Prior year volumes included licensed brand production for East African Breweries Limited ("**EABL**") – if the impact of these volumes are excluded, the Group's own lager brands grew 19% in the year ended 31 March 2011, with the total beverage portfolio up 23%. This growth was directly attributable to increased brand and market focus, with Castle Lager, Castle Lite and Ndovu Special Malt outperforming in the premium sector and Kilimanjaro and Safari lager performing well in the mainstream sector following recent brand renovation programmes. The far south region grew strongly following the commissioning of the Mbeya brewery.

In Mozambique, lager volumes grew by 7% for the year ended 31 March 2011 from the prior year as a result of improved availability of product and focused sales and distribution in the north enabled by the opening of the Nampula brewery at the end of the prior year. Volume growth was primarily driven by Laurentina Preta, a local premium brand which grew 46% and Manica, a mainstream brand which grew 21%.

In Zambia, lager volume growth for the year ended 31 March 2011 was 28% from the prior year driven by more effective distribution, better availability of product following the brewery upgrade at Ndola and the continued consumer price benefit of the excise reduction in the prior year. Traditional beer volumes grew by 11% for the year ended 31 March 2011 as a result of improved distribution channels and availability.

In Angola, soft drinks volumes ended the year in line with the prior year despite a slowdown in the economy resulting in lower disposable income and consumer demand. Lager volumes grew 26% following the successful commissioning of a new brewery in Luanda.

In Zimbabwe, the Group's associate, Delta, slowly stabilised with lager volumes approaching their previous highs. Following the effective 'dollarisation' of the Zimbabwe economy in 2009, the end of hyperinflation and the stabilisation of the local economy, the Group recognised volumes and results of this associate from 1 April 2010.

The Group's Castel associate delivered lager volume growth of 4% with good growth in Nigeria, the Democratic Republic of the Congo, Benin and Chad. Soft drinks volumes grew by 8% year on year.

EBITA

EBITA grew by 15% for the year ended 31 March 2011 as compared with the year ended 31 March 2010, from US$565 million to US$647 million, driven by volume growth and price increases, partially offset by increased investment in sales and marketing. EBITA margin for the full year declined to 19.9% from 20.8% for the year ended 31 March 2010, impacted by weaker local currencies relative to the US dollar which affected raw material input costs, and the increased cost base due to the expansion projects commissioned in the prior year.

Discussion of results of operations for Africa for the two years ended 31 March 2010 and 2009

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in Africa was US$2,716 million for the year ended 31 March 2010, representing an increase of 6% from US$2,567 million for the year ended 31 March 2009. Revenues increased principally as a result of increased volumes, partly due to acquisition activity, partially offset by adverse currency translation effects.

Lager volumes grew 6% for the year ended 31 March 2010 compared with the year ended 31 March 2009, driven by brand and pack differentiation which produced strong growth in the premium category and further growth in the economy segment. Soft drinks volumes for the year ended 31 March 2010 grew by 25%, from the prior year in part attributable to new acquisitions in Ethiopia, Ghana, Nigeria, Uganda and Zambia.

In Tanzania lager volumes declined 4%, in line with the industry, as a result of softer consumer spending and adverse weather conditions at the start of the year. Ndovu Special Malt and Castle Lite were both launched in the premium segment in a new 375ml green bottle and volume performance was above initial expectations. Safari Lager, Redd's and Castle Milk Stout all benefited from packaging renovations. The Group's new brewery in Mbeya was successfully commissioned during the second half of the year ended 31 March 2010. The Group's arrangement with EABL to brew and distribute their products in Tanzania was terminated in the final quarter of the year ended 31 March 2010.

Mozambique lager volumes grew 11% in the year ended 31 March 2010. This reflected improved economic conditions and good growth in the north, aided by the commissioning of the Group's new brewery in Nampula. Both Laurentina Premium and Laurentina Preta, a dark lager, grew strongly. The draught category performed well in the on-premise channel.

Uganda lager volumes grew 24% in the year ended 31 March 2010 assisted by newly upgraded capacity and improved market execution. The launch of the new long neck bottle invigorated the market and differentiated the Nile Special and Club brands. In addition, the launch of Nile Gold, a premium malt lager, was well received. In the final quarter of the year ended 31 March 2010 the Group completed the acquisition of the Rwenzori water business, the market leader in bottled water in Uganda.

Zambia lager volumes benefited from the reduction in excise at the beginning of the 2010 financial year, driving growth of 17%. The beer portfolio was expanded with the launch of the local premium brand Mosi Gold in December 2009. Soft drinks volumes grew 1% on an organic basis. The maheu business (a non-alcoholic traditional beverage), acquired in September 2009, performed well, growing the Group's non-alcoholic brand portfolio and driving soft drinks volumes up 28% on a reported basis.

In Angola, in a very challenging year, soft drinks volumes declined in the year ended 31 March 2010 by 5% below the prior year, while lager volumes grew 5%. After years of strong economic growth, Angola experienced negative GDP growth following a significant drop in oil revenue. During the year ended 31 March 2010, the kwanza was de-linked from the US dollar resulting in a 15% depreciation and the imposition of severe currency restrictions. These factors negatively impacted consumer spending. Capacity constraints, exacerbated by difficult logistics, hampered production whilst the cost of imported raw materials was adversely affected by the currency depreciation. A new two million hectolitre soft drinks plant was commissioned in January 2010.

In Botswana, the sale of alcoholic products continued to be adversely affected by difficult economic conditions, the social levy introduced in November 2008 and restricted trading and drinking hours. Lager volumes for the year ended 31 March 2010 were 35% below the prior year. Soft drinks volumes grew by 9% driven by increased returnable bottle sales, enhanced marketing and improved trade execution.

The Group's Castel associate delivered lager volume growth of 11% supported by new capacity in Angola and good growth in Cameroon, Ethiopia and the Republic of Congo. Soft drinks volumes also grew 11% with good growth in Algeria, Tunisia and Cameroon.

EBITA

EBITA grew 1% for the year ended 31 March 2010 compared with the year ended 31 March 2009, from US$562 million to US$565 million, driven by volume and revenue growth. Partially offsetting this growth, the depreciation of some local currencies increased the cost of imported raw materials, fixed costs increased with capacity expansion, supply chain difficulties in Angola negatively impacted margin, and overall currency translation effects had a negative impact.

EBITA margin for the full year declined to 20.8% in the year ended 31 March 2010 from 21.9% for the year ended 31 March 2009, as the depreciation of some local currencies increased the cost of imported materials.

Asia

The Group has operations in China, India, South Korea, Australia and Vietnam. In China, its breweries are owned through China Resources Snow Breweries Limited (''**CR Snow**''), an associated company in which the Group has a 49% interest, and which is the largest brewer by volume in

China. The Group is the second largest brewer by volume in India. The Group has a subsidiary in Vietnam and sells its premium brands in Australia through Pacific Beverages, its joint venture with Coca-Cola Amatil Limited (''**CCA**'').

On 16 December 2011, the Group completed the acquisition of Foster's (see ''*Description of the Group – Asia*''). Separately in June 2011, the Group reached agreement with CCA to acquire CCA's remaining 50% interest in Pacific Beverages after completion of the Foster's acquisition, and also granted CCA the right to acquire certain non-core operations of Foster's together with certain assets and trading liabilities attributable to them. The acquisition of the 50% interest in Pacific Beverages is expected to complete on 16 January 2012, and the sale of the non-core operations to CCA is expected to complete during the quarter ending 31 March 2012.

Discussion of results of operations for Asia for the six-month periods ended 30 September 2011 and 2010

Group revenue

Group revenue (including share of associates' and joint ventures' revenue) for the Group's operations in Asia was US$1,439 million for the six months ended 30 September 2011, representing an increase of 21% from US$1,193 million for the six months ended 30 September 2010. Revenues increased principally as a result of increased volumes, and positive pricing and sales mix trends.

China's lager volumes increased by 10% for the six months ended 30 September 2011 (5% on an organic basis) from the six months ended 30 September 2010, in a market which grew at an estimated 5%. Overall, CR Snow continued to expand its market share although organic growth was constrained by heavy and prolonged rains that affected key provinces during the second half of the six months ended 30 September 2011. CR Snow continued to increase its presence in the premium segment and on-premise channel through the expansion of Snow Draft. Revenue benefited from price increases in the previous financial year and positive mix.

India's lager volumes declined by 7% for the six months ended 30 September 2011 from the six months ended 30 September 2010. Volumes were affected by dampened consumer demand following excise increases implemented at the beginning of six months ended 30 September 2011 across a number of key states. In addition, volumes were constrained by trading restrictions imposed in Andhra Pradesh in July 2010, although these were reversed in September 2011.

In Vietnam, lager volumes were lower in the six months ended 30 September 2011 than in the prior period, reflecting a focus on higher margin channels and geographies and reduced discounting of the Zorok brand in the off-premise channel.

In Australia, the Group's Pacific Beverages joint venture delivered strong volume growth with the Warnervale brewery enabling greater penetration of the on-premise channel, particularly through draught Peroni Nastro Azzurro and Bluetongue, and the growth of the Group's brands in the off-premise channel.

EBITA

EBITA increased 26% for the six months ended 30 September 2011 as compared with the six months ended 30 September 2010, from US$110 million to US$138 million, principally driven by higher volumes and improved profitability in China. Despite cost pressures across the region, reported EBITA margin increased to 9.6% in the six months ended 30 September 2011 from 9.2% in the six months ended 30 September 2010.

Discussion of results of operations for Asia for the two years ended 31 March 2011 and 2010

Group revenue

Group revenue (including share of associates' and joint ventures' revenue) for the Group's operations in Asia was US$2,026 million for the year ended 31 March 2011, representing an increase of 16% from US$1,741 million for the year ended 31 March 2010. Revenues increased principally as a result of higher volumes, price increases and favourable sales mix trends.

In China, lager volumes grew by 11% for the year ended 31 March 2011 (10% on an organic basis) from the prior year in a market which grew at an estimated 6%. The north-east and central regions contributed the majority of the increase in volume as they continued to grow strongly, but results in the south-east were also good. CR Snow continued to grow its presence in the premium segment through brand extensions including Snow Draft and Brave the World, while in the latter part of the year ended 31 March 2011 CR Snow increased its average selling prices in order to cover higher costs.

India delivered volume growth of 10% for the year ended 31 March 2011 from the prior year. In all of the key states – Karnataka, Andhra Pradesh, Pondicherry, Uttar Pradesh, Haryana, Maharashtra and Madhya Pradesh – the Group increased volumes, although in Andhra Pradesh these were constrained from July 2010 with trading restrictions limiting the Group's market share in the state.

Volumes in Vietnam increased for the year ended 31 March 2011, compared with the prior year although both domestic and export performance was more subdued in the latter part of the year.

In Australia, volume performance in the Group's Pacific Beverages joint venture was soft with increased competition in the premium segment, and the market suffered from particularly poor weather and the impacts of flooding in the second half of the year. The commissioning of a new brewery in June 2010 enabled improved availability of draught offerings in the on-premise channel.

EBITA

EBITA increased by 31% for the year ended 31 March 2011 compared with the year ended 31 March 2010, from US$71 million to US$92 million, with all of the region's operations showing improvement, particularly in India and China. The increase was attributable to higher volumes, increased pricing, positive mix and cost control. EBITA margin increased to 4.6% for the year ended 31 March 2011 from 4.1% for the year ended 31 March 2010.

Discussion of results of operations for Asia for the two years ended 31 March 2010 and 2009

Group revenue

Group revenue (including share of associates' and joint ventures' revenue) for the Group's operations in Asia was US$1,741 million for the year ended 31 March 2010, representing an increase of 11% from US$1,565 million for the year ended 31 March 2009. Revenues increased principally as a result of increased volumes in China.

In China lager volumes grew 10% on an organic basis and 13% on a reported basis for the year ended 31 March 2010 from the prior year, despite a slow-down in growth over the last quarter of the year ended 31 March 2010. CR Snow acquired three new breweries and commissioned four greenfield breweries across both existing and new markets in the year ended 31 March 2010. Marketing efforts remained focused on the Snow brand, which approached 90% of volumes, particularly behind the Snow Draft and Brave the World variants in the fast growing premium segment. CR Snow's market share continued to grow and was estimated to exceed 20% in the year ended 31 March 2010.

India volumes decreased 14% for the year ended 31 March 2010 from the prior year, reflecting regulatory disputes in Andhra Pradesh and Uttar Pradesh, and excise increases in Karnataka and Rajasthan. Trading conditions improved in the last quarter of the year ended 31 March 2010 as trading restrictions eased and price increases were implemented in the key states of Andhra Pradesh, Karnataka and Maharashtra.

In Vietnam, Miller High Life was launched in the year ended 31 March 2010 to supplement the local Zorok brand resulting in a marked increase in volumes.

In Australia, the Group's portfolio of premium brands delivered strong growth with lager volumes up 32%. Peroni Nastro Azzurro continued to take share in the premium segment and was supplemented during the year ended 31 March 2010 by Peroni Leggera, a low carbohydrate variant. Bluetongue and MGD continued to perform well.

EBITA

EBITA decreased by 12% for the year ended 31 March 2010 as compared with the year ended 31 March 2009, from US$80 million to US$71 million. The decrease was principally due to the inclusion of initial losses in recent Chinese start-ups and acquisitions, together with difficult trading conditions in India. EBITA margin declined to 4.1% for the year ended 31 March 2010 from 5.1% for the year ended 31 March 2009.

South Africa: Beverages

South Africa: Beverages accounted for approximately 89% of the total beer market in South Africa by volume for the year ended 31 March 2011, in line with the year ended 31 March 2010. ABI, the soft drinks division of SAB Ltd, is South Africa's largest bottler of products for The Coca-Cola Company.

Discussion of results of operations for South Africa: Beverages for the six-month periods ended 30 September 2011 and 2010

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in South Africa relating to its beverage interests was US$2,669 million for the six months ended 30 September 2011, representing an increase of 10% from US$2,432 million for the six months ended 30 September 2010. The increase was principally a result of favourable currency translation effects assisted by the strong performance of the local premium power brands.

Lager volumes for the six months ended 30 September 2011 were level with the six months ended 30 September 2010. Castle Lite, South Africa's most popular premium beer, maintained its strong growth rate as it continued to communicate its "Extra Cold" proposition. Castle Lager delivered high single digit volume growth by effectively communicating its core brand proposition of "It all comes together with a Castle", amplifying its quality credentials and leveraging sponsorships. The repositioning of Castle Milk Stout as a local premium offering translated into encouraging growth. While Hansa Pilsener's volumes came under pressure, the brand continued to build on its distinctive positioning around the "Kiss of the Saaz Hop". Carling Black Label, South Africa's best selling beer, continued to reduce its rate of decline, supported by its positioning as a champion beer as well as leveraging its quality credentials and award-winning status.

Soft drinks volumes declined by 3%, cycling strong growth in the comparable period, and impacted by colder and wetter weather in the six months ended 30 September 2011. Sparkling drinks volumes declined 3% but still drinks grew 2%, driven by good growth in Glaceau and Powerade.

Distell overcame difficult trading conditions in the six months ended 30 September 2011 through its diverse portfolio and geographic footprint. This, coupled with pricing benefits, enabled it to grow revenue.

EBITA

EBITA increased by 13% from US$394 million for the six months ended 30 September 2010 to US$446 million for the six months ended 30 September 2011, primarily as a result of continued efforts to strengthen the core brand portfolio including intensifying the Group's investments in marketing and sales, largely funded by cost efficiencies.

As a result of the above, EBITA margins increased from 16.2% for the six months ended 30 September 2010 to 16.7% for the six months ended 30 September 2011.

Discussion of results of operations for South Africa: Beverages for the two years ended 31 March 2011 and 2010

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in South Africa relating to its beverage interests was US$5,598 million for the year ended 31 March 2011, representing an increase of 17% from US$4,777 million for the year ended 31 March 2010. Revenue increased as a result of strong volume growth, price benefits in both the beer and soft drinks businesses and positive currency translation effects.

Lager volumes in the year ended 30 March 2011 were 2% higher than the prior year as a result of intensified investment behind the Group's core brands and further enhanced sales execution with retailers. Castle Lite, South Africa's largest premium beer, accelerated its growth, supported by the communication of its "Extra Cold" characteristics and selective placement in the trade of specialised refrigeration equipment. Mainstream brands in total returned to growth. Castle Lager benefited further from its association with sport and continued to build on the gains it made during the 2010 FIFA World Cup. Hansa Pilsener continued to grow steadily from its large base while Carling Black Label, South Africa's best-selling beer, declined more slowly.

Soft drinks volumes increased by 3% as a result of the emphasis on immediate consumption packs, a greater sophistication in channel specific trade execution and enhanced customer service. Sparkling soft drinks volume growth of 2% included growth in returnable glass bottles and immediate consumption packs in particular. Good growth in Powerade, coupled with the successful launch of Glaceau during the year, drove volume growth of 15% in alternative beverages.

Distell increased volumes and revenue, with cider and ready-to-drink growth partially offset by a decline in wines and spirits, predominantly in the domestic market.

EBITA

EBITA increased by 21% from US$885 million for the year ended 31 March 2010 to US$1,067 million for the year ended 31 March 2011, primarily as a result of strong volume growth, price benefits and favourable currency translation effects.

As a result of the above, EBITA margins increased from 18.5% for the year ended 31 March 2010 to 19.1% for the year ended 31 March 2011.

Discussion of results of operations for South Africa: Beverages for the two years ended 31 March 2010 and 2009

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in South Africa relating to its beverage interests was US$4,777 million for the year ended 31 March 2010, representing an increase of 21% from US$3,955 million for the year ended 31 March 2009. Revenue increased as a result of price increases and favourable currency translation effects despite lower volumes.

Lager volumes declined by 1% for the year ended 31 March 2010 from the prior year, with 1% growth during the second half of the year ended 31 March 2010 offsetting a 3% decline during the first six months. The beer market grew marginally during the year, and growth increased towards the end of the year, benefiting somewhat from stock build up ahead of the Easter 2010 peak.

Both Hansa Pilsener and Castle Lager delivered high single digit growth. Castle Lite, which accounted for one in every three premium beers purchased in South Africa, returned to growth and performed strongly. In the premium segment, the Group continued to establish its international premium portfolio with the focused development of MGD, Peroni Nastro Azzurro and Grolsch. During the year, the Group upgraded sales capability and customer service offerings to retailers in all classes of trade, which resulted in both the number of outlets serviced and the intensity of servicing increasing substantially.

Soft drinks volumes in the year ended 31 March 2010 declined 1% from the prior year, reflecting the difficult economic environment and the unseasonably cold and wet weather during the summer peak. Sparkling soft drinks sales were down 1% with increased consumption in PET packs offset by a decline in can volumes. The impact of a seven-week strike, which took place over the peak Christmas period, was mitigated by thorough contingency planning.

Distell's international and domestic sales continued to exhibit good performance with strong sales of cider and ready-to-drink brands offsetting declines in spirits and wine.

EBITA

EBITA increased by 16% from US$764 million for the year ended 31 March 2009 to US$885 million for the year ended 31 March 2010, primarily as a result of the strengthening of the rand over the year relative to the US dollar, price increases and cost productivity, partially offset by lower volumes, higher input costs and greater investment in market-facing activities.

As a result of the above, EBITA margins declined from 19.3% for the year ended 31 March 2009 to 18.5% for the year ended 31 March 2010.

South Africa: Hotels and Gaming

Until February 2011, the Group owned 49% of Tsogo Sun, which in turn held 100% of Southern Sun Hotels (Pty) Limited ("**Southern Sun Hotels**") and 100% of Tsogo Sun Gaming (Pty) Limited ("**Tsogo Sun Gaming**"). In February 2011 Tsogo Sun merged with Gold Reef Resorts Limited through an all-share merger. As a result SABMiller exchanged its 49% interest in Tsogo Sun for a 39.7% interest in the enlarged business, which was renamed Tsogo Sun Holdings Limited.

Discussion of results of operations for South Africa: Hotels and Gaming for the six-month periods ended 30 September 2011 and 2010

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in South Africa and in seven countries in Africa and the Middle East relating to hotels and gaming was US$247 million for the six months ended 30 September 2011, representing an increase of 8% from US$229 million for the six months ended 30 September 2010. Revenue increased principally as a result of growth in the gaming business and assisted by the currency effects of a stronger rand, despite the lower hotel occupancy levels due to the prior year, including the impacts of the 2010 FIFA World Cup tournament held in South Africa.

The South African gaming industry experienced varied levels of growth across the major provinces during the six months ended 30 September 2011. The largest province in terms of gaming win, Gauteng, reported 3% growth over the prior period, with Montecasino and Gold Reef City casino, two of the Group's largest gaming units, outperforming the market. The KwaZulu-Natal province grew by 8%, and the Suncoast Casino by slightly less.

The South African hotel industry continued to experience weak demand in the key corporate, group and conventions segments. Revenue per available room in the six months ended 30 September 2011 declined by 10%, from the prior period reflecting the higher room rate charges enjoyed during the 2010 FIFA World Cup in the prior period.

EBITA

EBITA increased by 5% to US$67 million for the six months ended 30 September 2011 from US$63 million for the six months ended 30 September 2010, primarily as a result of favourable currency translation effects as the underlying results reflected the effects of the sluggish local economy on both the gaming and hospitality and tourism industries. EBITA margin declined to 26.9% for the six months ended 30 September 2011 from 27.8% for the prior period as a result of the weak hotel trading.

Discussion of results of operations for South Africa: Hotels and Gaming for the two years ended 31 March 2011 and 2010

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in South Africa and in seven countries in Africa and the Middle East relating to hotels and gaming was US$481 million for the year ended 31 March 2011, representing an increase of 18% from US$406 million for the year ended 31 March 2010. Revenue increased principally as a result of growth in the gaming industry coupled with the one-off benefit of the 2010 FIFA World Cup that was held in South Africa and favourable currency translation effects from the stronger rand.

The gaming industry in South Africa grew in low to mid single digits. The biggest gaming province, Gauteng, grew by 2% versus a prior year decline of 3%, and the KwaZulu-Natal region grew by 5%. The Tsogo Sun Group improved market share in Gauteng and held share in KwaZulu-Natal.

The South African hotel industry remained under pressure throughout the year, except during the FIFA 2010 World Cup period, particularly in the key corporate and government segments. Hotel occupancies peaked at 72% for the month in June 2010 and averaged 58% for the year, ending relatively unchanged against prior year. Group-wide occupancies ended the year at 59%.

EBITA

EBITA increased by 12% to US$137 million for the year ended 31 March 2011 from US$122 million in the year ended 31 March 2010. EBITA margin for the year ended 31 March 2011 declined to 28.5% from 30.0% for the prior year due to high utility price increases together with other inflationary cost increases, outstripping revenue growth.

Discussion of results of operations for South Africa: Hotels and Gaming for the two years ended 31 March 2010 and 2009

Group revenue

Group revenue (including share of associates' revenue) for the Group's operations in South Africa and in seven countries in Africa and the Middle East relating to hotels and gaming was US$406 million for the year ended 31 March 2010, representing an increase of 17% from US$348 million for the year ended 31 March 2009. Revenue increased principally as a result of acquisition activity, including Tsogo Sun's equity accounted interest in Gold Reef Resorts Limited and the Century casinos business in Caledon and Newcastle.

The gaming industry in South Africa contracted during the year ended 31 March 2010 with weak demand affecting casino win, although the KwaZulu-Natal region demonstrated resilience. Gauteng, the most significant gaming province, reported a 3% drop in market size.

The South Africa hotel industry remained subdued during the year with lower levels of corporate and government spending. A number of major sporting events in South Africa during the first quarter of the year ended 31 March 2010 provided some uplift, but occupancies remained depressed overall.

EBITA

EBITA increased by 1% to US$122 million for the year ended 31 March 2010 from US$122 million in the previous year. The increase was attributable to favourable currency translation effects and the impact of acquisitions as the underlying business contracted due to tough trading conditions. EBITA margin for the year ended 31 March 2010 declined to 30.0% from 34.9% in the prior year.

Liquidity and capital resources

Liquid assets

The Group uses cash in hand, cash from operations and short-term borrowings to manage its liquidity.

The Group has been able, and expects to continue to be able, to manage its cash positions between segments and across operations through a combination of dividends, intra-Group loans and cash pooling structures.

As at 30 September 2011, the Group had cash and cash equivalents investments of US$953 million, as compared with US$478 million as at 30 September 2010. The following table sets forth a summary of contributing factors to the Group's net cash flow for the six months ended 30 September 2011 and 2010, and for the years ended 31 March 2011, 2010 and 2009 in accordance with IFRS.

	Six months ended 30 September		Years ended 31 March		
	2011	2010	2011	2010	2009
	(unaudited) *(in US$ millions)*		*(audited)* *(in US$ millions)*		
Net cash generated from operations	2,369	2,152	4,568	4,537	3,671
Net cash generated from operating activities	1,719	1,346	3,043	3,277	2,183
Net cash used in investing activities	(178)	(60)	(517)	(1,172)	(2,014)
Net cash used in financing activities	(1,634)	(1,654)	(2,327)	(1,728)	(257)
Net (decrease)/increase in cash and cash equivalents	(80)	(347)	224	467	(66)

Net cash from generated from operating activities

Six months ended 30 September 2011 compared with the six months ended 30 September 2010

Net cash generated from operations increased by 10% to US$2,369 million for the six months ended 30 September 2011 from US$2,152 million for the six months ended 30 September 2010. Net cash generated from operations before working capital movements (EBITDA) increased by 11% to US$2,298 million for the six months ended 30 September 2011 from US$2,062 million for the six months ended 30 September 2010, largely due to higher revenue assisted by favourable currency movements. Net inflows in working capital for the six months ended 30 September 2011 were US$71 million, compared with US$90 million for the six months ended 30 September 2010. The Group's net cash generated from operating activities increased by 28% to US$1,719 million for the six months ended 30 September 2011 from US$1,346 million for the six months ended 30 September 2010 primarily reflecting improved EBITDA, positive cash inflow from working capital and lower net interest paid.

Year ended 31 March 2011 compared with the year ended 31 March 2010

Net cash generated from operations increased by 1% to US$4,568 million for the year ended 31 March 2011 from US$4,537 million for the year ended 31 March 2010. Net cash generated from operations before working capital movements (EBITDA) increased by 13% to US$4,502 million for the year ended 31 March 2011 from US$3,974 million for the year ended 31 March 2010, primarily due to improved pricing and cost efficiencies. Net inflows in working capital were US$66 million for the year ended 31 March 2011, compared with US$563 million for the year ended 31 March 2010. The level of cash inflows from working capital declined for the year ended 31 March 2011 principally as a result of significant one-off working capital benefits being recognised in the year ended 31 March 2010 as a result of the business capability programme. The Group's net cash generated from operating activities decreased by 7% to US$3,043 million for the year ended 31 March 2011 from US$3,277 million for the year ended 31 March 2010 primarily reflecting lower working capital inflows and higher tax paid.

Year ended 31 March 2010 compared with the year ended 31 March 2009

Net cash generated from operations increased by 24% to US$4,537 million for the year ended 31 March 2010 from US$3,671 million for the year ended 31 March 2009. Net cash generated from operations before working capital movements (EBITDA) decreased by 5% to US$3,974 million for the year ended 31 March 2010 from US$4,164 million for the year ended 31 March 2009, primarily as a result of the formation of the MillerCoors joint venture during the year ended 31 March 2009. Net inflows in working capital were US$563 million for the year ended 31 March 2010, compared with net outflows of US$493 million for the year ended 31 March 2009. The working capital improvement for the year ended 31 March 2010 reflects changes in process management practices applied to inventory, receivables and payables, resulting in net working capital inflows in most major operations. The Group's net cash generated from operating activities increased by 50% to US$3,277 million for the year ended 31 March 2010 from US$2,183 million for the year ended 31 March 2009 primarily reflecting a significant improvement in working capital, together with lower tax and net interest payments partly offset by the reduction in EBITDA.

Capital expenditure

Capital expenditure for the six months ended 30 September 2011 of US$680 million increased compared with US$565 million for the six months ended 30 September 2010, partly as a result of the effects of foreign exchange rate movements. The Group continued to invest in its operations, selectively maintaining investment to support future growth including a greenfield brewery in Nigeria, a maltings plant in Uganda as well as capacity expansion in Peru and South Sudan, and depot expansion in Colombia. Capital expenditure including the purchase of intangible assets was US$760 million for the six months ended 30 September 2011, compared with US$614 million for the six months ended 30 September 2010.

Capital expenditure for the year ended 31 March 2011 of US$1,189 million reduced from US$1,436 million for the year ended 31 March 2010, being partly offset by the effects of foreign exchange rate movements. The Group continued to invest in its operations, selectively maintaining investment to support future growth including the brewery and soft drinks plant in Angola, capacity extensions in Peru and Uganda, on fridges across Latin America and in South Africa, and on containers. Capital expenditure including the purchase of intangible assets was US$1,315 million for the year ended 31 March 2011, compared with US$1,528 million for the year ended 31 March 2010.

Capital expenditure for the year ended 31 March 2010 was US$1,436 million, compared with US$2,073 million for the year ended 31 March 2009. The Group continued to invest in its operations, selectively maintaining investment to support future growth, including new breweries in Russia, Angola, Tanzania, South Sudan and Mozambique together with brewery capacity expansions completed in the year in Poland, Romania, Ghana and Uganda. With effect from 1 July 2008, the capital expenditure for the MillerCoors joint venture was excluded from the consolidated capital expenditure reported. Capital expenditure including the purchase of intangible assets was US$1,528 million for the year ended 31 March 2010 compared with US$2,147 million for the year ended 31 March 2009.

Acquisitions and disposals

For the six months ended 30 September 2011, the net cash outflow for acquisitions and disposals, including the acquisition and disposal of businesses, and the investments in associates and joint ventures, increased to US$62 million from US$32 million for the six months ended 30 September 2010, principally due to increased investment in MillerCoors.

For the year ended 31 March 2011, the net cash outflow for acquisitions and disposals, including the acquisition and disposal of businesses, and the investments in associates and joint ventures, decreased to US$183 million from US$504 million for the year ended 31 March 2010, principally due to a decrease in investment in MillerCoors and the repayment of preference shares by the Group's hotel and gaming associate of US$68 million.

For the year ended 31 March 2010, the net cash outflow for acquisitions and disposals, including the acquisition and disposal of businesses, and the investments in associates and joint ventures, decreased to US$504 million from US$533 million for the year ended 31 March 2009, principally due to the subscription of preference shares by the Group's hotel and gaming associate of US$63 million, a decrease in investment in MillerCoors in the year ended 31 March 2010, and the acquisition of businesses in Russia, Nigeria and Vietnam during the year ended 31 March 2009.

Free cash flow

Operating free cash flow 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.

Six months ended 30 September 2011 compared with the six months ended 30 September 2010

The Group achieved operating free cash flow of US$1,479 million for the six months ended 30 September 2011, compared with US$1,244 million for the six months ended 30 September 2010, reflecting the higher cash generated from operating activities and lower net interest paid partially offset by higher capital expenditure and investments in joint ventures.

Year ended 31 March 2011 compared with the year ended 31 March 2010

The Group achieved operating free cash flow of US$2,488 million for the year ended 31 March 2011, compared with US$2,028 million for the year ended 31 March 2010, reflecting lower capital expenditure, lower investments in associates and joint ventures, increased EBITDA offset by lower working capital inflows, higher dividends from MillerCoors, higher tax paid and a reduction in dividends paid to non-controlling interests following the acquisition of the non-controlling interests in the Group's Polish business in May 2009.

Year ended 31 March 2010 compared with the year ended 31 March 2009

Overall, the Group achieved operating free cash flow of US$2,028 million for the year ended 31 March 2010, compared with US$106 million for the year ended 31 March 2009, reflecting improved working capital, lower capital expenditure, higher dividend receipts, lower tax and net interest payments and lower dividends to non-controlling interests.

Dividend policy

The Group's guidance with respect to the payment of dividends to shareholders of SABMiller is to achieve dividend cover of between 2.0 and 2.5 times adjusted earnings on a full year basis. An interim dividend of 21.5 US cents per share for the six months ended 30 September 2011 was paid on 9 December 2011. A final dividend of 61.5 US cents per share, which resulted in a total dividend of 81 US cents per share for the year ended 31 March 2011, was paid on 12 August 2011, following an interim dividend of 19.5 US cents paid on 10 December 2010. The total dividend paid in respect of the year ended 31 March 2010 was 68 US cents per share.

External funding, financing and indebtedness

Group indebtedness

The Group finances its operations through cash generated by the business and a mixture of short and medium-term bank credit facilities, bank loans, corporate bonds and commercial paper with a range of maturity dates. In this way, the Group ensures that it is not overly reliant on any particular liquidity source and that the maturities of its borrowings are not overly concentrated.

The following table summarises the Group's funding structure as at 30 September 2011.

	As at 30 September 2011
	(unaudited) *(in US$ millions)*
Short term borrowings-related derivative financial assets	16
Short term borrowings-related derivative financial liabilities	(48)
Non-current borrowings-related derivative financial assets	535
Non-current borrowings-related derivative financial liabilities	(9)
Cash and cash equivalents	953
Short term borrowings and overdrafts	(1,142)
Non-current borrowings	(6,788)
Net debt	(6,483)
Undrawn borrowing facilities	
– expiring within one year	332
– expiring between one and two years	150
– expiring between two and five years	2,516
Total available borrowing facilities	2,998
Maturity of borrowings (including borrowings-related derivative financial instruments)	
Within one year	221
Between one and two years	578
Between two and five years	4,907
Over five years	777
Total	6,483

Gross debt, comprising borrowings of the Group together with the fair value of derivative assets and liabilities held to manage interest rate and foreign currency risk of borrowings for the Group, decreased by 9% to US$7,436 million as at 30 September 2011 from US$8,162 million as at 31 March 2011. Short-term borrowings (*i.e.*, due within one year) as at 30 September 2011 comprised 14% of interest-bearing debt, as compared with 16% as at 31 March 2011. The Group's medium and long-term borrowings (*i.e.*, due in more than one year) (excluding derivative financial instruments) amounted to US$6,788 million as at 30 September 2011 and US$7,115 million as at 31 March 2011, while the Group had undrawn committed borrowing facilities in place totalling US$2,998 million and US$3,164 million as at such dates, respectively.

Net debt (comprising gross debt net of cash and cash equivalents) decreased to US$6,483 million as at 30 September 2011 from US$7,091 million as at 31 March 2011, resulting from strong cash flows generated as well as favourable foreign exchange rate movements in some of the currencies in which the Group's debt is denominated.

As at 30 September 2011, the weighted average maturity of the Group's gross committed debt portfolio was 3.9 years, while the weighted average interest rate on the Group's gross debt portfolio was 6.1%, having increased from 5.9% as at 31 March 2011, principally reflecting increases in interest rates across the Group.

The Group's gearing ratio (which is calculated as net debt to equity) was 28.9% as at 30 September 2011, compared with 31.2% as at 31 March 2011.

As at the date of this Prospectus, the Group had the following principal debt facilities in place, excluding borrowings of Foster's and its subsidiaries:

2003 Miller Bonds

On 7 August 2003, Miller issued US$1,100 million 5.50% notes due 2013. In June 2008, SABMiller assumed Miller's obligations with respect to these notes, as a result of which Miller was released from its obligations and SABMiller became the sole obligor with respect to these notes. The notes mature on 15 August 2013. The notes are redeemable in whole or in part at any time at the option of SABMiller at a redemption price equal to the make-whole amount.

2003 SABMiller Bonds

On 7 August 2003, SABMiller issued US$300 million 6.625% notes due 2033. Since September 2010, SABMiller has been the sole obligor with respect to the notes following the release of all guarantees in respect of the notes. The notes mature on 15 August 2033. The notes are redeemable in whole, or in part, at any time at the option of SABMiller at a redemption price equal to the make-whole amount.

2006 SABMiller Bonds

On 28 June 2006, SABMiller issued US$850 million 6.50% notes due 2016. Since June 2008, SABMiller has been the sole obligor with respect to the notes following the release of all guarantees in respect of the notes. The notes mature on 1 July 2016. The notes are redeemable in whole, or in part, at any time at the option of SABMiller at a redemption price equal to the make-whole amount.

2006 Commercial Paper Programme

On 11 October 2006, SABMiller entered into the 2006 Commercial Paper Programme. Since July 2008, commercial paper issued under the 2006 Commercial Paper Programme has not been guaranteed.

2007 Domestic Medium Term Note Programme and Bonds

On 17 July 2007, SABMiller established the DMTN Programme with a programme limit of ZAR4,000 million (or its equivalent in other currencies) in the name of its wholly owned subsidiaries SABSA Holdings (Pty) Ltd and SABFIN (Pty) Ltd, as issuers, under which both bonds and commercial paper may be issued. Debt issued under the DMTN Programme is guaranteed by SABMiller.

On 19 July 2007, SABSA Holdings (Pty) Ltd issued ZAR1.6 billion (approximately US$210 million) 9.935% Notes due 2012 under the DMTN programme. The notes are listed on BESA, the South African Bond Exchange. The notes mature on 19 July 2012.

On 24 December 2008, the programme limit was increased to ZAR6,000 million.

2008 SABMiller Bonds

On 11 July 2008, SABMiller issued US$550 million 5.70% notes due 2014. The notes mature on 15 January 2014. The notes are redeemable in whole, or in part, at any time at the option of SABMiller at a redemption price equal to the make-whole amount.

On 11 July 2008, SABMiller issued US$700 million 6.50% notes due 2018. The notes mature on 15 July 2018. The notes are redeemable in whole, or in part, at any time at the option of SABMiller at a redemption price equal to the make-whole amount.

2008 Euro Medium Term Note Programme and 2009 SABMiller Bonds

On 25 July 2008, SABMiller established the 2008 EMTN Programme with a programme limit of US$5 billion (or its equivalent in other currencies). On 9 July 2009, an updated prospectus was issued and on 17 July 2009 SABMiller issued €1,000 million 4.5% notes due 2016. The notes mature on 20 January 2015. The notes are redeemable in whole, or in part, at any time at the option of SABMiller at a redemption price equal to the make-whole amount.

The net proceeds of any further notes issued under the 2008 EMTN Programme will be applied by SABMiller for general corporate purposes.

2009 Guaranteed Medium Term Note Programme and 2010 SABMiller Bonds

On 28 January 2009, SABMiller and Racetrack Peru established the 2009 GMTN Programme with a programme limit of PEN1.5 billion (or its equivalent in other currencies), which in the case of notes issued by Racetrack Peru is guaranteed by SABMiller. On 8 March 2010, an updated programme memorandum was issued and on 19 March 2010 SABMiller issued PEN150 million 6.75% notes due 2015. The notes mature on 19 March 2015.

Unless otherwise stated in the applicable final terms, the net proceeds of any further notes issued under the 2009 GMTN Programme by Racetrack Peru will be used to fund investments, working capital, and/or other financing requirements of Racetrack Peru and the net proceeds of any further notes issued by SABMiller will be used for the repayment of loans incurred to fund the acquisition of securities of Backus and for general corporate purposes.

Bavaria COP Bonds

Bavaria has in issue a number of unsecured Colombian peso bonds. The interest rates payable on these bonds are based on either DTF, the Colombian average interest rate for free loan investments of the financial sector, or IPC, the consumer price index published by the Departamento Administravo Nacional de Estadistica of Colombia. Long and medium term borrowings include bonds with a nominal value of COP 1,910,300 million, repayment dates between September 2012 and January 2015 and interest rates of DTF+3.0% and ranging between IPC+6.52% and IPC+8.18%. With effect from 31 March 2011, 98.7% of the bonds due 2012, 97.4% of the bonds due 2013, 85.5% of the bonds due 2014 and 94.0% of the bonds due 2015 have been guaranteed by SABMiller.

Group Syndicated Loan Facilities

On 7 April 2011, SABMiller entered into a five-year US$2,500 million committed syndicated bank loan facility, with the option of two one-year extensions. This facility is available for general corporate purposes of the Group.

On 9 September 2011 the Group entered into a US$12,500 million committed syndicated facility primarily to finance the acquisition of Foster's and related purposes. The facility consisted of four tranches; a US$8,000 million one-year term facility with the option of two six-month extensions; a US$2,500 million three-year term facility; a US$1,000 million five-year term facility; and a US$1,000 million five-year revolving credit facility. The Issuer is the borrower under the term facilities and the Issuer and SABMiller are borrowers under the revolving credit facility. The Issuer and SABMiller guarantee each other's obligations under these facilities. In December 2011, the Issuer drew US$7,850 million under the one-year term facility; A$2,000 million (approximately US$2,021 million) and US$100 million under the three-year term facility and US$750 million under the five-year term facility. The undrawn balance of those facilities was cancelled and the amount of the revolving credit facility was reduced to US$500 million.

The Issuer intends to issue guarantees of all present and future borrowings of SABMiller, except for certain intra-Group indebtedness.

Contractual commitments and contingent obligations

In addition to its principal debt facilities, the Group has a number of obligations and commitments to make future payments of amounts due.

Operating lease obligations

The Group had minimum lease rentals under non-cancellable operating leases expiring within one year, between two and five years and over five years of US$100 million, US$217 million and US$89 million, respectively, as at 31 March 2011, as compared with commitments of US$82 million, US$163 million and US$70 million, respectively, as at 31 March 2010.

Finance leases

As at 31 March 2011, the Group had obligations under finance leases totalling US$9 million, of which US$4 million was due and payable within one year and US$5 million was due and payable between two and five years. As at 31 March 2010, the Group had obligations under finance leases totalling US$12 million, of which US$5 million was due and payable within one year, US$4 million was due and payable between one and two years and US$3 million was due and payable between two and five years. The Group does not have any material off-balance sheet commitments or other arrangements.

Contracts placed for future expenditure

As at 31 March 2011, the Group was party to a number of contracts under which it has committed to make future expenditure in a total amount of US$2,694 million including the Group's share of commitments of joint ventures, of which US$319 million related to contracts for future capital expenditure, and US$2,375 million related to other non capital commitments where no provision has been made in the financial information. Contracts placed for future expenditure as at 31 March 2011 primarily related to minimum purchase commitments for raw materials and packaging materials, which were principally due between 2011 and 2016. Additionally, as part of the business capability programme the Group had entered into contracts for the provision of IT, communications and consultancy services and in relation to which the Group had commitments of US$193 million at 31 March 2011. The Group's share of joint ventures' other commitments primarily related to MillerCoors' various long-term non-cancellable advertising and promotion commitments.

Contingent liabilities

The commitments, contingencies and guarantees of the Group as at 31 March 2011 are described in Note 31 to the Group Financial Information.

Disclosure regarding risk

The Group's activities expose it to of the following financial risks:

- market risk (including foreign exchange, interest rate and price risk)
- credit risk
- liquidity risk

The directors are ultimately responsible for the establishment and oversight of the Group's risk management framework. An essential part of this framework is the role undertaken by the audit committee of the board, supported by the internal audit function, and by the chief financial officer, who in this regard is supported by the treasury committee and the Group treasury function. Amongst other responsibilities, the audit committee reviews the internal control environment and risk management systems within the Group and it reports its activities to the board. The board also receives a quarterly report on treasury activities, including confirmation of compliance with treasury risk management policies.

The Group treasury function is responsible for the management of cash, borrowings and the financial risks arising in relation to interest rates and foreign exchange rates. The responsibility for the management of commodities exposures lies with the procurement functions within the Group, including Trinity, the Group's centralised procurement function. The transition of risk management of key brewing and packaging materials has now been substantially transferred to Trinity. Some of the risk management strategies include the use of derivatives, principally in the form of forward foreign currency contracts, cross currency swaps, interest rate swaps and exchange-traded futures contracts, in order to manage the currency, interest rate and commodities exposures arising from the Group's operations. The Group also purchases call options where these provide a cost-effective hedging alternative and, where they form part of an option collar strategy, the Group also sells put options to reduce or eliminate the cost of purchased options. It is the policy of the Group that no trading in financial instruments be undertaken.

The Group's treasury policies are established to identify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls and to monitor exposures and adherence to limits.

The Group's assessment of its vulnerability to financial risks as at 31 March 2011 is more fully described in Note 23 to the Group Financial Information.

Foreign exchange risk

The Group is subject to exposure on the translation of the foreign currency denominated net assets of subsidiaries, associates and joint ventures into the Group's US dollar reporting currency. The Group seeks to mitigate this exposure, where cost effective, by borrowing in the same currencies as the functional currencies of its main operating units or by achieving the same effect through the use of forward foreign exchange contracts and currency swaps. As at 31 March 2011, an approximate nominal value of US$1,836 million of US dollar borrowings and €254 million of euro borrowings had been swapped into currencies that match the currency of the underlying operations of the Group, primarily South African rand, but also Peruvian nuevo sol, Czech koruna, Colombian peso, Polish zloty, Russian rouble and euro. Of these financial derivatives, US$1,180 million and €150 million were accounted for as net investment hedges.

The Group does not hedge currency exposures from the translation of profits earned in foreign currency subsidiaries, associates and joint ventures.

The Group is also exposed to transactional currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. These exposures are presently managed locally by Group entities which, subject to regulatory constraints or currency market limitations, hedge a proportion of their foreign currency exposure estimated to arise over a period of up to 18 months. Committed transactional exposures that are certain are hedged fully without limitation in time. The Group principally uses forward exchange contracts to hedge currency risk.

Interest rate risk

The Group borrows principally in SA rand, Peruvian nuevo sol, euro, Polish zloty, Czech koruna, Russian rouble, Colombian peso and US dollars.

The Group's policy is to borrow (direct or synthetically) in floating rates, reflecting the fact that floating rates are generally lower than fixed rates in the medium term. However, a minimum of 25% of consolidated net borrowings is required to be in fixed rates for a minimum duration of 12 months and the extent to which Group borrowings may be in floating rates is restricted to the lower of 75% of consolidated net borrowings and that amount of net borrowings in floating rates that with a 1% increase in interest rates would increase finance costs by an amount equal to (but not more than) 1.20% of adjusted EBITDA. The policy also excludes borrowings arising from recent acquisitions and any inflation-linked debt, where there will be a natural hedge within business operations.

Exposure to movements in interest rates in Group borrowings is managed through interest rate swaps and forward rate agreements. As at 31 March 2011, on a policy adjusted basis, excluding borrowings from recent acquisitions and any inflation-linked debt, 44% of consolidated net borrowings were in fixed rates compared with 47% as at 31 March 2010. The impact of a 1% rise in interest rates on borrowings in floating rates would have been equivalent to 0.67% of adjusted EBITDA at 31 March 2011 compared with 0.78% as at 31 March 2010.

Price risk

Commodity price risk

The Group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as the price of malt, barley, sugar and aluminium. Commodity price risk is managed within minimum and maximum guard rails principally through multi-year fixed price contracts with suppliers and, where appropriate, derivative contracts. The Group hedges a proportion of commodity supply and price risk for a period of up to five years. Where derivative contracts are used the Group manages exposures principally through exchange-traded futures, forwards and swaps.

At 31 March 2011 the notional value of commodity derivatives amounted to US$21 million compared with US$42 million as at 31 March 2010. No sensitivity analysis was provided on these outstanding contracts as the impact was considered to be immaterial.

Equity securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as available for sale investments. No sensitivity analysis was provided on these outstanding contracts as the impact was considered to be immaterial.

Credit risk

The Group is exposed to credit risk if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments

The Group limits its exposure to financial institutions by setting credit limits on a sliding scale based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB- by Standard & Poor's and Baa3 from Moody's. For banks with a lower credit rating, or with no international credit rating, a maximum limit of US$3 million is applied, unless specific approval is obtained from either the chief financial officer or the audit committee of the board. The utilisation of credit limits is regularly monitored. To reduce credit exposures, the Group has ISDA Master Agreements with most of its counterparties for financial derivatives, which permit net settlement of assets and liabilities in certain circumstances.

Trade and other receivables

There is no significant concentration of credit risk with respect to trade receivables as the Group has a large number of customers which are internationally dispersed. The type of customers range from wholesalers and distributors to smaller retailers. The Group has implemented policies that require appropriate credit checks on potential customers before sales commence. Credit risk is managed by limiting the aggregate amount of exposure to any one counterparty.

The Group considered its maximum credit risk to be US$2,984 million at 31 March 2011 which was the total of the Group's financial assets at that date, compared with US$2,749 million as at 31 March 2010.

Liquidity risk

The Group finances its operations through cash generated by the business and a mixture of short-term and medium-term bank credit facilities, bank loans, corporate bonds and commercial paper with a range of maturity dates. In this way, the Group ensures that it is not overly reliant on any particular liquidity source or that maturities of borrowings sourced in this way are not overly concentrated.

Subsidiaries have access to local bank credit facilities, but are principally funded by the Group.

As at 31 March 2011 the Group had the following core lines of credit that were available for general corporate purposes and which were maintained by SABMiller plc:

- US$2,000 million committed syndicated facility maturing in December 2012.
- US$600 million committed syndicated facility maturing in May 2011.

On 7 April 2011 the Group entered into a five-year US$2,500 million committed syndicated facility, with the option of two one-year extensions. This facility replaced the existing US$2,000 million and US$600 million committed syndicated facilities, which were both voluntarily cancelled.

On 9 September 2011 the Group entered into a US$12,500 million committed syndicated facility to finance the acquisition of Foster's. In December 2011 certain amounts of the facility were cancelled and it now consists of four tranches; a US$7,850 million one-year term loan with the option of two six-month extensions; a US$2,121 million three-year term loan; a US$750 million five-year term loan; and a US$500 million five-year revolving credit facility.

Liquidity risk faced by the Group is mitigated by having diverse sources of finance available to it and by maintaining substantial unutilised banking facilities and reserve borrowing capacity, as indicated by the level of undrawn facilities.

Description of the Group

Save where otherwise indicated, the financial information relating to the Group contained in this section has been extracted from the interim and annual reports and accounts of the Group for the six-month periods ended 30 September 2011 and 2010, and the years ended 31 March 2011, 2010 and 2009, without material adjustment.

Overview

SABMiller, together with the Issuer, its other subsidiaries, its associated companies and joint ventures, is, according to Canadean, one of the world's largest brewers, occupying a top-two market position by volume in many markets in which it operates, with group revenue[4], operating profit and lager volumes for the year ended 31 March 2011 of US$28,311 million, US$3,127 million and 218 million hectolitres respectively. As at 31 March 2011, the Group's total assets were US$39,108 million. The Group is also one of the largest bottlers and distributors of Coca-Cola products outside the United States.

The Issuer, SABMiller Holdings, is incorporated in the State of Delaware in the United States of America and is an intermediate holding company that holds economic interests in the Group's operations in North America, South America, Australia and South Africa, and obtains and provides funding to those operations.

The Group has brewing interests and distribution agreements across six continents, with a balance between fast-growing developing markets and cash-generative mature markets. The Group has a diverse portfolio of local, regional and global brands, including international premium beers such as Pilsner Urquell, Peroni Nastro Azzurro, MGD and Grolsch, along with leading local brands such as Aguila, Castle Lager, Miller Lite, Snow, Tyskie and Victoria Bitter.

SABMiller is a FTSE-100 company listed on the London and the Johannesburg stock exchanges. The Group has demonstrated significant growth, with market capitalisation growing from US$5,421 million as at 31 December 2000 to approximately US$57,191 million as at 6 January 2012. Since the Group was first rated in 2003, SABMiller has been rated, and is currently rated, Baa1/stable outlook by Moody's and BBB+/stable outlook by S&P.

The registered office of Issuer is c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, USA. The registered office of SABMiller is at SABMiller House, Church Street West, Woking, Surrey, England, GU21 6HS.

Highlights of the Group's Operations

Latin America

The Group initially invested in El Salvador and Honduras in 2001, gaining full ownership in 2005. On 12 October 2005, the Group completed a transaction through which it obtained a controlling interest in the second largest brewer in South America, Bavaria S.A. ("**Bavaria**"), a Colombian company (the "**Bavaria Transaction**"), and on 24 November 2010 the Group acquired CASA Isenbeck, the third largest brewer in Argentina. As at 31 March 2011, Group companies were the number one brewer, in terms of lager market share, in Colombia, Ecuador, El Salvador, Honduras, Panama and Peru. The Group bottles soft drinks for The Coca-Cola Company in El Salvador and Honduras and for Pepsico International and Schweppes in Panama.

Europe

The Group's expansion into Europe began in 1993 with the acquisition of Dreher in Hungary. The Group now has brewing operations in ten countries: The Netherlands, Poland, the Czech Republic, Italy, Russia, Romania, Hungary, Slovakia, Ukraine and the Canary Islands (Spain). The Group also exports significant volumes to a further eight European markets of which the largest are the UK and Germany.

In October 2011, the Group announced its intention to form a strategic alliance with Anadolu Efes for Turkey, Russia, the Commonwealth of Independent States, Central Asia and the Middle East. The Group intends to transfer its Russian and Ukrainian beer business to Anadolu Efes and take a 24% equity stake in the enlarged group. Subject to finalisation of the definitive legal agreements and relevant regulatory approvals, the Group expects to complete the transaction before the end of the financial year ending 31 March 2012.

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

North America

The Group acquired Miller, the United States' second largest brewer, in 2002. On 1 July 2008, the MillerCoors joint venture was established through the combination of the operations of SABMiller's and Molson Coors' respective subsidiaries (Miller and CBC) located in the United States and Puerto Rico. As a result, SABMiller has a 58% economic interest and Molson Coors has a 42% economic interest in MillerCoors. Voting interests in MillerCoors are shared equally between SABMiller and Molson Coors, and each of SABMiller and Molson Coors has equal board representation.

The North America segment includes the Group's 58% share in MillerCoors and 100% of Miller Brewing International.

Africa

The Group operates in 15 countries in Africa: Botswana, Comores, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mayotte, Mozambique, Nigeria, South Sudan, Swaziland, Tanzania, Uganda and Zambia. In addition, the Group has a strategic alliance with Castel, pursuant to which Castel's holding company has a 38% economic interest in SABMiller's principal African holding company and the Group has a 20% economic interest in Castel. This alliance capitalises on the complementary nature of the companies' geographic portfolios. Castel has lager and soft drinks interests in 22 largely French-speaking countries of West, Central and North Africa and the Indian Ocean. Its operations cover Algeria, Angola, Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of Congo, Equatorial Guinea, Ethiopia, Gabon, Gambia, Guinea, Madagascar, Mali, Mauritius, Morocco, Niger, Senegal, Togo and Tunisia. In addition the Group has associated undertakings in Algeria, Morocco and Zimbabwe, and a procurement company in Mauritius. With effect from 1 January 2012, the Group and Castel implemented a number of organisational changes in their African operations, resulting in the combination of the operational management of the Castel and SABMiller businesses in Nigeria and Angola, with the Nigerian businesses now being managed by SABMiller, and the Angolan businesses now being managed by Castel, and a modification of the existing strategic alliance agreement to reflect that in future the groups will share, at the strategic alliance level, the aggregate profits and cash flows of their operations in Nigeria and Angola based primarily on the relative contributions of their businesses in each country. The existing strategic alliance agreement is otherwise unchanged.

Asia Pacific (formerly Asia)

The Group has operations in India and Vietnam, and in China through an associated company. The Group has an interest in Australia through Pacific Beverages, its joint venture with Coca-Cola Amatil Limited.

On 16 December 2011, the Group completed the acquisition of Foster's, and the Asia segment was renamed the Asia Pacific segment. See "*Description of the Group – Overview of Foster's Acquisition*." In connection with the Foster's acquisition, the Group separately reached an agreement with CCA to acquire CCA's remaining 50% interest in Pacific Beverages after completion of the Foster's acquisition, and also granted CCA the right to acquire certain non-core operations of Foster's together with certain assets and trading liabilities attributable to them. The acquisition of the 50% interest in Pacific Beverages is expected to complete on 16 January 2012, and the sale of the non-core operations to CCA is expected to complete during the quarter ending 31 March 2012.

South Africa

The South African Breweries Limited (**"SAB Ltd"**) is the Group's original brewing company. Founded in 1895, SAB Ltd has since become one of South Africa's leading companies as well as Africa's largest brewer. The soft drinks division of SAB Ltd, ABI, is South Africa's largest bottler for The Coca-Cola Company.

The Group also has hotel and gaming interests through Tsogo Sun Holdings Limited, which is listed on the Johannesburg Stock Exchange and is also the largest black empowerment company in the leisure industry in South Africa.

Group

Business Capability Programme

In the year ended 31 March 2010, the Group commenced a major business capability programme that will simplify processes, reduce costs and allow local management teams to enhance focus on their markets. Information and processes will be standardised based on a single, integrated IT system across back, middle and front office and selectively certain back office activities will be outsourced. The programme will take four years to complete.

Trinity, the Group's global procurement organisation, is well established and is beginning to demonstrate its significant potential.

The Group had incurred cumulative exceptional costs of US$638 million in relation to, and realised US$620 million of cumulative financial benefits from, the business capability programme by 31 March 2011.

Overview of Foster's Acquisition

On 16 December 2011, the Group completed the acquisition of Foster's for A$5.40 per share in cash, representing a total cash consideration of approximately A$10,483 million (approximately US$10,465 million). Separately in June 2011, the Group reached agreement with CCA to acquire CCA's remaining 50% interest in Pacific Beverages after completion of the Foster's acquisition, and also granted CCA the right to acquire certain non-core operations of Foster's together with certain assets and trading liabilities attributable to them. The acquisition of the 50% interest in Pacific Beverages is expected to complete on 16 January 2012, and the sale of the non-core operations to CCA is expected to complete during the quarter ending 31 March 2012.

The information about Foster's set forth in this Prospectus has been derived or extracted from Foster's public information distributed prior to the acquisition of Foster's by the Group on 16 December 2011, and has not been verified by the Group.

Strategy

Business strategy

The Group's business strategy is based upon the following four strategic priorities:

Creating a balanced and attractive global spread of businesses: The wide geographic spread of the Group's operations allows it to benefit from growth in volumes and value in beer markets around the world. The Group continues to look for opportunities to strengthen its geographic footprint in both developing and developed markets through greenfield entries, alliances, mergers and acquisitions.

Developing strong, relevant brand portfolios that win in the local market: The Group seeks to develop attractive brand portfolios that meet consumers' needs in each of its markets. This includes expanding its offerings to address new consumer segments and drinking occasions, strengthening its mainstream brands, building a differentiated portfolio of global and local premium brands and channelling the right brands to the right outlets at the right time and price.

Constantly raising the profitability of local businesses, sustainably: The Group's aim is to keep enhancing its operational performance through top-line growth and continuous improvement in costs and productivity. It is also important that it maintains and advances its reputation, protects its licence to trade and develops its businesses sustainably for the benefit of its stakeholders.

Leveraging the Group's skills and global scale: The Group's global spread of operations presents increasing opportunities to gain value from the scale and skills of the Group, not least by standardising its back-office functions around the world and regionally integrating its front-office systems. The Group is also benefiting from ongoing collaboration and the transfer of skills between its businesses.

Financial strategy

The Group is committed to maintaining a prudent financial profile that is reflected in a high quality investment-grade credit rating. Consistent with this commitment is the Group's objective to optimise its overall capital structure, which it maintains by funding acquisitions where necessary through an appropriate mix of equity and debt. The Group's strong financial structure also helps to ensure that adequate resources are available to it from a variety of market sources to meet ongoing business needs, as well as to provide medium-term flexibility to assess investments in appropriate markets.

Competitive strengths

Management believes that the Group's key competitive strengths are:

Leading market positions

The Group is one of the world's largest brewers, occupying a top-two market position by volume in many markets in which it operates. Group associates and joint ventures hold the number one position in China and the number two position in the United States by volume, the two largest markets for beer globally. The US market accounts for the largest profit pool in the global beer market, and the Chinese market is among the fastest growing markets globally in terms of volume. The Group enjoys a leading position in South Africa, with an 89% market share by volume, and it holds strong market positions in the countries in which it operates in Europe, Latin America, Africa and Asia. The Group is also one of the largest bottlers and distributors of Coca-Cola products outside the United States.

Geographic diversification

The Group believes it has a well balanced spread of brewing interests and major distribution agreements across six continents with a balance between fast-growing developing markets and cash-generative mature markets, which reduces the Group's exposure to any single market, currency or brand.

A strong and comprehensive brand portfolio

The Group has a broad portfolio of local lager brands, with more than 200 brands and strong regional and local market positions.

In the longer term, the Group expects to see a natural consumer move towards higher value, global brands and Management believes that Pilsner Urquell, Peroni Nastro Azzurro, MGD and Grolsch provide the Group with a strong global brand portfolio well placed to capture growth.

A strong cash generative business

The Group has historically provided a strong and stable source of sales and operating cash flows from its breadth of product offerings, diversity of consumers and broad international operations in geographical regions following different economic cycles.

Conservative financial policies

The Group has consistently implemented conservative financial policies and maintained a strong financial profile, with minimal working capital requirements and strong interest cover. The Group maintains a strong liquidity position with cash balances and short-term investments and access to significant undrawn committed borrowing facilities, allowing the Group a high degree of financial flexibility.

A highly experienced management team with an outstanding track record in integrating and managing assets

Management has a proven track record in successfully integrating acquisitions and through the breadth of its operations is experienced in managing a diverse portfolio of markets in highly-competitive business environments. The current management team is highly experienced and is recognised within the industry for successfully driving the Group's strong growth in recent years through organic growth and acquisitions.

Licences

Within Europe, Compañía Cerveçera de Canarias (in the Canary Islands) brews Carlsberg under licence, Dreher (in Hungary) brews Hofbräu under licence and SABMiller RUS (in Russia) brews Holsten under licence. In Europe, the Group has an agreement to distribute beer under the St Stefanus brand. MillerCoors produces and markets Molson Ice, Molson Golden and George Killian's under licence in the United States of America. Foster's in Australia brews Carlsberg under licence, and imports and distributes Corona. Honduras, El Salvador, ABI and certain businesses in Africa are reliant on franchise agreements with The Coca-Cola Company for their soft drinks businesses. The business in Panama produces and bottles PepsiCo soft drinks under an exclusive bottling agreement, and also bottles Schweppes soft drinks under licence. CASA Isenbeck in Argentina produces and distributes the Warsteiner brand under a long-term licence agreement.

New products, research and development

The Group invests in research and development enabling it to develop new products, packages and processes, as well as new manufacturing technologies to improve overall operational effectiveness. The Group's upstream scientific research yields solid progress in brewing, raw materials, flavour stability, packaging materials and energy and water saving. During the year ended 31 March 2011, the aggregate amount spent by the Group on research and development was US$7 million, compared with US$4 million in 2010.

Overview by business segment

	Six months ended 30 September		Year ended 31 March		
	2011	2010	2011	2010	2009
	(unaudited) *(in US$ millions)*		*(audited)* *(in US$ millions)*		
Group Revenue (including share of associates and joint ventures)					
Latin America	3,396	2,971	6,335	5,905	5,495
Europe	3,268	3,040	5,394	5,577	6,145
North America	2,830	2,865	5,223	5,228	5,227
Africa	1,839	1,506	3,254	2,716	2,567
Asia	1,439	1,193	2,026	1,741	1,565
South Africa: Beverages	2,669	2,432	5,598	4,777	3,955
South Africa: Hotels and Gaming	247	229	481	406	348
Total	15,688	14,236	28,311	26,350	25,302

	Six months ended 30 September		Year ended 31 March		
	2011	2010	2011	2010	2009
	(unaudited) *(in US$ millions)*		*(audited)* *(in US$ millions)*		
Revenue					
Latin America	3,390	2,966	6,324	5,894	5,484
Europe	3,261	3,031	5,379	5,558	6,118
North America	70	64	117	107	1,553
Africa	1,109	915	2,059	1,774	1,615
Asia	327	305	564	473	470
South Africa: Beverages	2,382	2,170	4,965	4,214	3,463
South Africa: Hotels and Gaming	—	—	—	—	—
Total	10,539	9,451	19,408	18,020	18,703

Latin America

From 2002 to 2005, the Group conducted business activities in Central America through Bevco Limited ("**Bevco**"), the leading brewer and soft drinks bottler in Honduras and El Salvador, and in November 2005, the Group acquired the remaining 41.8% non-controlling interest in Bevco, increasing SABMiller's interest to 100%.

In October 2005, the Group completed the Bavaria Transaction, involving the second largest brewer in South America in terms of volume of beer and malt beverage sales, with established local brands, an established production footprint and an efficient distribution network. This extended the

Group's operations in the region to Colombia, Peru, Ecuador and Panama and provided a strong platform for further expansion. In addition, these operations have a presence in the non-alcoholic beverage markets in all these countries.

In November 2010 the Group acquired CASA Isenbeck, the third largest brewer in Argentina. CASA Isenbeck produces and distributes the Warsteiner brand under a long-term licence agreement.

As at 31 March 2011, Group companies were the number one brewer, in terms of lager market share, in Colombia, Ecuador, El Salvador, Honduras, Panama and Peru. The Group bottles soft drinks for The Coca-Cola Company in El Salvador and Honduras and for Pepsico International and Schweppes in Panama. The Group has a total of 17 breweries and 15 soft drinks bottling plants in Latin America. Key local lager brands include: Águila; Águila Light; Atlas; Balboa; Barena; Club; Club Colombia; Cristal; Cusqueña; Golden Light; Imperial; Pilsen; Pilsener; Pilsen Callao; Pilsen Trujillo; Poker; Poker Ligera and Salva Vida. The Group also distributes and sells Group international brands such as Miller Lite, MGD and Peroni Nastro Azzurro in the region.

Details of the Group's operations in Latin America are shown in the table below:

	Number of breweries **	Total lager volume for year ended 31 March 2011* (million hl)	Number of soft drinks bottling plants**	Total soft drinks volume for year ended 31 March 2011* (million hl)
Country				
Colombia	6	18.0	6	2.4
Peru	5	11.3	2	1.3
Ecuador	2	5.2	2	0.3
Panama	1	1.8	2	1.4
Honduras	1	1.0	1	4.8
El Salvador	1	0.8	2	5.6
Argentina	1	0.2	—	—
Total	17	38.3	15	15.8

Source: SABMiller

Notes

* Includes 100% of subsidiaries' volumes, and the Group's share of associates' volumes

** Breweries and soft drinks bottling plants relate to subsidiaries only

The Group's average number of employees in Latin America for the year ended 31 March 2011 was approximately 25,691.

Colombia

The Group carries out its lager and soft drinks operations in Colombia principally through Bavaria. As at 30 September 2011, the Group had an effective economic interest of 99% in Bavaria. Bavaria is the largest beverage company in Colombia based on sales volumes according to Canadean. Lager production is Bavaria's principal operating activity in Colombia, generating sales volumes of 18.0 million hl for the year ended 31 March 2011. Bavaria also produces non-alcoholic malt beverages for the Colombian market.

Lager

Bavaria currently operates six breweries in Colombia.

Bavaria serves all the provinces of Colombia and its brands are Águila, Poker, Costeña, Pilsen, Costeñita, Cola y Pola, Águila Light, Poker Ligera, Club Colombia, Peroni Nastro Azzurro, MGD and Redd's. Águila and Poker are Bavaria's leading Colombian beer brands, accounting for 23% and 41% respectively of Bavaria's total beer sales in Colombia for the year ended 31 March 2011. Bavaria's share of the total Colombian alcohol market in that period was approximately 62% according to Nielsen.

Bavaria has its own fleet, operated by third party crews, to deliver the products to its fragmented customer base across most of the country. Van selling exists in some rural areas, but is being gradually replaced by a combination of presales and telesales.

Soft drinks

Bavaria produces malt beverages under the Pony Malta brand and recently launched the Maltizz brand in this category. For the year ended 31 March 2011, Pony Malta constituted approximately 7% of the Colombian total non-alcoholic beverages market, and all of the non-alcoholic malt beverages market according to Nielsen. Bavaria's sales volume of malt beverages for the year ended 31 March 2011 was 2.4 million hl.

Bavaria's average number of employees in Colombia for the year ended 31 March 2011 was approximately 7,628.

Peru

The Group carries out its lager and soft drinks operations in Peru principally through Union de Cervecerías Peruanas Backus y Johnston S.A.A. (**"Backus"**). As at 30 September 2011, the Group had an effective economic interest of 93.6% in Backus. Backus is the largest beer company in Peru by volume according to CCR.

Lager

Backus currently operates five breweries in Peru. Backus' most popular brand in Peru is Cristal which accounted for 40% of Backus' Peruvian lager sales for the year ended 31 March 2011 and 37% of the total Peruvian beer market in 2011 according to CCR. Backus' volume share of the total Peruvian beer market for the year ended 31 March 2011 was approximately 92% according to the same source.

Backus' other main brands in Peru include Cusqueña, Malta Cusqueña, Pilsen Polar, MGD and Peroni Nastro Azzurro in the premium segment, Arequipeña, Pilsen Callao, San Juan and Barena in the mainstream market and Pilsen Trujillo in the economy segment. The Pilsen Trujillo brand has been successfully repositioned nationally to provide effective defence against competitor economy brands.

Backus also produces the Cordillera brand for export to Bolivia.

Soft drinks

Backus produces, bottles and distributes the Agua Tónica Backus, Guaraná Backus, and Viva Backus soft drink brands throughout Peru. These brands represented approximately 6% of the Peruvian sparkling soft drinks market in the year ended 31 March 2011. Backus also produces both sparkling and still bottled water under the Cristalina Backus and San Mateo brands. In the year ended 31 March 2011, Backus' water brands represented approximately 10% of the Peruvian bottled water market. In addition, Backus produces a malt-based non-alcoholic beverage, Maltin Power, being the only producer in this category.

Backus' average number of employees in Peru for the year ended 31 March 2011 was approximately 6,785.

Ecuador

The Group carries out its operations in Ecuador through Cervecería Nacional (CN) SA ("**CN Ecuador**"). As at 30 September 2011, the Group's effective interest in CN Ecuador was 95.6%.

Lager

According to Market Trends, the Group had approximately a 46% share of the alcohol market in Ecuador for the year ended 31 March 2011. The principal brands sold in Ecuador are Pilsener, Club, Conquer, Pilsener Light and Dorada.

Soft drinks

CN Ecuador produces and imports malt beverages under the Pony Malta brand and bottles sparkling water under the Manantial brand.

The average number of employees in Ecuador for the year ended 31 March 2011 was approximately 3,631.

Panama

Cervecería Nacional SA (**"Cervecería Nacional"**) is the Group's principal lager and beverage producer in Panama. As at 30 September 2011, the Group's effective interest in Cervecería Nacional was 97.3%.

Lager

Cervecería Nacional's beer sales in Panama represented approximately 69% of the total Panamanian market for the year ended 31 March 2011, according to Nielsen. Cervecería Nacional produces the Atlas and Balboa brands in Panama. Cervecería Nacional also imports and distributes Corona Extra, Miller Chill, Miller Lite and MGD. Cervecería Nacional's most popular brand in Panama is Balboa, which accounts for approximately 48% of Cervecería Nacional's lager sales.

Soft drinks

The Group's Panamanian subsidiaries produce, bottle and distribute Malta Vigor, a non-alcoholic malt beverage brand. Cerveceria National also produces and bottles PepsiCo soft drinks, including Pepsi, Mirinda and 7UP, pursuant to exclusive bottling agreements with Pepsico International dating back to 1946 and also produces and bottles Schweppes soft drinks including Orange Crush, Squirt and Canada Dry Ginger Ale. The Group has approximately 38% by volume share of the Panamanian soft drinks market.

Cervecería Nacional produces and distributes fresh milk products at its Nevada plant, principally through its Nevada and La Chiricana brands. Cervecería Nacional sells juice under the Tutti Frutti brand.

The Group's average number of employees in Panama for the year ended 31 March 2011 was approximately 1,762.

Honduras

The Group operates in Honduras principally through its subsidiary Cervecería Hondureña SA ("**CHSA**"). As at 30 September 2011, the Group's effective interest in CHSA was 99.6%.

Lager

According to Nielsen, the Group's brands account for approximately 50% of the Honduran alcohol market by volume. CHSA is the sole domestic brewer in Honduras. The Group's proprietary domestic brands in Honduras include Barena, Imperial, Port Royal and Salva Vida. In addition, CHSA imports and distributes Corona Extra, Miller Lite and MGD.

Soft drinks

According to Nielsen, CHSA is the market leader for sparkling soft drinks in Honduras, accounting for approximately 62% of the Honduran sparkling soft drinks market by volume for the year ended 31 March 2011. It is also the exclusive bottler in Honduras for the Coca-Cola, Coca-Cola Light, Sprite, Fanta, Fresca, Powerade and Canada Dry brands. CHSA started producing and selling a licensed flavoured tea, Nestea, in September 2010, and in December 2010 launched Jugos del Valle. Both brands are owned by The Coca-Cola Company.

The Group's average number of employees in Honduras for the year ended 31 March 2011 was approximately 3,256.

El Salvador

The Group operates in El Salvador principally through its wholly owned subsidiary, Industrias la Constancia SA de CV ("**ILC**").

Lager

The Group's brands accounted for approximately 88% of the Salvadoran beer market by volume for the year ended 31 March 2011, according to Nielsen. The Group's domestic brands in El Salvador include Suprema, Golden Light, Pilsener, Pilsener Lite, and Regia Extra. It also imports and distributes Corona Extra and MGD.

Soft drinks

ILC is also a significant producer and distributor of sparkling soft drinks in El Salvador with approximately 54% by volume of the market for the year ended 31 March 2011 according to Nielsen. It has the exclusive bottling and distribution rights for all of The Coca-Cola Company's brands in El Salvador including Coca-Cola, Coca-Cola Light, Sprite, Fanta, Fresca, Powerade, and Tropical. In addition, the Cristal water division is primarily a bottler and distributor of purified water to homes and offices. It also produces and distributes a wide range of still soft drinks, including Jugos del Valle and Tampico brands in the juices category, and Nestea in the flavoured teas category.

The Group's average number of employees in El Salvador for the year ended 31 March 2011 was approximately 2,226.

Argentina

The Group operates in Argentina principally through its subsidiary, CASA Isenbeck.

Lager

The Group's brands accounted for approximately 3% of the Argentinian beer market by volume for the year ended 31 March 2011, according to Nielsen. The Group's brands in Argentina include Isenbeck, Isenbeck Dark and Diosa Tropical. CASA Isenbeck produces and distributes the Warsteiner brand under a long-term licence agreement.

The Group's average number of employees in Argentina for the year ended 31 March 2011 was approximately 133.

Europe

The Group's expansion into mainland Europe began in 1993 with the acquisition of Dreher in Hungary, followed by further significant investments in Poland, the Czech Republic, Italy and, in 2008, The Netherlands. The Group is now one of the region's leading brewers with brewing operations in ten countries: The Netherlands, Poland, the Czech Republic, Italy, Russia, Romania, Hungary, Slovakia, Ukraine and the Canary Islands (Spain). The Group currently owns 21 breweries across Europe. The Group also sells significant volumes to a further eight European markets, the largest being the United Kingdom and Germany.

At the end of 2010, Group companies held the number one or two market position, by volume, in six European countries in which the Group operated, according to Canadean, and held a firm position in the premium sector of the Russian market. The Group's earnings in Europe are principally derived from its operations in the Czech Republic, Poland and Russia.

In October 2011, the Group announced its intention to form a strategic alliance with Anadolu Efes. The Group intends to transfer its Russian and Ukrainian beer business to Anadolu Efes and take a 24% equity stake in the enlarged group. Subject to finalisation of the definitive legal agreements and relevant regulatory approvals, the Group expects to complete the transaction before the end of the financial year ending 31 March 2012.

Operations

Details of the Group's lager operations in Europe are shown in the table below:

Country	Number of breweries	Total lager volume for year ended 31 March 2011** (million hl)
Poland	3	14.1
Czech Republic	3	8.0
Russia	3	5.7
Romania	3	4.9
Italy	3	3.4
The Netherlands	1	1.6
Hungary	1	1.9
Slovakia	1	1.2
Canary Islands	2	0.9
Miller Brands (UK)*	—	1.3
Ukraine	1	1.2
Total	21	44.2

Source: SABMiller

Notes

* The Group has no brewery facilities in the UK

** Includes 100% of subsidiaries' volumes and the Group's share of associates' volumes

Employees

The Group's monthly average number of employees in Europe for the year ended 31 March 2011 was approximately 14,239.

Poland

The Group owns 100% of Kompania Piwowarska SA in Poland.

In Poland, beer consumption per capita grew by 48% between 1999 and 2010, according to Canadean. According to Nielsen, the Group increased its value market share in Poland to close to 40% for the year ended 31 March 2011, despite a 4% decline in volumes for the year ended 31 March 2011 compared with the prior year.

As at 31 March 2011, the Group had three Polish breweries: one in Poznan in Western Poland, one in Tychy in Southern Poland and one in Bialystok in North Eastern Poland.

The Group's Tyskie brand is the leading beer brand in Poland, with sales of 5.2 million hl for the year ended 31 March 2011. The Zubr brand remained the number two beer brand in Poland for the year ended 31 March 2011 according to Nielsen.

The Group's average number of employees in Poland for the year ended 31 March 2011 was approximately 3,104.

Czech Republic

The Group owns 100% of Plzensky Prazdroj in the Czech Republic.

The Group is the leading brewer in the Czech Republic according to Canadean, with an estimated 47% share of the beer market by volume for the year ended 31 March 2011, primarily due to the Group's brands, Gambrinus and Kozel, which are number one and two brands in the country, respectively. It also brews Pilsner Urquell, the brand leader in the premium segment. SABMiller's operations comprise three breweries: Plzenský Prazdroj, Pivovar Radegast and Pivovar Velké Popovice. Major brands sold in the Czech Republic are Pilsner Urquell, Gambrinus, Radegast and Kozel, and the non-alcoholic Birell.

The Group aims to establish the Pilsner Urquell brand among the leading international beer brands. Management believes this brand is the world's oldest "golden" beer and intends to leverage this heritage in the development of the brand internationally through focused positioning and the targeting of particular countries (including the United States, Germany and the United Kingdom) as well as specific cities in other countries.

The Group's average number of employees in the Czech Republic for the year ended 31 March 2011 was approximately 2,395.

Russia

According to Goskomstat, the Russian beer market for the calendar year 2010 was approximately 98 million hl per year. According to external Retail audit providers, while the beer market in Russia grew 47% between 2003 and 2008, or a 7.9% compound annual growth over the same period, the market has lost 14% of volume during the two years ended March 2011 but is expected to stabilise over the medium term, partly offset by a trend to move away from spirits, particularly among the urban population.

The Group initially established its operation in western Russia to take advantage of that region's concentrated population and higher average incomes. In June 2008, the Group acquired the Russian brewer LLC Vladpivo. LLC Vladpivo was the largest brewer in the Russian far east Primorie region and its integration into the Russian business was completed in March 2009.

The Group produces, markets and distributes lager in Russia from its breweries in Kaluga and Vladivostok. A third production site at Ulyanovsk, 1,000 km east of Moscow, started production in May 2009.

The Group's brands in Russia are focused in the premium segment of the market. According to Nielsen, the premium beer segments for the year ended 31 March 2011 had a 29% share of the Russian beer market. The Group's main proprietary domestic brand is Zolotaya Bochka, and the Group also produces and distributes Tri Bogatyrya, Simbirskoe, Vladpivo, MGD, Holsten (under licence), Kozel and Redd's. The Group's beer volumes in Russia increased by 1% for the year ended 31 March 2011 compared with the prior year and Management estimates it had a 7% market share by volume, but a 10% share by value given the Group's focus on the premium segment in Russia.

The Group's average number of employees in Russia for the year ended 31 March 2011 was approximately 2,105.

Romania

The Group's Romanian business, Ursus, had a market share of approximately 29% for the year ended 31 March 2011. Its main proprietary domestic brands are Ursus Premium, Timisoreana Lux and Ciucas, and it is expanding its premium portfolio by selectively rolling out Peroni Nastro Azzurro and Grolsch Premium Pilsner.

In April 2009, Ursus assumed control of a 71% interest in the Romanian brewer Bere Azuga. Subsequently, the Group acquired the remaining interest in Bere Azuga and the brewing operations of Bere Azuga were transferred to Ursus.

The Group's average number of employees in Romania for the year ended 31 March 2011 was approximately 1,434.

Italy

In June 2003, the Group completed the acquisition of an initial stake of 60% of Birra Peroni. The transaction represented the Group's first major investment in Western Europe. In February 2005, the Group acquired a further 39.8% interest in Birra Peroni thus increasing the Group's effective interest in Birra Peroni to 99.8%.

According to Canadean, in 2010 the Italian beer market was Western Europe's fifth largest by volume. According to Canadean, between 2005 and 2010, the Italian market experienced a compound annual volume decline of 1.4%; SymphonyIRI estimates that the market decreased by 4% in the most recent financial year. According to Canadean, between 1999 and 2010, per capita beer consumption in Italy increased by 2% to 28 litres, still among the lowest in Europe compared with the Western European average of 66 litres per capita.

Birra Peroni had total sales of 3.4 million hl for the year ended 31 March 2011. At 31 March 2011, Birra Peroni had an approximate 19.5% share of the Italian beer market for branded volume, according to SymphonyIRI. According to the same source, the Peroni brand is number one in Italy with an estimated 12.5% share of the market in the year ended 31 March 2011 and is one of the oldest brands in the country, dating back to 1846. Nastro Azzurro, another of the Birra Peroni brands, is among the top premium brands in the country, with an estimated 13% share of the Italian market premium segment in the year ended 31 March 2011. Birra Peroni primarily exports its brands to the United Kingdom and the United States, and continues to develop and grow its export revenues.

Birra Peroni has three breweries in Italy located in Rome, Padua and Bari.

The Group's average number of employees in Italy for the year ended 31 March 2011 was approximately 1,741.

The Netherlands

In February 2008, the Group completed the acquisition of Royal Grolsch. Royal Grolsch is a brewer based in The Netherlands with an international presence in the United Kingdom, the United States, Canada, France, Australia and New Zealand, whose main brand, Grolsch, represented approximately 95% of Royal Grolsch's total beer sales volume in The Netherlands in the year ended 31 March 2011.

According to Canadean, in 2010 The Netherlands beer market was Western Europe's sixth largest by volume (and is now estimated at 12 million hl). According to the same source, between 2005 and 2010, the Dutch market experienced a compound annual volume decline of 1.3%, and Management estimates that the market also declined by 1.7% in the most recent financial year. According to Canadean, between 1999 and 2010 per capita beer consumption in The Netherlands decreased by 14% from 85 litres to 73 litres, as compared with the Western European average of 66 litres per capita.

According to Marketing Insights, Royal Grolsch had an estimated 12% share of The Netherlands beer market by volume for the year ended 31 March 2011, selling 1.4 million hl domestically. Its primary brand is Grolsch Premium Lager, which is an iconic Dutch brand with almost 400 years of brewing heritage and represents approximately 90% of Royal Grolsch's domestic volumes. Other Group brands sold in The Netherlands are Peroni Nastro Azzurro, Pilsner Urquell, Tyskie, Lech, Grolsch Premium Weizen, Lentebok and Herfstbok as well as the Amsterdam brand.

Grolsch Premium Lager is currently sold in approximately 60 countries, including Russia, Poland, Romania, South Africa, the United States of America, United Kingdom, Canada and Australia. Potential growth of the Grolsch Premium Lager brand is expected across Africa and Latin America, where the premium segment is still in its infancy, and in the more developed markets of Central and Eastern Europe.

The average number of employees for Royal Grolsch for the year ended 31 March 2011 was 740.

Other European operations

In Hungary, the Group's subsidiary, Dreher maintains a well-positioned portfolio of brands covering all popular lager segments, including the Dreher brand, which is a leading local premium brand, and Arany Aszok. Dreher also brews Hofbräu under licence. Dreher had a market share of approximately 30% for the year ended 31 March 2011, according to Nielsen.

In Slovakia, Pivovary Topvar is the second largest brewing company by volume according to Canadean. The premium brand, Pilsner Urquell, and several of the Group's Czech brands are sold alongside Šariš, Topvar and Smadny Mnich in the Slovakian brand portfolio. The Topolcany brewery was closed during the year ended 31 March 2010 and the business operates now with only one brewery.

Compañía Cervecera de Canarias in the Canary Islands produces Dorada and Tropical, which are local brands.

In 2005, the Group set up Miller Brands (UK) Limited (**"Miller Brands"**) for the sale, marketing and distribution of the Group's international premium brands in the United Kingdom. Miller Brands sells Peroni Nastro Azzurro, MGD and Pilsner Urquell and other Group brands such as Tyskie, Lech and Kozel, in a variety of formats for consumption in both the on-premise and off-premise channels.

In July 2008, the Group acquired a 99.84% interest in the Ukrainian brewer, CJSC Sarmat, now renamed PJSC Miller Brands Ukraine, which owns one brewery based in the city of Donetsk in the east of the country and has one primary economy brand, Sarmat. The Group is now expanding the brand portfolio with the production and rollout of the Group's Kozel and Zolotaya Bochka premium brands.

North America

Until 30 June 2008, the Group's subsidiary Miller conducted its operations predominantly in the United States, where it was the second-largest brewing company. Up to that date Miller's results were consolidated within the Group's financial statements. On 1 July 2008, the MillerCoors Transaction was completed, resulting in the creation of the MillerCoors joint venture. As a result, SABMiller has a 58% economic interest and Molson Coors has a 42% economic interest in MillerCoors. As part of the MillerCoors Transaction, Miller transferred substantially all of its operating assets (excluding its international assets, which represent a small percentage of Miller's total operating assets) to MillerCoors. MillerCoors is accounted for as a joint venture using equity accounting by SABMiller. As a result, after the completion of the MillerCoors Transaction, the Group's share of profits in MillerCoors is reflected in the Group's share of post-tax results of joint ventures, but not in the Group's revenue, operating profit or EBITDA. The North America segment includes the Group's 58% share in MillerCoors and 100% of Miller Brewing International.

Products

MillerCoors brews, markets and sells the MillerCoors portfolio of brands in the US and Puerto Rico. It competes in every major category of the US beer industry, including the Import, Premium Light, Premium Regular, Below Premium and Craft categories.

MillerCoors' core brand families, Miller Lite, Coors Light and MGD 64 (Premium Light), MGD and Coors Banquet (Premium Regular), Miller High Life, Keystone and Milwaukee's Best (Below-Premium) accounted for approximately 85% of MillerCoors' total domestic shipment volume in the United States during the year ended 31 March 2011, excluding contract brewing.

In August 2010, MillerCoors established the Tenth and Blake Beer Company, its craft and import division. It imports Peroni Nastro Azzurro, Pilsner Urquell and Grolsch and features craft brews from the Jacob Leinenkugel Brewing Company, Blue Moon Brewing Company and the Blitz-Weinhard Brewing Company.

MillerCoors believes that the enhanced brand portfolio, scale and combined management strength of the joint venture allows the combined businesses to compete more vigorously in the aggressive and rapidly changing US marketplace and thus improves the operational and financial performance through:

- Building a stronger brand portfolio and giving consumers more choice
- Capturing synergies, cost reductions and improving productivity
- Creating a more effective competitor
- Improving the route to market and benefiting distributors and retailers
- Optimising organisational strength

Employees

MillerCoors had approximately 8,800 employees as at 31 March 2011.

Sales and Distribution

In the United States, beer is generally distributed through a three-tier system consisting of manufacturers, distributors and retailers. A national network of approximately 454 independent distributors purchases MillerCoors' products and distributes them to retail accounts.

Brewing Facilities

MillerCoors operates eight major breweries in the US, as well as the Leinenkugel's craft brewery in Chippewa Falls, Wisconsin, and two microbreweries, the 10th Street Brewery in Milwaukee and the Blue Moon Brewing Company at Coors Field in Denver.

Contract Manufacturing

MillerCoors has a contract brewing agreement with Pabst Brewing Company. Additionally, MillerCoors produces beer under contract for Miller Brewing International, Molson Coors and Foster's (USA) LLC.

Competitive Conditions

The beer industry in the United States is highly competitive. US beer industry shipments had a low single digit annual growth rate for the past 10 years ending 2009, compared with low single digit declines in 2010 and 2011. Front-line pricing pressure and discounting in the US beer industry has been less intense in recent years.

The combination of Miller and Coors in mid-2008 was designed to create a stronger US brewer with the scale, operational efficiency and distribution platform to compete more effectively against larger brewers, both domestic and global. The MillerCoors' portfolio of beers competes with numerous above premium, premium, low-calorie, popular priced, non-alcoholic, and imported brands. These competing brands are produced by international, national, regional and local brewers. MillerCoors competes most directly with Anheuser-Busch InBev ("**A-B InBev**"), but also competes with imported and craft beer brands. According to Nielsen estimates, MillerCoors is the nation's second-largest brewer by volume, selling approximately 31% of the total 2011 US brewing industry volume in off-premise channels. This compares to A-B InBev's 44% share according to Nielsen.

MillerCoors' alcoholic malt beverages also compete with other alcoholic beverages, including wine and spirits, and thus its competitive position is affected by consumer preferences between and among these other categories. Sales of wine and spirits have grown faster than sales of beer in recent years, resulting in a reduction in the beer segment's lead in the overall alcoholic beverage market.

Africa

The Group operates in 15 countries in Africa and as at 31 March 2011 had 17 lager breweries, 22 soft drinks bottling plants and 14 sorghum breweries. Tanzania has the highest volume of lager sales in the Group's Africa operations.

The Group has a strategic alliance with Castel, pursuant to which Castel has a 38% economic interest in SABMiller's principal African holding company and the Group has a 20% economic interest in Castel. This alliance capitalises on the complementary nature of the companies' geographic portfolios. Castel has lager and soft drinks interests in 22 largely French-speaking countries of West, Central and North Africa and the Indian Ocean. Its operations cover Algeria, Angola, Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of Congo, Equatorial Guinea, Ethiopia, Gabon, Gambia, Guinea, Madagascar, Mali, Mauritius, Morocco, Niger, Senegal, Togo and Tunisia. In addition, the Group has associated undertakings in Algeria, Morocco and Zimbabwe, and a procurement company in Mauritius. With effect from 1 January 2012, the Group and Castel implemented a number of organisational changes in their African operations, resulting in the combination of the operational management of the Castel and SABMiller businesses in Nigeria and Angola, with the Nigerian businesses now being managed by SABMiller, and the Angolan businesses now being managed by Castel, and a modification of the existing strategic alliance agreement to reflect that in future the groups will share, at the strategic alliance level, the aggregate profits and cash flows of their operations in Nigeria and Angola based primarily on the relative contributions of their businesses in each country. The existing strategic alliance agreement is otherwise unchanged.

It is intended that future entry into the remaining African markets will be undertaken in conjunction with Castel, with day to day management allocated according to geographical proximity to their respective operations and language capabilities. For the year ended 31 March 2011, the Group's share of Castel's African beverage operations' lager volumes was 4.7 million hl and the Group's share of Castel's African beverage operations' soft drinks volumes was 3.6 million hl.

The Group also bottles soft drinks for The Coca Cola Company in six African markets.

The Group's average number of employees in Africa for the year ended 31 March 2011 was approximately 13,481.

Operations

Details of the Group's operations in Africa are shown below:

Country	Number of breweries*	Total lager volumes for year ended 31 March 2011** (million hl)	Number of soft drinks bottling plants*	Total soft drinks volumes for year ended 31 March 2011** (million hl)
Angola	1	0.4	3	3.2
Algeria	—	0.2	—	0.4
Botswana	1	0.4	1	0.6
Comoros	—	—	1	—
Ethiopia	—	—	1	0.3
Ghana	1	0.3	4	1.0
Kenya	—	0.8	1	0.1
Lesotho	1	0.4	1	0.2
Mayotte	—	—	1	0.1
Morocco	—	0.2	—	—
Mozambique	3	1.7	—	—
Nigeria	1	0.1	2	0.4
South Sudan	1	0.2	1	0.1
Swaziland	1	0.2	1	0.2
Tanzania	4	2.8	—	0.1
Uganda	1	1.4	2	1.0
Zambia	2	0.9	3	0.7
Zimbabwe	—	0.6	—	0.5
Castel	—	4.7	—	3.5
Total	17	15.3	22	2.4

Source: SABMiller

Notes

* Breweries and soft drinks bottling plants relate to subsidiaries only

** Includes 100% of subsidiaries' volumes, and the Group's share of associates' volumes

Tanzania

Tanzania Breweries Limited ("**Tanzania Breweries**"), which is listed on the Dar-es-Salaam Stock Exchange, owns Tanzania's most popular beer brands (Kilimanjaro and Safari Lager) according to Frontline, and is licensed to produce and distribute other brands, including Castle Lager and Castle Lite in Tanzania. The Group has an effective economic interest of 33% in Tanzania Breweries.

According to Plato Logic, the Tanzanian beer market has experienced a steady rate of growth in per capita consumption in recent years, although the per capita beer consumption in 2010 remained low at 8 litres per annum.

The Group's share of the Tanzanian beer market was approximately 68% for the year ended 31 March 2011, according to Frontline.

In November 2011 EABL launched a public offer through the Dar-es-Salaam Stock Exchange for the sale of its 20% interest in Tanzania Breweries, and as a result of which SABMiller Africa BV was allocated a further 4.72% interest in Tanzania Breweries.

Mozambique

The Group has an effective economic interest of 49% in its listed operation in Mozambique.

The Group's share of the beer market in the area of the capital city of Mozambique, Maputo, was approximately 93% for the year ended 31 March 2011, according to Frontline.

The Group's portfolio of brands in Mozambique includes 2M, Laurentina Preta and Manica.

Uganda

The Group has an effective economic interest of 60% in Uganda's Nile Breweries Limited, which has a strong portfolio of brands including Nile Special, Nile Gold, Club, Chairman's ESB, Eagle Extra and Eagle Lager.

The Group's share of the Ugandan beer market was approximately 53% for the year ended 31 March 2011.

Zambia

The Group has an effective economic interest of 54% in Zambian Breweries plc, a company listed on the Lusaka Stock Exchange.

The Group's share of the Zambian beer market was approximately 84% for the year ended 31 March 2011, according to Frontline.

The Group's key local brand in Zambia is Mosi.

Angola

The Group established Empresa De Cervejas N'Gola Norte SA, in which it acquired a 31% effective economic interest, and built a brewery in North Luanda in northern Angola which was commissioned in April 2010. The Empresa Cervejas De N'Gola SARL brewery in southern Angola was privatised in December 2006, with the Group acquiring an effective economic interest of 28%, accounted for as an associate. The Group's share of the Angolan beer market was approximately 12% for the year ended 31 March 2011.

The Group has for a number of years had an effective economic interest of 28% in, and management control of, Coca-Cola Bottling Luanda SARL, the Coca-Cola franchise for northern Angola, and an effective economic interest of 37% in Coca-Cola Bottling Sul de Angola SARL, which owns the Coca-Cola bottling plant in Lubango in the south of the country.

With effect from 1 January 2012, the operational management of all of the Castel and SABMiller businesses in Angola was combined, with these businesses being managed in the future by Castel, and the existing strategic alliance agreement was modified to reflect that in future the groups will share, at the strategic alliance level, the aggregate profits and cash flows of their operations in Angola based primarily on the relative contributions of their businesses. In Angola, the Castel business is approximately three times as large as SABMiller's operations.

Botswana

Kgalagadi Breweries (Pty) Limited is the only domestic producer of lager in Botswana, with an overall market share of approximately 77% for the year ended 31 March 2011, according to Frontline.

Its main brands are St. Louis, Castle Lager, Carling Black Label and Hansa Pilsener.

The Group has an effective economic interest of 31% in Kgalagadi Breweries (Pty) Limited.

Lesotho

The Group is the only brewer in Lesotho, operating through Maluti Mountain Brewery Limited ("**Maluti Mountain Brewery**") (previously Lesotho Brewing Company (Pty) Limited).

The Group has an effective economic interest of 24% in Maluti Mountain Brewery.

The Group had an approximate 96% share of the beer market in Lesotho for the year ended 31 March 2011, according to Frontline.

The key local brand in Lesotho is Maluti.

Ghana

The Group has an effective economic interest of 60% in the Accra Brewery Limited, which in the year ended 31 March 2011 had an approximate 33% share, by volume, of the Ghanaian beer market.

The Group's key local brands in Ghana are Club and Stone.

Swaziland

The Group is the only brewer in Swaziland, operating through Swaziland Brewers Limited, in which it has an effective economic interest of 37%.

The Group's share of the beer market in Swaziland was approximately 87% for the year ended 31 March 2011, according to Frontline.

The Group's key local brand in Swaziland is Sibebe.

Nigeria

Until 31 December 2011, the Group had an effective economic interest of 59% in Pabod in Nigeria, and an effective economic interest of 41% in Intafact Beverages Limited, which is building a new greenfield brewery in Onitsha, in south eastern Nigeria. With effect from 1 January 2012, the operational management of the Castel and SABMiller businesses in Nigeria was combined, with these businesses being managed in the future by SABMiller, and the existing strategic alliance agreement was modified to reflect that in future the groups will share, at the strategic alliance level, the aggregate profits and cash flows of their operations in Nigeria based primarily on the relative contributions of their businesses. In Nigeria the businesses are of approximately equal size.

South Sudan

In May 2009, the Group's subsidiary Southern Sudan Beverages Limited commenced production of the region's first locally produced beer from its new brewery in South Sudan's capital city, Juba.

The Group has an effective economic interest of 80% in Southern Sudan Beverages Limited.

The Group's key local brand in South Sudan is White Bull.

Zimbabwe

The Group has an effective economic interest of 23% in Delta Corporation, which is listed on the Zimbabwe Stock Exchange, and in the year ended 31 March 2011, had an approximate 92% share, by volume, of the Zimbabwean beer market, according to Frontline.

Its largest brands are Castle Lager, Lion, Carling Black Label, Zambezi and Bohlinger's.

Following the effective 'dollarisation' of the Zimbabwe economy in 2009, the end of hyperinflation and the stabilisation of the local economy, the Group recognised volumes and results of this associate from 1 April 2010.

Kenya

On 25 November 2011, the Group disposed of its 20% interest in its associate Kenya Breweries Limited.

Other operations – soft drinks

The Group has an effective economic interest of 54% in Zambian Breweries plc, which owns 100% of the share capital of Zambia Bottlers Limited, the operator of the Zambian Coca-Cola franchise.

The Group also bottles and distributes Coca-Cola products in Botswana, Comores, Lesotho, Mayotte and Swaziland.

The Group has an effective interest of 80% in Voltic International Inc. which has water businesses in Ghana and Nigeria, a 40% effective interest in the Ambo Mineral Water Share Company in Ethiopia, a 62% effective interest in a maheu business in Zambia and an 80% effective interest in the Rwenzori water business in Uganda.

In November 2010, the Group acquired an effective economic interest of 80% in Crown Beverages Limited (previously Crown Foods Limited), a bottler and distributor of water in Kenya.

Other operations

The Group operates 14 sorghum beer breweries: five in Zambia, four each in Botswana and Malawi and one in Swaziland, with a total sales volume of 4.9 million hl for the year ended 31 March 2011. The sales volumes of wines and spirits was 0.2 million hl for the year ended 31 March 2011.

Asia Pacific (formerly Asia)

In Asia Pacific, the Group conducts business primarily in Australia, China and India, with operations also in South Korea and Vietnam. In Australia, the Group operates principally through Carlton & United Brewers (CUB), which is the largest brewer in Australia with a portfolio of brands produced by or licensed to CUB that includes the leaders in the traditional regular, premium domestic and premium international segments, and the Group also sells its premium brands in Australia through Pacific Beverages, its joint venture with CCA. Now in its seventeenth year, the Group's associate in China is the biggest brewer by volume in China. The Group is the second largest brewer by volume in India, with eleven breweries. In September 2006, the Group completed the acquisition of a 100% interest in the Foster's operation and brand in India. The Group has a subsidiary in Vietnam.

The Group's average number of employees in Asia for the year ended 31 March 2011 was approximately 3,358.

China

According to Canadean, China is the largest beer market in the world by volume, with volumes in excess of 466 million hl for the year ended 31 December 2010. Between 1998 and 2010, the Chinese beer market grew by 137% and accounted for 56.8% of growth in the world beer market, according to Canadean. The Chinese beer industry is consolidating with a number of Chinese brewers being acquired by the leading international brewers.

In China, the Group owns 49% of CR Snow, a partnership with China Resources Enterprise Limited ("**CRE**"), which holds the remaining 51%. CRE is listed on the Hong Kong Stock Exchange and is included in the Hang Seng Index.

Through CR Snow, the Group operates in 21 provinces in China. According to Canadean, CR Snow is the largest brewer in China by volume with strong market positions in both the northeast and the southwest and a growing market position in the central region. For the year ended 31 March 2011, the Group's share of CR Snow's lager volumes was 46.4 million hl. The Group's lager volume growth in China for the year ended 31 March 2011 was 11%, within which underlying organic growth of 10% was achieved. During the year ended 31 March 2011, CR Snow's national brand, Snow, grew by 15% and now constitutes 91% of the Group's total China lager volumes. Snow is the top-selling lager brand (by volume) in China. Overall, CR Snow's national market share is estimated to exceed 20%.

In the year ended 31 March 2011, CR Snow continued to expand its footprint with the acquisition of three breweries in Heilongjiang, Jiangsu and Henan and two newly built breweries in Shandong and Shanxi.

India

The Group has operated in India since October 2000, when it acquired Narang Breweries, located near Lucknow in the state of Uttar Pradesh. In June 2001, the Group acquired a controlling interest in Mysore Breweries Limited ("**Mysore**") and in November 2001 announced the acquisition of a controlling interest in Rochees. In May 2003, Mysore entered into a joint venture with Shaw Wallace and in May 2005, Mysore acquired the remainder of Shaw Wallace's interest in the joint venture in India. The joint venture has been consolidated into Skol Breweries Limited, which owns 99% of these brewing operations, which are India's second largest by volume according to Canadean. In September 2006, the Group acquired a 100% interest in Foster's operations and brand in India which has been integrated into the existing Indian business.

The Group has 11 breweries in India. During the year ended 31 March 2011, the Group sold 4.5 million hl of lager in India.

The Group's key brands in India include Haywards, Royal Challenge, Knockout and Foster's.

The Group's average number of employees in India for the year ended 31 March 2011 was approximately 3,009.

Vietnam

In March 2009, the Group completed the acquisition of the residual interest in the Group's joint venture in Vietnam. The joint venture was originally established in 2006 and commenced trading in the second half of the year ended 31 March 2007 following the establishment of a greenfield brewery near Ho Chi Minh City.

The Group's key brand in Vietnam is Zorok.

The Group's average number of employees in Vietnam for the year ended 31 March 2011 was approximately 288.

Australia

On 16 December 2011, the Group completed the acquisition of Foster's for A$5.40 per share in cash, representing a total cash consideration of approximately A$10,483 million (approximately US$10,465 million), and the Asia segment was renamed the Asia Pacific segment.

The information set forth in this section has been derived or extracted from Foster's public information distributed prior to the acquisition of Foster's by the Group on 16 December 2011, and has not been verified by the Group.

Foster's is an iconic Australian beverages company with market leadership positions in both the beer and cider categories. Foster's portfolio of brands includes Victoria Bitter (number one regular beer), Carlton Draught (number one draught beer), Crown Lager (number one domestic premium beer), Corona (number one imported beer) and Strongbow (number one cider brand).

Foster's is primarily focused on brewing activities with the majority of its sales revenue generated by Carlton & United Brewers (CUB), its Australian and Pacific beer business, with the remainder generated by its Rest of World business. Subsequent to 30 June 2011, Foster's changed the composition of its divisions, with the Pacific beer business now included, together with the Rest of World, in International and Corporate included within CUB.

CUB is the largest brewer in Australia with a portfolio of brands produced by or licensed to CUB that includes the leaders in the traditional regular, premium domestic and premium international segments. CUB has a portfolio of 25 beer, four cider, 11 spirits/ready-to-drink and four non-alcoholic beverage master brands. CUB's brand portfolio includes iconic Australian beer brands such as Victoria Bitter (VB), Carlton Draught, Crown Lager, Pure Blonde and Cascade and international beers such as Corona, Asahi, Stella Artois and Carlsberg. It also includes craft beer brands such as Matilda Bay's Redback, Fat Yak and Big Helga. CUB also leads the market in the Australian cider category with popular cider brands Strongbow, Mercury, Bulmers Original, and Matilda Bay's Dirty Granny.

CUB operates the Yatala Brewery in Queensland, the Abbotsford Brewery in Melbourne, the Cascade Brewery in Hobart and a craft beer facility in Melbourne, and produces cider in Campbelltown. It is also the largest brewer in Fiji.

In the Rest of World, Foster's sells, licenses and distributes Australian beer brands outside of Australia, including the Foster's Lager brand and various CUB beer, cider and spirits products.

Headquartered in Melbourne, Australia, Foster's employs approximately 2,300 people, primarily in Australia and its products are sold in more than 45 countries worldwide.

The Group also owns 50% of Pacific Beverages, a joint venture with CCA in Australia. Pacific Beverages commenced trading during the second half of the financial year ended 31 March 2007. In December 2007, Pacific Beverages acquired the premium Australian brewer Bluetongue Brewery Pty Limited. In February 2008, the Group announced that Pacific Beverages would invest in the construction of a new brewery in the Central Coast region of New South Wales. The brewery was commissioned in June 2010.

The Group's key brands in Australia, other than Foster's brands, are Peroni Nastro Azzurro, Miller Chill, Bluetongue Premium Lager, Peroni Leggera, MGD and Grolsch.

In June 2011, the Group reached agreement with CCA to acquire CCA's remaining 50% interest in Pacific Beverages after completion of the Foster's acquisition, and also granted CCA the right to acquire certain non-core operations of Foster's together with certain assets and trading liabilities attributable to them. The acquisition of the 50% interest in Pacific Beverages is expected to complete on 16 January 2012, and the sale of the non-core operations to CCA is expected to complete during the quarter ending 31 March 2012.

South Africa: Beverages

SAB Ltd is the founding business of the Group and has been operating since 1895. It is the leading brewer in South Africa and competes in every segment of the brewing industry. Major local brands include Castle Lager, Carling Black Label, Castle Milk Stout, Hansa Pilsener and Castle Lite. This segment also includes the Group's non-beer beverage operations in South Africa. The non-beer beverage operations currently comprise:

- 100% of ABI, the soft drinks division of SAB Ltd, the largest bottler for The Coca-Cola Company in South Africa;
- 100% of Appletiser, an international producer of non-alcoholic fruit drinks; and
- 29% of Distell, a major manufacturer and distributor in the South African wines and spirits sector.

Black Economic Empowerment Transaction

In July 2009, the Group entered into the Black Economic Empowerment Transaction, with the purpose of placing approximately 10% of SAB Ltd. under black ownership. The initial allocation of shares in the Black Economic Empowerment Transaction was made on 9 June 2010 and placed 8.45% of SAB Ltd under black ownership, in three groups comprising employees ("**Employees**"); licensed liquor retailers, liquor licence applicants and customers of ABI ("**Retailers**"); and the broader South African community, through the creation of the SAB Foundation. Employees now own 3.39% of SAB through The SAB Zenzele Employee Trust, participation rights in which have been granted to 10,473 employees. Retailers in aggregate own 3.52% of SAB through SAB Zenzele Holdings Limited in which there are 29,459 black shareholders. The SAB Foundation owns 1.54% of SAB. At the end of the ten year transaction period, participants will exchange their shareholdings in SAB Ltd for shares in SABMiller.

Rationale for the Black Economic Empowerment Transaction

SABMiller believes that broad-based black economic empowerment is a key requirement for the promotion of sustainable growth and social development in South Africa. The Black Economic Empowerment Transaction is designed to increase black participation in SAB Ltd by providing long term economic benefits to a broad range of black South Africans. SABMiller believes that the Black Economic Empowerment Transaction, through the inclusion of Employees, Retailers and the SAB Foundation as shareholders, will facilitate the closer alignment of SAB Ltd's interests with its many stakeholders and will maximise long-term shareholder value. The SAB Foundation will primarily focus on supporting entrepreneurship development, as SABMiller believes this will deliver broader economic benefits for South Africa. It will target historically disadvantaged people with a priority on women and the youth, particularly in rural areas.

The Black Economic Empowerment Transaction will also materially enhance SAB Ltd's compliance with the South African Government's Codes of Good Practice on Black Economic Empowerment and, in addition, seeks to support the normalisation of the South African liquor industry by supporting liquor licensing in South Africa. The Black Economic Empowerment Transaction will make a material contribution towards achieving SAB Ltd's committed objective of attaining Level Four Contributor status on the basis of the scorecard contained in the Codes of Good Practice.

Impact on SABMiller

The Black Economic Empowerment Transaction became effective in the financial year which began on 1 April 2010. Under IFRS 2, the Black Economic Empowerment Transaction results in a share-based payment expense being reflected in the income statement of SABMiller over the transaction period with the majority of this expense being charged in the financial year ended 31 March 2011.

Market

According to Euromonitor in respect of 2011, South Africa is the 10th largest beer market in the world by volume. As at March 2011, South Africa: Beverages' sales represented approximately 89% of total lager beer consumption in South Africa.

South Africa: Beverages' main competition is from other liquor products, including wines, spirits and sorghum. A significant percentage of wine sold in South Africa is in the form of low priced wine which does interact with beer. The beer category share of alcohol has been largely stable over the last 10 years. The increasing urbanisation of the South African population has also contributed to a move from sorghum to clear beer. Within the beer market, the largest competitor is Brandhouse Beverages (Pty) Ltd ("**Brandhouse**"), a joint venture between Heineken International, Diageo and Namibia Breweries Ltd, selling such brands as Heineken, Windhoek and Amstel. Brandhouse opened its first South African brewery during 2009.

ABI produces and bottles products in South Africa under franchise agreements with The Coca-Cola Company, which give ABI exclusive distribution rights in certain geographic areas. These areas cover approximately 45% of the South African population and currently generate approximately 60% of total South African Coca-Cola sales volumes. Coca-Cola and Schweppes products have a combined market share of approximately 90% of the soft drinks market in ABI's territories in South Africa and 82% of the total soft drinks including waters, sports and energy drinks and iced tea.

Operations

The principal activity of South Africa: Beverages is the production, marketing and distribution of beer, soft drinks and non-alcoholic beverages throughout South Africa. For the year ended 31

March 2011, South Africa: Beverages sold 26.3 million hl of lager and 17.6 million hl of soft drinks (including sparkling soft drinks, fruit juices and water).

Products

Lager

South Africa: Beverages has ten brands of lager and four flavoured alcoholic beverages (''**FAB**'') brands. The three mainstream lager brands are Castle Lager, Carling Black Label and Hansa Pilsener, with Castle Lager being the company's flagship brand. There are three brands in the Local Premium category: Castle Lite, Castle Milk Stout and Hansa Marzen Gold. There are four brands in the Global Brands category: MGD, Pilsner Urquell, Peroni Nastro Azzurro, and Grolsch. The brands in the FAB segment are Redd's Premium Cold, Redd's Premium Dry, Brutal Fruit and Sarita.

Soft drinks

Coca-Cola products

ABI conducts essentially all of its business under five-year renewable franchise agreements with The Coca-Cola Company, and this relationship is fundamental to ABI's business. Management believes that ABI enjoys an open and constructive relationship with The Coca-Cola Company. ABI's current franchise agreements with The Coca-Cola Company expire on 30 March 2013.

Appletiser

Appletiser produces natural and non-alcoholic sparkling fruit juices.

The core brands of Appletiser are ''Appletiser'', ''Grapetiser'' and ''Peartiser'' sparkling fruit juices.

Marketing, sales and distribution

In respect of its beer-related operations, South Africa: Beverages maintains an extensive distribution network throughout South Africa, comprising 42 depots, 10 independent distributorships, 3 franchised distributorships and an expanding network of owner-drivers. The owner-driver initiative has enabled South Africa: Beverages to reduce delivery fleet sizes and head-count and to benefit from higher delivery volumes from motivated entrepreneurial drivers.

South Africa: Beverages sells beer to approximately 33,500 licensed customers, who are in turn licensed to sell beer and other alcohol for either on-premise or off-premise consumption. However, South Africa: Beverages estimates there are around 180,000 informal outlets which are unlicensed, commonly referred to as shebeens, in South Africa. This is a phenomenon peculiar to the history of South Africa where prohibition was effectively enforced on Black South Africans. South Africa: Beverages is doing its utmost to work with the South African Government to normalise the industry. Whilst South Africa: Beverages does not sell directly to these shebeens, estimates are that approximately 40% of its volume is sold through these informal channels.

Coca-Cola and Schweppes products are marketed jointly by ABI and The Coca-Cola Company, with The Coca-Cola Company undertaking all national and primary media advertising while ABI undertakes promotion and marketing on a local level in its own territories.

ABI sells to approximately 80,000 customers, varying from large retail outlets to small rural stores.

Manufacturing and properties

South Africa: Beverages operates seven breweries.

In order to ensure world-class standards of production, South Africa: Beverages' breweries are regularly upgraded and refurbished, and brewing capacity is continually under review. Four of the seven breweries could be expanded at a relatively low incremental cost.

South Africa: Beverages also has two malting plants and one hop-processing plant.

ABI has five bottling plants and Appletiser has one bottling plant.

Employees

South Africa: Beverages' average number of employees for the year ended 31 March 2011 was approximately 11,897.

South Africa: Hotels and Gaming

Tsogo Sun Holdings Limited ("**Tsogo Sun**") is Southern Africa's premier gaming, hotel and entertainment company and the largest black empowerment company in the leisure industry in South Africa. It is listed on the Johannesburg Stock Exchange.

By December 2008, Tsogo Sun had acquired a 23% interest in Gold Reef Resorts Limited, a listed operator with seven casino licences in South Africa. It subsequently increased its interest to 25%. In February 2011 Tsogo Sun merged with Gold Reef Resorts Limited through an all-share merger. As a result SABMiller exchanged its 49% interest in Tsogo Sun for a 39.7% interest in the enlarged business which was renamed Tsogo Sun Holdings Limited.

The Tsogo Sun Group operates two separately focused divisions: Tsogo Sun Gaming and Southern Sun Hotels.

Tsogo Sun Gaming owns 13 and operates 14 casinos in South Africa, including *inter alia* Montecasino and Gold Reef City casino in Johannesburg and the Suncoast Casino in Durban, with a total of approximately 8,842 slot machines and 321 tables.

Southern Sun Hotels operates 95 hotels comprising 14,872 rooms. The hotels cover all segments of the industry from 5 star deluxe to budget hotels. The company operates primarily under its own brands, including Southern Sun, Garden Court and StayEasy, and in addition operates two Intercontinental hotels in South Africa and owns 47% of the local Formula 1 operations in partnership with Accor. The Group trades primarily in South Africa, but also in seven other countries across Africa and the Middle East. The Group's hotel portfolio includes owned hotels, properties leased from third parties and operated for the Group's own account and hotels managed on behalf of third parties in return for a management fee.

Management

The Board of Directors

The directors of SABMiller, each of whose business address is One Stanhope Gate, London W1K 1AF, United Kingdom are:

	Date appointed to the board	Date of most recent letter of appointment	Date last elected/ re-elected	Date next due for re-election
JM Kahn	08/02/1999	23/02/1999	21/07/2011	July 2012
EAG Mackay	08/02/1999	27/02/1999	21/07/2011	July 2012
JS Wilson	21/07/2011	17/08/2011	21/07/2011	July 2012
MH Armour	01/05/2010	14/04/2010	21/07/2011	July 2012
GC Bible	01/08/2002	27/09/2002	21/07/2011	July 2012
DS Devitre	16/05/2007	16/05/2007	21/07/2011	July 2012
LMS Knox	19/05/2011	17/05/2011	21/07/2011	July 2012
PJ Manser	01/06/2001	20/06/2001	21/07/2011	July 2012
JA Manzoni	01/08/2004	12/05/2004	21/07/2011	July 2012
MQ Morland	08/02/1999	23/02/1999	21/07/2011	July 2012
DF Moyo	01/06/2009	26/05/2009	21/07/2011	July 2012
CA Pérez	09/11/2005	12/10/2005	21/07/2011	July 2012
R Pieterse	15/05/2008	09/06/2008	21/07/2011	July 2012
MC Ramaphosa	08/02/1999	23/02/1999	21/07/2011	July 2012
A Santo Domingo	09/11/2005	12/10/2005	21/07/2011	July 2012
HA Weir	19/05/2011	17/05/2011	21/07/2011	July 2012
HA Willard III	01/08/2009	01/08/2009	21/07/2011	July 2012

Meyer Kahn (72)

Chairman

Meyer Kahn joined the Group in 1966 and occupied executive positions in a number of the Group's former retail interests before being appointed to the board of The South African Breweries Limited in 1981. He was appointed Group Managing Director in 1983 and Executive Chairman in 1990. In 1997, he was seconded full-time to the South African Police Service as its Chief Executive, serving for two and a half years. He was appointed Chairman of South African Breweries plc upon its listing on the London Stock Exchange in 1999. Among other awards, he holds an honorary doctorate in commerce from the University of Pretoria and was awarded The South African Police Star for Outstanding Service (SOE) in 2000.

Graham Mackay (62)

Chief Executive

Graham Mackay joined The South African Breweries Limited in 1978 and has held a number of senior positions in the Group, including Executive Chairman of the beer business in South Africa. He was appointed Group Managing Director in 1997 and Chief Executive of South African Breweries plc upon its listing on the London Stock Exchange in 1999. He is the Senior Independent Non-Executive Director of Reckitt Benckiser Group plc and a non-executive director of Philip Morris International Inc.

Jamie Wilson (52)

Chief Financial Officer

Jamie Wilson joined SABMiller in 2005 and was appointed to the board in July 2011. He has held a number of senior positions in the Group, including Senior Vice President, Market Development and Strategy, Miller Brewing Company, USA; Managing Director, SABMiller Russia; Managing Director for SABMiller's Central European businesses, and Finance Director for SABMiller Europe.

He has 23 years of experience in the global beverage industry, notably as Group Finance Director and Managing Director – Operations of Highland Distillers plc; Executive Chairman of Maxxium;

Managing Director of Orpar SA, the parent company of Remy Cointreau; Strategy/ Finance Director for Scottish Courage Ltd; and Strategy/ Projects Director for Scottish & Newcastle plc.

Mark Armour (57)

Mark Armour joined the board in May 2010. He has been the Chief Financial Officer of Reed Elsevier Group plc since 1996 and of its two parent companies, Reed Elsevier plc and Reed Elsevier NV, having previously been a partner in the London office of Price Waterhouse. From 2002 until 2004, Mr Armour was Chairman of The Hundred Group of Finance Directors. He was a member of the Finance and Reporting Working Group of the UK Government's Company Law Review Steering Group, which reported in 2001, and a member of the group appointed by the Financial Reporting Council which produced the Smith Report on Audit Committees in 2003.

Geoffrey Bible (74)

Geoffrey Bible joined the board in 2002 following completion of the Miller Brewing Company transaction. He served as Chief Executive Officer of Altria Group, Inc. from 1994 until April 2002 and as Chairman of the Altria board from January 1995 until August 2002, when he retired. He also served as Chairman of the board of Kraft Foods Inc. from March 2001 until his retirement in August 2002.

Dinyar Devitre (64)

Dinyar Devitre joined the board in 2007 as a nominee of Altria Group, Inc. He is a member of the board of Altria. Between April 2002 and March 2008 he was Senior Vice President and Chief Financial Officer of Altria and prior to his appointment to this position had held a number of senior management positions within the Altria group. He is a director of Western Union Company, Emdeon Inc. and a special adviser to General Atlantic LLC. He was a director of Kraft Foods Inc. from 2002 until March 2007. He serves as a Trustee of the Brooklyn Academy of Music, is a director of the Lincoln Center for the Performing Arts, Inc and is a Trustee Emeritus of the Asia Society.

Lesley Knox (57)

Lesley Knox joined the board in May 2011. She is the Chairman of Alliance Trust PLC and is a Trustee of the Grosvenor Estates and chairman of Grosvenor Group Limited, and a Non-Executive Director of Centrica plc. Lesley originally qualified as a solicitor and then spent 15 years with Kleinwort Benson from 1981 to 1996, first in corporate finance, where she became a director in 1986, and then as Chief Executive of the institutional asset management business. In 1997 she moved to the British Linen Bank, becoming Governor in 1999, and was subsequently a founder director of British Linen Advisers from 1999 to 2003. She has held a variety of non-executive directorships with international and British companies, recently with an emphasis on the retail sector, and is involved with a number of arts and charitable organisations.

John Manser (71)

John Manser joined the board in 2001. He is Chairman of Shaftesbury PLC and was Chairman of Intermediate Capital Group plc and Deputy Chairman of Colliers CRE plc until 2010. He was previously Chairman of Hiscox Investment Management Ltd, London Asia Chinese Private Equity Fund Limited and Robert Fleming Holdings Limited, a former member of the President's Committee of the British Banking Association, a director of the Securities and Investments Board between 1986 and 1993 and is a past Chairman of the London Investment Banking Association.

John Manzoni (52)

John Manzoni joined the board in 2004. He is President and Chief Executive Officer of Talisman Energy Inc. Prior to joining Talisman in September 2007 he was Chief Executive of Refining and Marketing of BP plc. He joined BP in 1983 and was appointed to the BP plc board in January 2003. He is a member of the Accenture Energy Advisory Board.

Miles Morland (67)

Miles Morland joined the board in 1999. He is founder and Chairman of two companies investing in Africa, Blakeney Management and Development Partners International. He is also a director of various companies investing in the emerging world.

Dambisa Moyo (42)

Dambisa Moyo joined the board in June 2009. She is an international economist and commentator on the global economy and worked at Goldman Sachs for eight years. A Non-Executive Director of Barclays PLC, Lundin Petroleum and Barrick Gold Corporation, Dambisa previously worked at the World Bank in Washington D.C. Dambisa is a Patron for Absolute Return for Kids (ARK), a hedge fund supported children's charity, and serves on the board of the Lundin for Africa Foundation. She also serves on the board of Room to Read, an education charity.

Carlos Pérez (49)

Carlos Pérez joined the board in 2005, following completion of the Bavaria transaction. He is a Managing Director at Quadrant Capital Advisors, Inc., and serves on the board and executive committee of Valorem S.A. He is also a director of Caracol Television S.A., Comunican S.A., Cine Colombia S.A. and the Queen Sofia Spanish Institute. He was previously an investment banker at Goldman Sachs & Co., S.G. Warburg & Co. and Violy, Byorum & Partners.

Rob Pieterse (69)

Rob Pieterse joined the board in 2008. He is chairman of the supervisory boards of Mercurius Groep B.V., and Royal Grolsch N.V. and is a member of the supervisory board of CSM N.V. He spent 25 years at the multinational information services company, Wolters Kluwer N.V., where he was Chairman from 2000 until 2003. He was a Non-Executive Director of Mecom Group plc between 2007 and 2009 and has previously been a member of the supervisory boards of Connexxion Holding N.V., Essent N.V. and Koninlijke Wegener N.V. From 1999 to 2011, he served on the board of VEUO, the association of Dutch listed companies, and until April 2011, he served on the board of EuropeanIssuers.

Cyril Ramaphosa (59)

Cyril Ramaphosa joined the board of The South African Breweries Limited in 1997 and was appointed to the board of South African Breweries plc upon its listing on the London Stock Exchange in 1999. He is the founder and chairman of Shanduka Group and Joint Non-Executive Chairman of Mondi Group. He holds directorships in Macsteel Global B.V., MTN Group Ltd, The Bidvest Group, Lonmin plc, Standard Bank and Alexander Forbes and serves on the board of the Commonwealth Business Council. He is a former Secretary General of the African National Congress (ANC) and was chairman of the Constitutional Assembly, which negotiated South Africa's first democratic constitution.

Alejandro Santo Domingo (34)

Alejandro Santo Domingo joined the board in 2005, following completion of the Bavaria transaction. He is a Managing Director at Quadrant Capital Advisors, Inc., and serves on the boards of Valorem S.A., Comunican S.A. and Caracol Television S.A. He is the treasurer of Aid for AIDS Charity, a member of the board of trustees of The Metropolitan Museum of Art and is also a member of the board of the US-based DKMS Americas Foundation and WNET (Channel Thirteen).

Helen Weir (49)

Helen Weir joined the board in May 2011. She was Group Executive Director – Retail at Lloyds Banking Group plc until May 2011. She originally joined Lloyds as Group Finance Director in 2004, and took over responsibility for the Retail bank in 2008. From 2000 until 2004, she was Group Finance Director of Kingfisher plc, and before that Finance Director of B&Q, which she joined in 1995. Helen spent her early career at Unilever and McKinsey & Co. She has previously held a number of non-executive directorships, including Royal Mail Holdings and the City of London Investment Trust. She is a member of the Said Business School Advisory Council, and was previously a member of the Accounting Standards Board. She is a Fellow of the Chartered Institute of Management Accountants.

Howard A. Willard III (48)

Howard Willard joined the board in August 2009 as a nominee of Altria Group, Inc. He is Executive Vice President and Chief Financial Officer of Altria Group and is responsible for the Accounting, Tax, Treasury, Audit, Investor Relations and Finance Decision Support and Budgeting organisations. He also oversees the financial services business of Philip Morris Capital Corporation and the

Strategy and Business Development organisation. Prior to this he was Executive Vice President, Strategy and Business Development for Altria. Additionally he has held various leadership positions at Philip Morris USA Inc. in Finance, Sales, Information Services and Corporate Responsibility. Before joining the Altria family of companies in 1992 he worked at Bain & Company and Salomon Brothers Inc. He currently serves on the board of the YMCA of Greater Richmond.

The Board and Board committees

The Board sets the strategic objectives of the Group, determines investment policies, agrees on performance criteria and delegates to Management the detailed planning and implementation of those objectives and policies, in accordance with appropriate risk parameters. The Board monitors compliance with policies, and achievement against objectives, by holding Management accountable for its activities through the measurement and control of operations by regular reports to the Board, including monthly and quarterly performance reporting and budget updates.

The Executive Directors generally have responsibility for proposing strategy and for making and implementing operational decisions on running the Group's businesses. Non-executive Directors complement the skills and experience of the Executive Directors, contributing to the formulation of policy and decision-making through their independent judgement, and knowledge and experience of other businesses and sectors.

The Board met six times during the year ended 31 March 2011 and ad hoc sub-committees of the Board met from time to time to deal with investment and financing and reporting issues. Specific responsibilities have been delegated to Board committees with defined terms of reference. The principal Board committees are described below.

The Audit Committee

The Audit Committee is chaired by Mr Manser and also comprises Mr Armour, Mr Devitre, Ms Knox, Mr Morland and Ms Weir. The Audit Committee met four times during the year ended 31 March 2011. The external auditors, the Chief Executive, the Chief Financial Officer and the Chief Internal Auditor also attend these meetings and other members of the Management team attend as required. The Audit Committee met with the external auditors and with the Chief Internal Auditor without Management being present.

The Audit Committee has the power to examine any financial, operating and strategic matters in and relating to the Group in accordance with its written terms of reference. This includes reviewing the annual accounts, internal control procedures, accounting policies, compliance and regulatory matters, reviewing and making recommendations on the appointment of the external auditors and other related issues.

Under its terms of reference, the Audit Committee's duties include:

- to review, and challenge where necessary, the annual financial statements and interim and preliminary announcements before their submission to the board for approval;
- to examine and review the internal control environment and risk management systems within the Group and review the Group's statement on internal control systems prior to endorsement by the board;
- to review the independence, objectivity and effectiveness of the external auditors;
- to make recommendations to the board regarding the appointment, re-appointment and removal of the external auditors and to approve and recommend to the board the remuneration and terms of engagement of the external auditors;
- to review annually the effectiveness of the internal audit function throughout the Group, with particular focus on the charter, annual work plans, activities, staffing, organisational and reporting structure and status of the function; and
- to review the effectiveness of the system for monitoring compliance with laws and regulations (including the Group's biannual letters of representation) and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

The Audit Committee ensures that adequate and suitable internal controls are in place and are appropriate to meet future needs; that significant business, strategic, statutory and financial risks have been identified and are being monitored and managed; and that appropriate standards of governance, reporting and compliance are in operation. It also advises the Board on issues relating to the application of accounting standards to published financial information. The Audit Committee has access to the reports of the divisional audit committees.

The Disclosure Committee

The Disclosure Committee consists of the Chairman, the Chief Executive, the Chief Financial Officer, the Senior Independent Director, the General Counsel and the Company Secretary or the Deputy Company Secretary. The function of the Disclosure Committee, in accordance with the Group's inside information policy, is to assure compliance with the Disclosure and Transparency Rules and the Listing Rules, as guided by the General Counsel, and to ensure that the routes of communication between Executive Committee members, the Disclosure Committee, the General Counsel's Office, the company secretarial office and investor relations are clear and provide for rapid escalation to the Disclosure Committee and key advisers of any decision regarding potential inside information, so that the Group is able to comply fully with its continuing obligations under the Disclosure and Transparency Rules and the Listing Rules.

The Nomination Committee

The Nomination Committee is chaired by Mr Kahn and also comprises Mr Bible, Mr Manser, Mr Manzoni, Mr Morland, Mr Ramaphosa and Mr Santo Domingo. Under the Altria Relationship Agreement and the BevCo Relationship Agreement, Altria and BevCo have the right to request that one of its nominated directors be appointed to the Nomination Committee and have nominated Mr Bible and Mr Santo Domingo respectively, as members of the Nomination Committee. The Nomination Committee considers the composition of the Board and its committees, retirements and appointments of additional and replacement Directors and makes appropriate recommendations to the Board. All Directors are subject to retirement and re-election by shareholders at least once every three years in accordance with SABMiller's Articles of Association and the guidelines of the Combined Code on Corporate Governance, published by the UK Financial Reporting Council (the "**Combined Code**"). The Nomination Committee meets as often as required, and at least once a year.

The Remuneration Committee

The Remuneration Committee is chaired by Mr Morland and also comprises Mr Armour, Ms Knox, Mr Manser and Mr Manzoni. The Remuneration Committee sets short-term and long-term remuneration for the Executive Directors. More generally, the Remuneration Committee is responsible for the assessment and approval of a broad remuneration strategy for the Group, the determination of short-term and long-term incentive pay structures for Group executives, the positioning of executive pay levels relative to local and international industry benchmarks and is empowered by the Board to set short-term and long-term remuneration for the Executive Directors and members of the Executive Committee.

The Corporate Accountability and Risk Assurance Committee

The Corporate Accountability and Risk Assurance Committee ("**CARAC**") is chaired by Dr Moyo and comprises Mr Kahn, Mr Mackay, Mr Manser, Mr Manzoni, Mr Pieterse, Mr Ramaphosa and Mr Wilson. Additionally, the Director of Corporate Affairs, Ms Clark, meets regularly with the chairman of CARAC to discuss implementation and planning issues and attends all meetings of CARAC. CARAC's main objective is to assist the Board in the discharge of its responsibilities relating to corporate accountability including sustainable development, corporate social responsibility, corporate social investment and ethical commercial behaviour. CARAC also provides independent and objective oversight and reviews information presented by Management on corporate accountability and specifically associated risk, also taking account of reports by Management and the Audit Committee to the Board on financial, business and strategic risk.

Application of the Combined Code

SABMiller applied all the principles and provisions of the Combined Code throughout the year ended 31 March 2011, except in one respect, which was that the Audit Committee did not consist solely of independent directors. The committee included Mr Devitre, an Altria Group, Inc. nominee, who is not independent for the purposes of the Combined Code.

Conflict of interest – Board of Directors

No Director has any potential conflict of interest between his or her duties to SABMiller and his or her private interests or other duties.

Transactions with Directors

No Director has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or which is, or was, significant in relation to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year, or during any earlier financial year, and remains in any respect outstanding or unperformed.

Arm's length transactions

No members of the Group have entered into any transactions during the financial year ended 31 March 2011 other than in SABMiller's ordinary course of business and on arm's length terms.

No outstanding loans or guarantees have been granted by any member of the Group to any of the Directors.

Executive Committee

The members of the Executive Committee of SABMiller, in addition to Graham Mackay, Chief Executive Officer, and Jamie Wilson, Chief Financial Officer, are:

Norman Adami (56)

Chairman and Managing Director, SAB Ltd

Norman Adami was reappointed Chairman and Managing Director of The South African Breweries Limited (SAB Ltd) in October 2008. He first joined SAB Ltd in 1979 and has held a number of senior positions in the Group. These include Regional Director, Operations Director, Chairman and Managing Director, SAB Ltd, President and Chief Executive Officer, Miller Brewing Company and President and Chief Executive Officer, SABMiller Americas.

Mark Bowman (44)

Managing Director, SABMiller Africa

Mark Bowman was appointed Managing Director of SABMiller Africa in 2007. He joined SABMiller's beer division in 1993 and has held various senior positions in the Group. These include Managing Director of SABMiller's Polish subsidiary Kompania Piwowarska S.A., Managing Director of Amalgamated Beverage Industries Ltd (now ABI, the soft drinks division of SAB Ltd) and Chairman of Appletiser.

Alan Clark (51)

Managing Director, SABMiller Europe

Dr Clark was appointed Managing Director, SABMiller Europe in 2003. He joined The South African Breweries Limited (SAB Ltd) in 1990 as Training and Development Manager. He has since held a number of senior positions in the Group, including Marketing Director, SAB Ltd, Managing Director, Amalgamated Beverage Industries Ltd (now ABI, the soft drinks division of SAB Ltd) and Chairman, Appletiser South Africa (Pty) Ltd. Before joining the Group, he practised as a clinical psychologist and lectured in psychology at Vista University in South Africa.

Sue Clark (47)

Corporate Affairs Director, SABMiller plc

Sue Clark was appointed Corporate Affairs Director, SABMiller plc in 2003. Prior to this, she held a number of senior roles in UK companies, including Director of Corporate Affairs, Railtrack Group from 2000 to 2003 and Director of Corporate Affairs, Scottish Power plc from 1996 to 2000. She is a Trustee of the Clore Social Leadership Programme.

John Davidson (52)

General Counsel and Group Company Secretary, SABMiller plc

John Davidson joined the Group as General Counsel and Group Company Secretary in 2006. Before joining SABMiller, he spent his entire legal career at Lovells, a leading international law firm, where he had been a partner since 1991 specialising in international corporate finance, cross-border mergers and acquisitions, and corporate governance advisory work. John was the Chairman for 2010 and 2011 of the GC100 group (the association of general counsel and company secretaries of companies in the FTSE 100).

Domenic De Lorenzo (47)

Director, Corporate Finance and Development, SABMiller plc

Domenic De Lorenzo joined SABMiller's corporate finance team in April 1996 becoming Director, Corporate Finance and Development for Europe and Americas in 2000 and the Director of the global team in July 2010 and was appointed to the Executive Committee in July 2011. He has responsibility for mergers and acquisitions and corporate development. During his career with SABMiller, he has been involved in many of its key transactions, including the acquisitions of Pilsner Urquell, Miller Brewing Company, Peroni, Bavaria, Grolsch and Foster's, and the formation of the MillerCoors joint venture. He joined SABMiller from UAL Investment Bank, a leading investment bank in South Africa.

Nick Fell (57)

Marketing Director, SABMiller plc

Nick Fell was appointed Marketing Director, SABMiller plc in 2006. Prior to this, he worked for Cadbury Schweppes Plc, as President, Global Commercial Strategy and also as Director of Marketing, Cadbury Trebor Bassett. He previously worked for Diageo plc for 15 years in a number of senior roles including Global Brands Director, Johnnie Walker, and Group Marketing Director, Guinness Brewing.

Tony van Kralingen (53)

Director: Supply Chain & Human Resources, SABMiller plc

Tony van Kralingen was appointed Director: Supply Chain & Human Resources for the Group in October 2008. He joined SAB Ltd in 1982 and has held a number of senior positions in the Group. These include Operations Director and Marketing Director, SAB Ltd, Chairman and Chief Executive Officer, Plzenský Prazdroj a.s. and, most recently, Chairman and Managing Director: SAB Ltd. In his current role he is accountable for Group Procurement, Technical and R&D, and Human Resources.

Karl Lippert (50)

President, SABMiller Latin America

Karl Lippert was appointed President, SABMiller Latin America in January 2011. He joined the Group in 1992 and has extensive experience in the global brewing industry. Prior to his appointment as President of Bavaria S.A. in Colombia in February 2006, Karl was Managing Director of Kompania Piwowarska S.A. in Poland, and previously held senior positions as Managing Director of Dreher in Hungary, Sales and Distribution Director for SABMiller Europe, and various positions within SAB Ltd in South Africa, including General Manager, Distribution Services Manager and Operations Manager.

Ari Mervis (48)

Managing Director, SABMiller Asia Pacific and Chief Executive Officer, Foster's

Ari Mervis was appointed Managing Director: Asia Pacific and Chief Executive Officer of Foster's in December 2011, having been Managing Director of SABMiller Asia since October 2007. He joined ABI in 1989 and has held various senior positions in sales, marketing, finance and general management. He has been Managing Director of Swaziland Bottling Company and Appletiser as well as Managing Director of SABMiller operations in Russia and Australia.

Conflict of Interest – Executive Committee

No member of the Executive Committee has any potential conflict of interest between his or her interest in SABMiller and his or her private interests or other duties.

Business Address – Executive Committee

The business address of each of Sue Clark, John Davidson, Domenic De Lorenzo, Nick Fell and Tony van Kralingen is One Stanhope Gate, London W1K 1AF, United Kingdom.

The business address of Norman Adami is 65 Park Lane, Sandown, Sandton 2146, South Africa.
The business address of Mark Bowman is 2 Jan Smuts Avenue, Johannesburg 2000, South Africa.
The business address of Alan Clark is Neuhofstrasse 4, CH6341, Baar, Switzerland.
The business address of Karl Lippert is Carrera 9, 76-49, 4th Floor, Bogota, Colombia.
The business address of Ari Mervis is 77 Southbank Boulevard, Melbourne, Victoria 3006, Australia.

Description of the Notes and the Guarantees

The following is a summary of the material provisions of the Notes, the Guarantees and the Fiscal and Paying Agency Agreements (as defined below). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Notes, the Guarantees and the Fiscal and Paying Agency Agreements. Copies of the Fiscal and Paying Agency Agreements will be available for inspection during normal business hours at any time after the Closing Date at the offices of the Fiscal Agent currently located at One Canada Square, London E14 5AL, United Kingdom. Any capitalised term used herein but not defined shall have the meaning assigned to such term in the Notes, the Guarantees or the Fiscal and Paying Agency Agreements.

General

The 2015 Notes will be issued pursuant to a Fiscal and Paying Agency Agreement (the "**2015 Fiscal and Paying Agency Agreement**") to be dated as of 17 January 2012, among the Issuer, the Guarantor, The Bank of New York Mellon, acting through its London office, as Fiscal Agent and London Paying Agent, and The Bank of New York Mellon, as Principal Paying Agent, Registrar and Transfer Agent.

The 2017 Notes will be issued pursuant to a Fiscal and Paying Agency Agreement (the "**2017 Fiscal and Paying Agency Agreement**") to be dated as of 17 January 2012, among the Issuer, the Guarantor, The Bank of New York Mellon, acting through its London office, as Fiscal Agent and London Paying Agent, and The Bank of New York Mellon, as Principal Paying Agent, Registrar and Transfer Agent.

The 2022 Notes will be issued pursuant to a Fiscal and Paying Agency Agreement (the "**2022 Fiscal and Paying Agency Agreement**") to be dated as of 17 January 2012, among the Issuer, the Guarantor, The Bank of New York Mellon, acting through its London office, as Fiscal Agent and London Paying Agent, and The Bank of New York Mellon, as Principal Paying Agent, Registrar and Transfer Agent.

The 2042 Notes will be issued pursuant to a Fiscal and Paying Agency Agreement (the "**2042 Fiscal and Paying Agency Agreement**", and collectively with the 2015 Fiscal and Paying Agency Agreement, the 2017 Fiscal and Paying Agency Agreement and the 2022 Fiscal and Paying Agency Agreement, the "**Fiscal and Paying Agency Agreements**" or individually the "**Fiscal and Paying Agency Agreement**") to be dated as of 17 January 2012, among the Issuer, the Guarantor, The Bank of New York Mellon, acting through its London office, as Fiscal Agent and London Paying Agent, and The Bank of New York Mellon, as Principal Paying Agent, Registrar and Transfer Agent.

References to the "**Notes**" are to the 2015 Notes, the 2017 Notes, the 2022 Notes and the 2042 Notes collectively. References to the "**Guarantees**" are to the Guarantee related to the 2015 Notes, the Guarantee related to the 2017 Notes, the Guarantee related to the 2022 Notes and the Guarantee related to the 2042 Notes, collectively.

References to the Fiscal Agent and London Paying Agent or the Principal Paying Agent, Registrar and Transfer Agent include any successor fiscal agent and any successor or additional London paying agents, principal paying agents, registrars or transfer agents appointed from time to time in connection with the Notes and the related Guarantees. References to the "**Agents**" are to the Fiscal Agent and London Paying Agent and the Principal Paying Agent, Registrar and Transfer Agent, collectively.

Barclays Capital Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc., Mitsubishi UFJ Securities (USA), Inc., Mizuho Securities USA Inc., RBS Securities Inc. and Banco Santander, S.A. propose to resell the Rule 144A Global Notes in registered form to certain institutions in the United States in reliance upon Rule 144A. The Rule 144A Global Notes may not be sold or otherwise transferred except pursuant to registration under the Securities Act or in accordance with Rule 144A or Rule 904 of Regulation S thereunder or in a resale transaction that is otherwise exempt from such registration requirements, and will bear a legend to this effect. In light of current US securities laws, subject to certain exceptions, an exemption should be available for a Rule 144A Global Note after its Specified Date. The "**Specified Date**" means, with respect to any Rule 144A Global Note, the date following the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act (such period, the "applicable holding period") after the later of (a) the original issue date of such Rule 144A Global Note and (b) the last date on which the Issuer or any affiliate of the Issuer was the beneficial owner of such Rule

144A Global Note, in each case demonstrated to the reasonable satisfaction of the Issuer (which may require delivery of legal opinions). Unless a holder of a Rule 144A Global Note holds such Rule 144A Global Note for the entire applicable holding period, such holder may not be able to determine the Specified Date because such holder may not be able to determine the last date on which the Issuer or any affiliate of the Issuer was the beneficial owner of such holder's Rule 144A Global Note. The Agents will not be required to accept for registration or transfer any Rule 144A Global Notes, except upon presentation of satisfactory evidence (which may include legal opinions) that the restrictions on transfer have been complied with, all in accordance with such reasonable regulations as the Issuer may from time to time agree with such Agents.

For so long as any Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any registered holder of Notes (or any beneficial owner of a book-entry interest in such Notes designated by the registered holder thereof) and to any prospective purchaser of Notes or a book-entry interest in Notes designated by such registered holder, in each case upon request of such registered holder, beneficial owner or prospective purchaser, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act. As at the date of this offering memorandum, the Issuer is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

The Regulation S Global Notes will be resold outside the United States in offshore transactions in reliance on Regulation S.

Principal, Maturity and Interest

The 2015 Notes, the 2017 Notes, the 2022 Notes and the 2042 Notes will bear interest at 1.850% per annum, at 2.450% per annum, at 3.750% per annum and at 4.950% per annum respectively from the date of the initial issue or from the most recent interest payment date to which interest has been paid or provided for, payable semi-annually in arrears on 15 January and 15 July commencing 15 July 2012 to the person in whose name any 2015 Note, 2017 Note, 2022 Note or 2042 Note is registered at the close of business on the 1 January or 1 July (whether or not a business day) immediately preceding such interest payment date (each, a "record date"), notwithstanding any transfer or exchange of such Notes subsequent to the record date and prior to such interest payment date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months and in the case of an incomplete month, the number of days elapsed. If the date on which any interest payment or principal payment is to be made is not a business day in New York City or London, England, such payment will be made on the next day which is a business day in New York City and London, England without any further interest or other amounts being paid or payable in connection therewith.

Notwithstanding the foregoing, if and to the extent the Issuer shall default in the payment of the interest due on an interest payment date and the applicable grace period shall have expired, such defaulted interest may at the option of the Issuer be paid to the persons in whose names Notes are registered at the close of business on a subsequent record date (which shall not be less than five days which are business days in New York prior to the date of payment of such defaulted interest) established by notice given as provided in the Notes by or on behalf of the Issuer to the holders (which term means registered holders) of the Notes not less than 15 days preceding such subsequent record date.

Further Issuances

The Issuer may from time to time without the consent of the holders of the Notes issue additional notes having identical terms and conditions as the 2015 Notes, the 2017 Notes, the 2022 Notes or the 2042 Notes, as the case may be, in all respects or in all respects except for the first payment of interest on such further securities so that any further issue is a "qualified reopening" (or the new notes are issued with no more than a de minimis original issue discount) for US federal income tax purposes and is consolidated and forms a single series of securities with the 2015 Notes, the 2017 Notes, the 2022 Notes or the 2042 Notes, as the case may be.

Status of the Notes and the Guarantees

The Notes will be unsecured and unsubordinated obligations of the Issuer and rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. Each Note will benefit from an unconditional and irrevocable guarantee by the Guarantor (collectively, the "**Guarantees**"). Under the Guarantees, the Guarantor is unconditionally and irrevocably guaranteeing on an unsecured, unsubordinated basis the due and punctual payment of the principal of and interest on the Notes and Additional Amounts (defined below), if any. The Guarantees are unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* in right of payment with all other unsecured and unsubordinated obligations of the Guarantor (except those obligations preferred by statute or operation of law).

Payment of Additional Amounts

All payments by the Issuer or the Guarantor of principal, any premium and interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future tax, levy, impost or other governmental charge whatsoever imposed, assessed, levied or collected by or for the account of the United States, the United Kingdom or any political subdivision thereof or any authority thereof having the power to tax, or any other Relevant Jurisdiction (as defined below) ("**Taxes**") unless such withholding or deduction is required by law.

The Issuer and the Guarantor will pay, in respect of any payment of principal of, and any premium and interest on the Notes, to a holder or beneficial owner thereof that, in the case of payment by the Issuer, is not a resident of the jurisdiction of incorporation or residence for tax purposes of the Issuer or any successor entity, or any political subdivision or taxing authority thereof or therein (the "**Issuer Jurisdiction**"), or in the case of payment by the Guarantor, is not a resident of the jurisdiction of incorporation or residence for tax purposes of the Guarantor or any successor entity, or any political subdivision or taxing authority thereof or therein (the "**Guarantor Jurisdiction**", and together with the Issuer Jurisdiction, the "**Relevant Jurisdictions**") for purposes of taxation, such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by such holder or beneficial owner, after deduction or withholding for any and all present and future Taxes will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted; provided, however, that neither the Issuer nor the Guarantor shall be required to pay any Additional Amounts for or on account of:

(a) Any present or future Tax that would not have been so imposed, assessed, levied or collected but for the fact that the holder of the applicable Note (or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) is or has been a domiciliary, national or resident of, or engaging or having been engaged in a trade or business or maintaining or having maintained a permanent establishment or being or having been physically present in the Relevant Jurisdiction or otherwise having or having had some connection with the Relevant Jurisdiction other than the mere holding or ownership of, or the collection of principal of, and interest on, a Note;

(b) Any present or future Tax that would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required in order to receive payment, the applicable Note was presented more than 30 days after the date on which such payment became due and payable or was provided for, whichever is later;

(c) Any estate, inheritance, gift, transfer, personal property or similar Tax;

(d) Any present or future Tax that is payable otherwise than by deduction or withholding from payments on or in respect of the applicable Note;

(e) Any present or future Tax that would not have been so imposed, assessed, levied or collected but for the failure by the holder or the beneficial owner of the applicable Note to comply, (following a written request addressed to the holders), with any certification, identification or other reporting requirements concerning the nationality, residence or identity of such holder (or beneficial owner) or its connection with the Relevant Jurisdiction if compliance is required by statute, regulation or administrative practice of the Relevant Jurisdiction, as a condition to relief or exemption from such Tax;

(f) Any withholding or deduction imposed on a payment to an individual that is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive;

(g) Any withholding or deduction that is imposed on the applicable Note that is presented for payment, where presentation is required, by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another paying agent;

(h) Any withholding of Taxes imposed under Sections 1471 through 1474 of the US Internal Revenue Code of 1986, as amended, or any successor provisions; or

(i) Any combination of the Taxes described in (a) through (h) above,

nor will Additional Amounts be paid in respect of any payment in respect of the applicable Notes to any holder of the Notes that is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner that would not have been entitled to such amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Notes.

References herein to "**principal**", "**premium**" or "**interests**" shall be deemed to include references to Additional Amounts payable with respect thereto. References to the "Issuer" shall be deemed to include references to any person into or with which the Issuer merges or consolidates or to which the Issuer transfers or leases its assets substantially as an entity and references to the "Guarantor" shall be deemed to include references to any person into or with which the Guarantor merges or consolidates or to which the Guarantor transfers or leases its assets substantially as an entity.

Redemption

Optional Redemption

The Issuer or the Guarantor may redeem each series of the Notes in whole or in part, at the option of the Issuer or the Guarantor, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by the Independent Investment Banker, the sum of the present values of the applicable Remaining Scheduled Payments discounted to the date of redemption (the "**Redemption Date**") on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months or in the case of an incomplete month, the number of days elapsed) at the Treasury Rate plus 25 basis points with respect to the 2015 Notes, the Treasury Rate plus 25 basis points with respect to the 2017 Notes, the Treasury Rate plus 30 basis points with respect to the 2022 Notes, and the Treasury rate plus 30 basis points with respect to the 2042 Notes, together with, in each case, accrued and unpaid interest on the principal amount of the Notes to be redeemed to the Redemption Date. In connection with such optional redemption the following defined terms apply:

- "**Treasury Rate**" means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as at the third business day immediately preceding that Redemption Date) of the Comparable Treasury issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

- "**Comparable Treasury Issue**" means the United States Treasury security selected by the Independent Investment Banker that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the relevant Notes.

- "**Comparable Treasury Price**" means, with respect to any Redemption Date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding that Redemption Date, as set forth in the daily statistical release designated H.15 (519) (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for US Government Notes" or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of the Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (B) if the Independent Investment Banker for the relevant Notes obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

- "**Independent Investment Banker**" means one of the Reference Treasury Dealers appointed by the Issuer to act as the "Independent Investment Banker".
- "**Reference Treasury Dealer**" means each of Barclays Capital Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, a reference treasury dealer selected by Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc., a reference treasury dealer selected by Mitsubishi UFJ Securities (USA), Inc., Mizuho Securities USA Inc., RBS Securities Inc. and Banco Santander, S.A. and their respective successors and two other nationally recognised investment banking firms that are Primary Treasury Dealers specified from time to time by the Issuer; provided, however, that if any of the foregoing shall cease to be a primary US Government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another nationally recognised investment banking firm that is a Primary Treasury Dealer.
- "**Reference Treasury Dealer Quotation**" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding that Redemption Date.
- "**Remaining Scheduled Payments**" means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption; provided, however, that if that Redemption Date is not an interest payment date with respect to such Notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that Redemption Date.

Notice of any redemption will be given in accordance with "Notice" below at least 30 days but not more than 60 days before the Redemption Date to each holder of the Notes to be redeemed. On and after any Redemption Date, interest will cease to accrue on the Notes or any portion thereof called for redemption.

Upon presentation of any Note redeemed in part only, the Issuer will execute and the Fiscal Agent will authenticate and deliver to or on the order of the holder thereof, at the expense of the Issuer, a new Note or Notes, of authorised denominations, in principal amount equal to the unredeemed portion of the Note so presented.

On or before any Redemption Date, the Issuer shall deposit with the Fiscal Agent money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on such date. If less than all the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Fiscal Agent by such method as the Fiscal Agent shall deem fair and appropriate. The redemption price shall be calculated by the Independent Investment Banker and the Issuer, and the Fiscal Agent shall be entitled to rely on such calculation.

Maturity

Unless previously purchased or redeemed by the Issuer or the Guarantor, the principal amount of the 2015 Notes, the 2017 Notes, the 2022 Notes and the 2042 Notes will mature and become due and payable on 15 January 2015, 15 January 2017, 15 January 2022 and 15 January 2042, respectively, with accrued and unpaid interest to such date.

Reacquisition

There is no restriction on the ability of the Issuer, the Guarantor or any of their Subsidiaries to purchase or repurchase Notes.

Redemption for Tax Reasons

The Issuer or the Guarantor may redeem each series of Notes in whole but not in part in an amount equal to their respective principal amounts together with accrued and unpaid interest to the applicable Redemption Date and any Additional Amounts, at the option of the Issuer at any time prior to their maturity if due to a Change in Tax Law (as defined below) (i) the Issuer or the Guarantor, in accordance with the terms of the Notes, has, or would, become obligated to pay to the holder or beneficial owner of any Note any Additional Amounts; and (ii) such obligation otherwise cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it. In such case, the Issuer may redeem each series of Notes as a whole but not in part, upon not less than 30 nor more than 60 days' notice as provided in "Notice" below, in an amount equal to their respective principal amounts with accrued and unpaid interest to the Redemption Date and any Additional Amounts; provided that, (a) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obligated to pay any such Additional Amounts were a payment in respect of the Notes then due and (b) at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. The right of the Issuer to redeem the Notes shall continue as long as the Issuer or the Guarantor is obligated to pay such Additional Amounts, notwithstanding that the Issuer or the Guarantor shall have made payments of Additional Amounts. Prior to the giving of any such notice of redemption, the Issuer must deliver to the Fiscal Agent (1) a certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent counsel of recognised standing selected by the Issuer or the Guarantor to the effect that the Issuer or the Guarantor has, or would, become obligated to pay such Additional Amounts as a result of such change or amendment. The Fiscal Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the holders of Notes.

For purposes hereof, "**Change in Tax Law**" shall mean (i) any change in, or amendment to, any law of a Relevant Jurisdiction (including any regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment becomes effective on or after 17 January 2012 or (ii) if the Issuer or the Guarantor consolidates or merges with, or transfers or leases its assets substantially as an entirety to, any Person that is incorporated or tax resident under the laws of any jurisdiction other than the initial Relevant Jurisdiction and as a consequence thereof such Person becomes the successor obligor to the Issuer or the Guarantor in respect of Additional Amounts that may become payable (in which case, for purposes of this redemption provision, all references to the Issuer or the Guarantor hereunder shall be deemed to be and include references to such Person), any change in, or amendment to, any law of the jurisdiction of incorporation or tax residence of such Person, or any political subdivision or taxing authority thereof or thereon for purposes of taxation (including any regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment becomes effective on or after the date of such consolidation, merger or transfer or lease.

Change of Control Put

If a Put Event (as defined below in "–Certain Definitions") occurs, the holder of each Note will have the option (a "**Put Option**") (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer or the Guarantor has given notice of redemption in accordance with the terms of the Notes) to require the Issuer or the Guarantor to redeem or, at the option of the Issuer or the Guarantor, purchase (or procure the purchase of) that Note at a repurchase price in cash equal to 101% of its principal amount together with interest accrued to (but excluding) the date which is seven days after the expiration of the Put Period (as defined below) (the "**Put Date**") on the Put Date.

Promptly following the end of any Change of Control Period the Issuer shall give notice (a "**Put Event Notice**") to holders of Notes in accordance with the terms of the Notes specifying the nature of the relevant Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of the Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Put Period**") of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Change of Control Put Notice**"). The Issuer or the Guarantor shall redeem or purchase (or procure the purchase of) the relevant Notes in respect of which the Put Option has been validly exercised in accordance with the terms of the Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

Any Change of Control Put Notice shall be irrevocable except where prior to the Put Date an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer or the Guarantor to withdraw the Change of Control Put Notice and instead to declare such Note forthwith due and payable.

If 85 per cent. or more in principal amount of the Notes of a series then outstanding have been redeemed or purchased pursuant to Change of Control Put Notices, the Issuer or the Guarantor may, on giving not less than 30 nor more than 60 days' notice to holders of Notes of such series (such notice being given within 30 days after the Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes of such series at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody's or S&P are changed from those which are described in paragraph (ii) of the definition of "Put Event", or if a rating is procured from a Substitute Rating Agency, the Issuer or the Guarantor shall determine the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and the provisions relating to change of control shall be construed accordingly.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Notes and the Fiscal and Paying Agency Agreements. Investors should refer to the Notes and the Fiscal and Paying Agency Agreements for the full definition of all defined terms.

"**Attributable Value**" means, as to any particular lease under which any Person is at any time liable, and at any date as at which the amount of the payment is to be determined, the total net amount of rent required to be paid by that Person under the lease during the remaining term of the lease (excluding any subsequent renewal or other extension option held by the lessee, but, in the case of any lease which is terminable by the lessee upon the payment of a penalty, the amount of such penalty), discounted from the respective due dates to the date of determination at a rate equivalent to the rate used for the purposes of financial reporting in accordance with generally accepted accounting principles and practices applicable to the type of business in which such Person is engaged (as determined in good faith by the principal accounting officer of such Person). The net amount of rent required to be paid under the lease for any period will be the aggregate amount of rent payable by the lessee with respect to that period, excluding amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, utility, operating and labour costs and similar charges and as reduced by the present value of the rent, if any (determined on the foregoing basis), that any sublessee is required to pay for all or part of the leased property for the relevant period.

"**Consolidated Net Tangible Assets of the Guarantor**" means the total amount of assets of the Guarantor on a consolidated basis, including deferred pension costs included within total assets, and deferred tax assets, after deducting therefrom:

- all current liabilities (excluding any indebtedness and obligations under capital leases classified as a current liability);
- all goodwill and intangible assets, all as set forth in the most recent consolidated balance sheet of the Guarantor and computed in accordance with IFRS; and
- appropriate adjustments on account of non-controlling interests of other Persons holding stock in any Subsidiary of the Guarantor, all as set forth in the most recent consolidated balance sheet of the Guarantor and its Subsidiaries (but, in any event, as at a date within 150 days of the date of determination) and computed in accordance with IFRS.

"**Change of Control Period**" means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the applicable Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

"**Lien**" means any mortgage or deed of trust, pledge, lien, charge, encumbrance or other security interest.

A "**Negative Rating Event**" shall be deemed to have occurred, at any time, if at such time as there is no rating assigned to the applicable Notes by a Rating Agency (i) the Guarantor does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the applicable Notes, or any other unsecured and unsubordinated debt of the Guarantor or (ii) if the Guarantor does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period.

"**Permitted Liens**" of any Person at any particular time means:

(a) Liens existing on the date of issue of the Notes;

(b) Liens arising by operation of law (including in favour of a tax authority in any jurisdiction) or incidental to the conduct of the business of that Person or any Subsidiary of that Person or the ownership of their property or assets, that do not materially impair the usefulness or marketability of those property or assets to that Person;

(c) Liens securing taxes, assessments, governmental charges, levies or claims, which are not yet delinquent or which are being contested in good faith by appropriate proceedings, if adequate reserves or provisions, if any, as shall be required in conformity with applicable generally accepted accounting principles shall have been established or made;

(d) Liens in favour of the Issuer or the Guarantor or Liens in favour of a Restricted Subsidiary securing debt owed by another Restricted Subsidiary to such Restricted Subsidiary;

(e) Purchase Money Mortgages;

(f) Liens on property or assets or shares or stock or other equity equivalents existing at the time the property or assets or shares or stock or other equity equivalents were acquired by that Person; provided that those Liens were not incurred or increased in anticipation of the acquisition;

(g) Liens on property or assets or shares or stock or other equity equivalents of a corporation or other legal entity existing at the time that corporation or other legal entity becomes a Subsidiary of that Person, or is liquidated or merged into, or amalgamated or consolidated with, that Person or a Subsidiary of that Person or at the time of the sale, lease or other disposition to that Person or a Subsidiary of that Person of all or substantially all of the properties and assets of a corporation or other legal entity;

(h) Any Lien created by or relating to legal proceedings so long as that Lien is discharged, vacated or bonded within 90 days of attachment;

(i) Liens on any Principal Property subject to Sale and Leaseback Transactions not otherwise prohibited by the Notes;

(j) Liens in favour of a governmental entity or holders of securities issued by a governmental entity pursuant to any contract or statute, including (but not limited to) Liens securing or relating to industrial revenue, pollution control or other tax exempt bonds;

(k) Liens required in connection with state or local governmental programmes which provide financial tax benefits, as long as substantially all of the obligations secured are in lieu of or reduce an obligation that would have been secured by a Lien otherwise permitted hereunder;

(l) Liens constituted by rights of set-off or netting in the ordinary course of the Guarantor's or any Restricted Subsidiary's banking arrangements or for the provision of clearing bank facilities or overdraft facilities for the purpose of netting debit and credit balances (other than cash collateral); and

(m) Any renewal, refunding or extension of any Lien referred to in the foregoing clauses (a) through (l); provided that the principal amount of indebtedness secured by that Lien after the renewal, refunding or extension is not increased and the Lien is limited to the property or assets originally subject to the Lien and any improvements on the property or assets.

"**Principal Property**" means any building, structure or other facility, together with the land upon which it is erected and fixtures comprising a part thereof that (i) is owned by the Guarantor or a Subsidiary of the Guarantor, (ii) has a gross book value (without deduction of any applicable depreciation reserves) on a date as at which the determination is being made of more than 2% of the Consolidated Net Tangible Assets of the Guarantor and (iii) has not been determined in good faith by the Board of Directors of the Guarantor not to be materially important to the total business conducted by the Guarantor and its Subsidiaries, taken as a whole.

"**Purchase Money Mortgage**" of any Person means any Lien created upon any property or assets of the Person or any shares or stock of a Restricted Subsidiary to secure or securing the whole or any part of the purchase price of the property or assets or shares or stock or the whole or any part of the cost of constructing or installing fixed improvements on that property or assets or to secure or securing the repayment of money borrowed to pay the whole or any part of such purchase price or cost or any vendor's privilege or Lien on that property or assets or shares or stock securing all or any part of the purchase price or cost including title retention agreements and leases in the nature of title retention agreements when recourse is limited solely to such Lien.

"**Put Event**" will be deemed to occur if:

(a) any person or any persons acting in concert (as defined in the United Kingdom City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the United Kingdom Companies Act 2006 (as amended)) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Guarantor, shall become interested (within the meaning of Part 22 of the Companies Act 2006 (as amended)) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Guarantor or (B) shares in the capital of the Guarantor carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Guarantor (each such event being, a "**Change of Control**"); and

(b) on the date (the "**Relevant Announcement Date**") that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the applicable Notes carry:

  (A) an investment grade credit rating (Baa3/BBB-, or equivalent, or better) from any Rating Agency and such rating is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) (a "**Non-Investment Grade Rating**") or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or

  (B) a Non-Investment Grade Rating from any Rating Agency and such rating is, within the Change of Control Period, either downgraded by one or more rating categories (by way of example, Ba1 to Ba2 being one rating category) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or

  (C) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

  provided that if at the time of the occurrence of the Change of Control the applicable Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade as specified in sub-paragraph (A) above, then sub-paragraph (A) only will apply; and

(c) in making any decision to downgrade or withdraw a credit rating pursuant to sub-paragraphs (A) or (B) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Guarantor (whether at the request of the Guarantor or otherwise) that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

"**Rating Agency**" means Moody's Investors Service, Inc. ("**Moody's**") or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. ("**S&P**") or any of their respective successors or any rating agency (a "**Substitute Rating Agency**") substituted for any of them by the Guarantor from time to time. Each of S&P and Moody's is established in the European Union and registered under Regulation 1060/2009/EC.

"**Relevant Potential Change of Control Announcement**" means any public announcement or statement by the Guarantor, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

"**Restricted Subsidiary**" means any Subsidiary of the Guarantor which owns a Principal Property.

"**Sale and Leaseback Transaction**" of any Person means an arrangement with any lender or investor or to which that lender or investor is a party providing for the leasing by that Person of any property or asset of that Person which has been or is being sold or transferred by the Person more than 12 months after the acquisition of that property or asset or the completion of construction or commencement of operation thereof to that lender or investor or to any Person to whom funds have been or are to be advanced by that lender or investor on the security of that property or asset. The stated maturity of this type of arrangement shall be the date of the last payment of rent or any other amount due under the arrangement prior to the first date on which the arrangement may be terminated by the lessee without payment of a penalty.

"**Subsidiary**" of any Person means any corporation, partnership or other business entity of which more than 50% of the outstanding shares or other equity interests (as the case may be) carrying the right to vote in the election of directors, managers or trustees (without regard to the occurrence of any contingency), as the case may be, are directly or indirectly, owned by that Person or by one or more Subsidiaries of that Person.

Covenants

Limitation on Liens

So long as any Notes are outstanding, the Issuer and the Guarantor will not, and will not permit any Subsidiary to, create, incur or assume any Lien on any Principal Property or upon any shares or stock of any Restricted Subsidiary securing any indebtedness for borrowed money ("**Debt**") or interest on any Debt (or any liability of the Issuer or the Guarantor or any of the Guarantor's Subsidiaries under any guarantee or endorsement or other instrument under which the Issuer, the Guarantor or any of its Subsidiaries is contingently liable, either directly or indirectly, for Debt or interest on Debt), other than Permitted Liens, without also at the same time or prior to that time securing, or causing such Subsidiary to secure, the applicable Notes so that such Notes are secured equally and rateably with or prior to the other Debt or liability, except that the Issuer, the Guarantor and any Subsidiary may incur a Lien on any Principal Property to secure Debt or interest on any Debt (or any such liability) or enter into a Sale and Leaseback Transaction on any Principal Property without securing the applicable Notes if the sum of:

- the amount of Debt outstanding at the time secured by Liens on any Principal Property or upon any shares or stock of any Restricted Subsidiary created, incurred or assumed after the date of the Notes and otherwise prohibited by the Notes; and
- the Attributable Value at the time of all Sale and Leaseback Transactions on any Principal Property entered into after the date of the applicable Notes and otherwise prohibited by the Notes,

does not exceed the greater of US$625 million or 10% of the Consolidated Net Tangible Assets of the Guarantor.

Limitation on Sale and Leaseback Transactions

So long as any Notes are outstanding, the Issuer and the Guarantor will not, and the Issuer and the Guarantor will not permit any Subsidiary to, enter into any Sale and Leaseback Transaction of any Principal Property, other than any such transaction involving a lease for a term of not more than three years or any transaction between each of the Issuer, the Guarantor and any of the Guarantor's Subsidiaries, or between Subsidiaries of the Guarantor, unless:

- The Issuer, the Guarantor or the Subsidiary, as the case may be, would be entitled under the covenant described above under "*–Covenants–Limitation on Liens*", to enter into a Sale and Leaseback Transaction of such Principal Property or to incur Debt secured by a Lien on such Principal Property without securing the Notes; or
- The Issuer, the Guarantor or the Subsidiary, as the case may be, applies, within 120 days after the effective date of any arrangement, an amount equal to the Attributable Value of such Sale and Leaseback Transaction to either (or a combination of) (i) the prepayment, repayment, redemption, reduction or retirement of indebtedness which matures more than 12 months after the date of the creation of the indebtedness or (ii) expenditures for the acquisition, construction, improvement, development or expansion of any Principal Property.

Limitation on Mergers and Consolidations

So long as any Notes are outstanding, the Issuer and the Guarantor may not consolidate with or merge into any other Person or sell, convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any Person (other than any sale or conveyance by way of a temporary lease in the ordinary course of business), unless (i) any successor Person assumes the Issuer's or the Guarantor's obligations on the Notes or the Guarantees, as the case may be, and under the Fiscal and Paying Agency Agreements, (ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) such successor Person is organised under the laws of the United States, the United Kingdom or any other country that is a member of the Organisation for Economic Cooperation and Development as at the date of such succession, (iv) such successor Person agrees to pay any Additional Amounts imposed by the jurisdiction in which such successor Person is incorporated or resident for tax purposes and resulting therefrom or otherwise and (v) if as a result of such consolidation or merger or such sale, conveyance, transfer or lease, properties or assets of the Issuer or the Guarantor would become subject to a Lien which would not be permitted by the Notes or under the Fiscal and Paying Agency Agreements, the Issuer or the Guarantor, or such successor Person, as the case may be, shall take such steps as shall be necessary effectively to secure the Notes equally and rateably with (or prior to) all indebtedness secured thereby.

The Notes will not contain covenants or other provisions to afford protection to holders of the Notes in the event of a highly leveraged transaction or a change in control of the Issuer or the Guarantor except as provided above.

Upon certain mergers or consolidations involving the Issuer or the Guarantor, or upon certain sales or conveyances of the respective properties of the Issuer or the Guarantor as an entirety or substantially as an entirety, the obligations of the Issuer or the Guarantor under the Notes or the Guarantees, as the case may be, shall be assumed by the Person formed by such merger or consolidation or which shall have acquired such property and upon such assumptions such Person shall succeed to and be substituted for the Issuer or the Guarantor and then the Issuer or the Guarantor will be relieved from all obligations under the Notes or the Guarantees. The terms "**Issuer**" and "**Guarantor**", as used in the Notes and the Fiscal and Paying Agency Agreements, also refer to any such successors or assigns so substituted.

Assumption of the Issuer's obligations by the Guarantor

The Guarantor may directly assume the obligations of the Issuer under the Notes and upon such assumption succeed to and be substituted for the Issuer thereunder. In the event of any such assumption, the Guarantor will pay all amounts of principal, interest and any premium without deduction or withholding for any and all present and future Taxes or, if such deduction or withholding is required, the Guarantor will pay any Additional Amounts in the same manner and subject to the same exceptions described under "*Payment of Additional Amounts*" above.

An assumption of the Issuer's obligations under the Notes may be considered for US federal income tax purposes to be a taxable exchange of the Notes for new notes by the beneficial owners, resulting in recognition of taxable gain or loss for US federal income tax purposes and other possible adverse tax consequences. Beneficial owners should consult their own tax advisers regarding the US federal, state, local and other tax consequences of any assumption.

Events of Default

The following will be Events of Default (each an "**Event of Default**") with respect to the applicable Notes:

(a) default in the payment of any instalment of interest (excluding Additional Amounts) upon the applicable Notes as and when the same shall become due and payable, and continuance of such default for 30 days; or

(b) default in the payment of the applicable Additional Amounts as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(c) default in the payment of all or any part of the principal of the applicable Notes as and when the same shall become due and payable either at maturity, upon any redemption, by declaration or otherwise and continuance of such default for three business days; or

(d) default in the performance or breach of any covenant or warranty of the Issuer or the Guarantor in respect of the applicable Notes or the applicable Fiscal and Paying Agency Agreement (other than those described in paragraphs (a), (b) and (c) above), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Guarantor, and the Fiscal Agent by the holders of at least 25% in principal amount of the outstanding Notes affected thereby, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a ''Notice of Default'' under the applicable Notes; or

(e) any present or future indebtedness of the Issuer or the Guarantor, or any Principal Subsidiary, other than the applicable Notes, having a then outstanding principal amount in excess of $125,000,000 is accelerated by any holder or holders thereof or any trustee or agent acting on behalf of such holder or holders in accordance with any agreement or instrument evidencing such indebtedness; or

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or the Guarantor or any Principal Subsidiary where such distress, attachment, execution or other legal process relates to an obligation that exceeds $125,000,000 following upon a decree or judgment of a court of competent jurisdiction and is not discharged or stayed within 90 days; or

(g) the Issuer or the Guarantor or any Principal Subsidiary admits in writing that it is unable to pay its debts generally; or a resolution is passed by the Board of Directors of the Issuer or the Guarantor to be wound up or dissolved; or

(h) certain events in bankruptcy, insolvency or reorganisation involving the Issuer or the Guarantor or any Principal Subsidiary.

The following terms will be defined under the Notes to mean:

''**Consolidated Subsidiary**'' means, in relation to a company, a Subsidiary of that company or any other Person whose affairs are required to be consolidated in the audited consolidated accounts of that company; and

''**Principal Subsidiary**'' means, at any relevant time, a Consolidated Subsidiary of the Guarantor whose gross assets (consolidated if such Consolidated Subsidiary itself has Consolidated Subsidiaries) attributable to the Guarantor are not less than 10% of the consolidated gross assets of the Guarantor and all of its Consolidated Subsidiaries taken as a whole (attributable to the shareholders of the Guarantor) as at the date of the most recent published consolidated audited balance sheet of the Guarantor and all of its Consolidated Subsidiaries; provided that, if a Principal Subsidiary shall, since the date of the most recent published consolidated audited balance sheet of the Guarantor and all of its Consolidated Subsidiaries (a) have ceased to be a Consolidated Subsidiary of the Guarantor (if such Principal Subsidiary was, at such date, a Consolidated Subsidiary of the Guarantor) or (b) have transferred all or substantially all of its business or assets to one or more other Consolidated Subsidiaries of the Guarantor, it shall cease to be a Principal Subsidiary, all as more particularly defined under the Notes.

If an Event of Default occurs and is continuing, then and in each and every such case (other than certain Events of Default specified in paragraph (h) above with respect to the Issuer or the Guarantor), unless the principal of all the applicable Notes shall have already become due and payable, the holders of not less than 25% in aggregate principal amount of the applicable Notes then outstanding, by notice in writing to the Guarantor and the Fiscal Agent, may declare the entire principal amount of all applicable Notes issued pursuant to the applicable Fiscal and Paying Agency Agreement and interest accrued and unpaid thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If certain Events of Default described in paragraph (h) above occur with respect to the Issuer or the Guarantor and are continuing, the principal amount of and accrued and unpaid interest on all the Notes issued pursuant to the applicable Fiscal and Paying Agency Agreement shall become immediately due and payable, without any declaration or other act on the part of any holder. Under certain circumstances, the holders of a majority in aggregate principal amount of the applicable Notes then outstanding under the applicable Fiscal and Paying Agency Agreement, by written notice to the Issuer and the Fiscal Agent, may waive defaults and rescind and annul declarations of acceleration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impart any right consequent thereon.

Defeasance

The Issuer will have the option either (a) to be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the applicable Notes and to have satisfied all the obligations under the applicable Fiscal and Paying Agency Agreement, (except for certain obligations, including those relating to the defeasance trust and obligations to register the transfer or exchange of Notes, to replace mutilated, destroyed, lost or stolen Notes, to pay Additional Amounts and to maintain paying agencies) on the 91st day after the applicable conditions described below have been satisfied or (b) to cease to be under any obligation to comply with the covenants described above under "*–Covenants–Limitation on Liens*" and "*–Covenants–Limitation on Sale and Leaseback Transactions*" and the condition relating to the absence of any events of default under "*–Covenants–Limitation on Mergers and Consolidations*" under the applicable Notes, and non-compliance with such covenants and the occurrence of certain events described above under "*–Events of Default*" will not give rise to any Event of Default under the applicable Notes, at any time after the applicable conditions described below have been satisfied.

In order to exercise either defeasance option, the Issuer must (i) deposit with a defeasance agent, irrevocably in trust, money or Government Obligations for the payment of principal of and interest on the outstanding Notes to and including the Redemption Date irrevocably designated by the Issuer on or prior to the date of deposit of such money or Government Obligations and (ii) comply with certain other conditions, including delivering to a defeasance agent either an opinion of US counsel of recognized standing with regard to US federal income tax matters or a ruling received from or published by the United States Internal Revenue Service, to the effect that holders of the Notes will not recognise income, gain or loss for United States federal income tax purposes as a result of the exercise of such option and will be subject to United States federal income tax on the same amount and in the same manner and at the same time as would have been the case if such option had not been exercised and which, in the case of (a) above, is based on a change of law after 17 January 2012.

Modification and Waiver

Without Consent of holders of Notes

The Fiscal and Paying Agency Agreements contain provisions for convening meetings of holders to consider any matters affecting their interests.

The Issuer, the Guarantor and the Fiscal Agent may, without the consent of the holders of any of the applicable Notes at any time outstanding, from time to time and at any time, enter into an agreement

- to convey, transfer, assign, mortgage or pledge to the Fiscal Agent as security for the applicable Notes any property or assets;
- to evidence the succession of another Person to the Issuer or the Guarantor or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Issuer or the Guarantor, as the case may be, pursuant to the applicable Fiscal and Paying Agency Agreement (or to evidence any assumption by the Guarantor of the Issuer's obligations under the applicable Fiscal and Paying Agency Agreement);
- to evidence and provide for the acceptance of appointment of a successor Fiscal Agent, London Paying Agent, Transfer Agent, Principal Paying Agent or Registrar, as the case may be;
- to add to the covenants of the Issuer or the Guarantor such further covenants, restrictions, conditions or provisions as the Issuer, the Guarantor and the Fiscal Agent shall consider to be for the protection of the holders of Notes issued pursuant to the applicable Fiscal and Paying Agency Agreement, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in the applicable Notes; provided that, in respect of any such additional covenant, restriction, condition or provision, the relevant agreement may provide for a particular period of grace after default (which may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the right of the holders of a majority in aggregate principal amount of the applicable Notes to waive such an Event of Default;

- to modify the restrictions on, and procedures for, resale and other transfers of the applicable Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to cure any ambiguity or to correct or supplement any provision contained in the applicable Notes which may be defective or inconsistent with any other provision contained therein or to make such other provision in regard to matters or questions arising under the applicable Notes as the Issuer or the Guarantor may deem necessary or desirable and which will not adversely affect the interests of the holders of the applicable Notes in any respect; and
- to issue further securities having identical terms and conditions in all respects (or in all respects except for the first payment of interest on such further securities) as the Notes so that the further issue is consolidated and forms a single series with the applicable Notes.

With Consent of holders of Notes

The Issuer, the Guarantor and the Fiscal Agent may, with the consent of the holders of not less than a majority in aggregate principal amount of the applicable Notes at the time outstanding (including consents obtained in connection with a tender offer or exchange offer for the applicable Notes), from time to time and at any time, enter into an agreement to add any provisions to or change in any manner or eliminate any of the provisions of the applicable Notes or the applicable Fiscal and Paying Agency Agreement or to modify in any manner the rights of the holders of the applicable Notes; provided that no such amendment of the Notes or the applicable Fiscal and Paying Agency Agreement may, without the consent of the holder of each of the Notes so affected:

- change the stated maturity of the principal of or the date for payment of any instalment of interest on any applicable Note; or
- reduce the principal amount of or Additional Amounts or interest on any applicable Note payable with respect thereto or reduce the amount payable thereon in the event of redemption or default; or
- change the currency of payment of principal of or Additional Amount or interest on any Note payable with respect thereto; or
- change the obligation of the Issuer or the Guarantor to pay Additional Amounts; or
- impair the right to institute suit for the enforcement of any such payment on or with respect to any applicable Note; or
- reduce the above stated aggregate principal amount of any applicable Note outstanding necessary to modify or amend any Fiscal and Paying Agency Agreement or the applicable Conditions of any applicable Notes or to waive any future compliance or past default or reduce the quorum requirements or the percentage of aggregate principal amount of any applicable Notes outstanding required for the adoption of any action at a meeting of holders of such Notes or reduce the percentage of the aggregate principal amount of such Notes outstanding necessary to rescind or annul any declaration of the principal of and all accrued and unpaid interest on any applicable Notes to be due and payable;

provided that no consent of any holder of any Note shall be necessary to permit the Fiscal Agent, the Issuer and the Guarantor to execute a supplemental Fiscal and Paying Agency Agreement described under "*Modification and Waiver – Without Consent of holders of Notes*" above.

Any modifications, amendments or waivers to applicable Fiscal and Paying Agency Agreement or to the Conditions will be conclusive and binding on all holders of the applicable Notes, whether or not they have consented to such action or were present at the meeting at which such action was taken, and on all future holders of the applicable Notes, whether or not notation of such modifications, amendments or waivers is made upon such Notes. Any instrument given by or on behalf of any holder of such a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent registered holders of such Note.

Prescription

Under New York's statute of limitations, any legal action upon the Notes in respect of interest or principal must be commenced within six years after the payment thereof is due. Thereafter the Notes will become generally unenforceable.

Notice

So long as the Notes are listed on the Official List and admitted to trading on the Main Securities Market, notices to holders of Notes will be given by filing all such notices in the Companies Announcement Office of the Irish Stock Exchange. All notices to holders of Notes shall be deemed to be duly given if they are filed with the Companies Announcements Office. Notices to holders of Notes will also be given by first-class mail postage prepaid to the last addresses of such holders as they appear in the Notes register. Such notices will be deemed to have been given on the date of such publication or mailing.

Listing

The Issuer has applied to list the Notes on the Official List and for the admission of the Notes to trading on the Main Securities Market, which is the exchange regulated market of the Irish Stock Exchange. The Issuer has agreed to use its reasonable best efforts to maintain any such listing and admission to trading of the Notes for so long as any of the Notes remain outstanding.

Consent to Service

Each of the Issuer and the Guarantor will initially designate CT Corporation System as its authorised agent for service of process in any legal suit, action or proceeding arising out of or relating to the performance of its obligations under the Notes brought in any state or federal court in the Borough of Manhattan, the City of New York, and will irrevocably submit (but for those purposes only) to the non-exclusive jurisdiction of any such court in any such suit, action or proceeding.

Governing Law

The Notes, the Guarantees and the Fiscal and Paying Agency Agreements shall be governed by and construed in accordance with the laws of the State of New York.

Regarding the Principal Paying Agent, Registrar and Transfer Agent and London Paying Agent

In acting under the Fiscal and Paying Agency Agreements and in connection with the Notes, the Principal Paying Agent, Registrar and Transfer Agent and the London Paying Agent are acting solely as agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with the owners or holders of the Notes, except that any funds held by any Principal Paying Agent, Registrar and Transfer Agent, or London Paying Agent for payment of principal of or interest on the Notes or Additional Amounts with respect thereto shall be held in trust by it for such owners and such holders and applied as set forth in the Notes but need not be segregated from other funds held by it except as required by law. For a description of the duties and immunities and rights of the Principal Paying Agent, Registrar and Transfer Agent and the London Paying Agent under the Fiscal and Paying Agency Agreements, reference is made to the Fiscal and Paying Agency Agreements, and the obligations of the Principal Paying Agent, Registrar and Transfer Agent and the London Paying Agent to the holder of any Note are subject to such immunities and rights.

Book-Entry, Delivery and Form

The Notes that are initially offered and sold in the United States to QIBs will be represented by beneficial interests in two or more Rule 144A Global Notes in registered form without interest coupons, which will be deposited on or about the Closing Date with the Custodian and registered in the name of Cede & Co. as nominee of DTC.

The Notes that are offered and sold in reliance on Regulation S will be represented by beneficial interests in two or more Regulation S Global Notes in registered form without interest coupons, which will be deposited on or about the Closing Date with the Custodian, and registered in the name of Cede & Co., as nominee of DTC. Investors may hold their interests in the Global Notes directly through DTC if they are participants in, or indirectly through organisations which are participants in, such systems. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are participants in DTC.

So long as DTC or its nominee is the registered holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the applicable Notes represented by the applicable Global Note for all purposes under the applicable Fiscal and Paying Agency Agreement and the applicable Notes (except as the context otherwise requires in respect of Additional Amounts). The Notes (including beneficial interests in the Global Notes) will be subject to certain restrictions on transfer set forth therein and in the Fiscal and Paying Agency Agreements and will bear a legend regarding such restrictions as set forth under "*Transfer Restrictions*". Under certain circumstances, transfers may be made only upon receipt by the Transfer Agent of a written certification (in the form set out in the applicable Fiscal and Paying Agency Agreement).

Transfers within the Global Notes

Subject to the procedures and limitations described herein, transfers of beneficial interests within a Global Note may be made without delivery to the Issuer or the Fiscal Agent of any written certifications or other documentation by the transferor or transferee.

Transfers between the Global Notes

A beneficial interest in a Rule 144A Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through the applicable Regulation S Global Note only upon receipt by the Transfer Agent of a written certification (in the form set out in the applicable Fiscal and Paying Agency Agreement) from the transferor to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or, in the case of an exchange occurring following the expiration of the distribution compliance period, Rule 144.

Prior to the expiration of the distribution compliance period, a beneficial interest in a Regulation S Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through the applicable Rule 144A Global Note only upon receipt by the Transfer Agent of a written certification (in the form set out in the applicable Fiscal and Paying Agency Agreement) from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States and any other jurisdiction. After the expiration of the distribution compliance period, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to applicable transfer restrictions under the Securities Act and the laws of any state of the United States and other jurisdictions.

Any beneficial interest in a Rule 144A Global Note or a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

Transfers or Exchanges from a Global Note to Definitive Notes

No Global Note may be exchanged in whole or in part for Notes in definitive registered form (''**Definitive Notes**'') unless:

- DTC notifies the Issuer that it is unwilling or unable to hold the applicable Global Note or DTC ceases to be a clearing agency registered under the Exchange Act, and in each case the Issuer does not appoint a successor depositary that is registered under the Exchange Act within 90 days;
- a payment default has occurred and is continuing;
- in the event of a bankruptcy default, the Issuer fails to make payment on the applicable Notes when due; or
- the Issuer shall have determined in its sole discretion that the applicable Notes shall no longer be represented by the applicable Global Notes.

The holder of a Definitive Note may transfer such Note by surrendering it at the specified office of the Registrar or any Transfer Agent. Upon the transfer, exchange or replacement of Definitive Notes bearing the applicable legend set forth under ''*Transfer Restrictions*'', or upon specific request for removal of such legend on a Definitive Note, the Issuer will deliver only Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel as may reasonably be required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Except as set forth in this paragraph, no Global Note may be exchanged in whole or in part for Definitive Notes.

Clearing and Settlement

The information set out below in connection with DTC is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information about DTC set forth below has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any of the Initial Purchasers takes any responsibility for the accuracy of the information. Neither the Issuer nor any of the Initial Purchasers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interests in Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a member of the Federal Reserve System, a ''**clearing corporation**'' within the meaning of the New York Uniform Commercial Code and a ''**clearing agency**'' registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for DTC participants and to facilitate the clearance and settlement of transactions between DTC participants through electronic book entry changes in accounts of DTC participants, thereby eliminating the need for physical movement of certificates. DTC participants include certain of the Initial Purchasers, securities brokers and dealers, banks, trust companies, clearing corporations and may in the future include certain other organisations (''**DTC participants**''). Indirect access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly (''**indirect DTC participants**'').

Under the rules, regulations, and procedures creating and affecting DTC and its operations (the ''**Rules**''), DTC is required to make book-entry transfers of Notes among DTC participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system as described below (the ''**DTC Notes**'') and to receive and transmit distributions of the nominal amount and interest on the DTC Notes. DTC participants and indirect DTC participants with which beneficial owners of DTC Notes (''**Owners**'') have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through DTC participants or indirect DTC participants will not possess Notes, the Rules by virtue of the requirements described above, provide a mechanism by which such Owners will receive payments and will be able to transfer their interests with respect to the Notes.

Transfers of ownership or other interests in the Notes in DTC may be made only through DTC participants. Indirect DTC participants are required to effect transfers through a DTC participant. DTC has no knowledge of the actual beneficial owners of the Notes. DTC's records reflect only the identity of the DTC participants to whose accounts the Notes are credited, which may not be the beneficial owners. DTC participants will remain responsible for keeping account of their holdings on behalf of their customers and for forwarding all notices concerning the Notes to their customers.

So long as DTC, or its nominee, is the registered holder of a Global Note, payments on the applicable Notes will be made in immediately available funds to DTC. DTC's practice is to credit DTC participants' accounts on the applicable payment date in accordance with their respective holdings shown on its records, unless DTC has reason to believe that it will not receive payment on that date. Payments by DTC participants to beneficial owners will be governed by standing instructions and customary practices, and will be the responsibility of the DTC participants and not of DTC, or any other party, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to DTC is the responsibility of the Fiscal Agent. Disbursement of payments for DTC participants will be DTC's responsibility, and disbursement of payments to the beneficial owners will be the responsibility of DTC participants and indirect DTC participants.

Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect DTC participants, and because owners of beneficial interests in the Notes holding through DTC will hold interests in the Notes through DTC participants or indirect DTC participants, the ability of the owners of the beneficial interests to pledge Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to the Notes, may be limited.

DTC will take any action permitted to be taken by an Owner only at the direction of one or more DTC participants to whose account with DTC such Owner's DTC Notes are credited. Additionally, DTC has advised the Issuer that it will take such actions with respect to any percentage of the beneficial interest of Owners who hold Notes through DTC participants or Indirect Participants only at the direction of and on behalf of DTC participants whose account holders include undivided interests that satisfy any such percentage.

To the extent permitted under applicable law and regulations, DTC may take conflicting actions with respect to other undivided interests to the extent that such actions are taken on behalf of DTC participants whose account holders include such undivided interests.

Ownership of interests in the Rule 144A Global Notes and the Regulation S Global Notes will be shown on, and the transfer of that ownership will be effected only through records maintained by, DTC, the DTC participants and the indirect DTC participants, including Euroclear and Clearstream. Transfers between participants in DTC, as well as transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with DTC rules.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between DTC, on the one hand, and participants in Euroclear or Clearstream on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream as the case may be. Such cross-market transactions, however, will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to DTC to take action to effect final settlement on its behalf by delivering or receiving payment in accordance with DTC's Same-Day Funds Settlement System.

According to DTC, the foregoing information with respect to DTC has been provided to the industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind. Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at anytime. Neither the Issuer nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement in Relation to DTC Notes

Upon the issue of a Regulation S Global Note and/or a Restricted Global Note deposited with DTC or a custodian therefor, DTC or its custodian, as the case may be, will credit, on its internal system, the respective nominal amount of the individual beneficial interest represented by such relevant DTC Note or Notes to the accounts of Persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealers. Ownership of beneficial interest in a DTC Note will be limited to DTC participants, including Euroclear and Clearstream or indirect DTC participants. Ownership of beneficial interests in DTC Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC participants) and the records of DTC Participants (with respect to interests of indirect DTC participants).

Investors that hold their interests in a DTC Note will follow the settlement procedures applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Secondary Market Trading in Relation to DTC Notes

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date. Although DTC has agreed to the following procedures in order to facilitate transfers of interests in Global Notes deposited with DTC or a custodian therefor among participants of DTC, DTC is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer nor any agent of the Issuer will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Secondary market trading between DTC participants will be settled using the procedures applicable to global bond issues in same-day funds.

Payments

So long as any of the Notes remains outstanding, the Issuer will maintain in New York City, and in London so long as the Notes are admitted to trading on the Irish Stock Exchange's market for listed securities, an office or agency (a) where the applicable Notes may be presented for payment, (b) where the applicable Notes may be presented for registration of transfer and for exchange and (c) where notices and demands to or upon the Issuer in respect of the applicable Notes, or the applicable Fiscal and Paying Agency Agreement may be served. The Issuer will give the Fiscal Agent written notice of the location of any such office or agency and of any change of location thereof. The Issuer will initially designate The Bank of New York Mellon, in the Borough of Manhattan, City of New York and The Bank of New York Mellon, acting through its London office, for such purposes.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes or where such notices or demands may be served and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuer of any obligation to maintain an office or agency in the City of New York and in London for such purposes; and provided further, however, that the Issuer will, to the extent possible as a matter of law, maintain a paying agent with a specified office in a Member State of the European Union that will not be obligated to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, the Directive. The Issuer shall give written notice to the Agents of any such designation or rescission and of any such change in the location of any other office or agency.

A holder of Notes may transfer or exchange Notes in accordance with their terms. The Registrar and Transfer Agent for the Notes will not be required to accept for registration or transfer any Notes, except upon presentation of satisfactory evidence (which may include legal opinions) that the restrictions on transfer have been complied with, all in accordance with such reasonable regulations as the Issuer may from time to time agree with such Registrar and Transfer Agent.

Notwithstanding any statement herein, the Issuer reserves the right to impose or remove such transfer, certification, substitution or other requirements, and to require such restrictive legends on the Notes, as they may determine are necessary to ensure compliance with the securities laws of the United States and the states therein and any other applicable laws or as may be required by any stock exchange on which the Notes are listed.

The Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes and any other expenses (including the fees and expenses of the Agents). No service charge will be made for any such transaction.

The Registrar and Transfer Agent will not be required to exchange or register a transfer of (i) any Notes for a period of 15 calendar days ending the due date for any payment of principal in respect of the Notes or the first mailing of any notice of redemption of Notes to be redeemed or (ii) any Notes selected, called or being called for redemption.

The Notes will be issued in registered form without coupons and transferable in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

The laws of some jurisdictions require that certain persons take physical delivery in definitive form of securities which they own. Consequently, the ability to transfer beneficial interests in the Global Notes is limited to such extent.

Taxation

THIS SUMMARY IS OF A GENERAL NATURE AND IS INCLUDED HEREIN SOLELY FOR INFORMATIONAL PURPOSES. IT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE. NO REPRESENTATION WITH RESPECT TO THE CONSEQUENCES TO ANY PARTICULAR PURCHASER OF THE NOTES IS MADE HEREBY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES AND THE EFFECTS OF NATIONAL, STATE OR LOCAL TAX LAWS TO WHICH THEY MAY BE SUBJECT.

Certain United Kingdom Tax Considerations

The comments below are of a general nature based on current United Kingdom tax law and Her Majesty's Revenue and Customs practice. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and may not apply to certain classes of persons such as collective investment schemes, financial traders or dealers, or persons connected with the Issuer. Any holders of Notes who are in doubt as to their tax position should consult their professional advisers.

Interest

The interest on the Notes should not be treated as arising in the United Kingdom and therefore should not be subject to any withholding or deduction for or on account of United Kingdom income tax. If the interest were treated as arising in the United Kingdom, provided the Notes are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 Income Tax Act 2007, payments of interest (including payments of interest made through paying or collecting agents) would be made without withholding or deduction for or on account of United Kingdom income tax in any event. The Main Securities Market of the Irish Stock Exchange is recognised for these purposes.

The interest on the Notes should not be treated as having a United Kingdom source and accordingly should not be chargeable to United Kingdom tax unless the Noteholder is resident or ordinarily resident in the United Kingdom for tax purposes or carries on a trade in the United Kingdom through a branch or agency to which the Note is attributable.

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person may be required to provide certain information to Her Majesty's Revenue and Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

A transfer of a Note by a Noteholder who is resident or ordinarily resident in the United Kingdom for tax purposes or who carries on a trade in the United Kingdom through a branch or agency to which the Note is attributable may give rise to a charge to United Kingdom income tax on an amount representing interest on the Note which has accrued since the preceding interest payment date.

Holders of Notes within the charge to United Kingdom corporation tax will not be taxed in accordance with the preceding paragraph above but will generally be charged to tax as income in each accounting period by reference to interest which, in accordance with generally accepted accounting practices, is applicable to that period.

Under EU Council Directive 2003/48/EC on the taxation of savings income, each EU Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may, unless they elect otherwise, instead apply a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Guarantee payments

If the Guarantor is required to make payments under a Guarantee, it is possible that any such payment may have to be paid under deduction of United Kingdom income tax (currently at the rate of 20%), subject to the availability of exemptions including any relief available pursuant to the provisions of an applicable double tax treaty.

Disposal (including Redemption)

Holders of Notes within the charge to United Kingdom corporation tax

For holders of Notes within the charge to United Kingdom corporation tax, the Notes will constitute ''*qualifying corporate bonds*'' within section 117 of the Taxation of Chargeable Gains Act 1992. On a disposal (including redemption) of the Notes, such corporate holders of Notes will normally recognise any gain or loss for United Kingdom corporation tax purposes under the ''loan relationships'' rules in Part 5 of the Corporation Tax Act 2009. Under these rules, all interest, profits, gains and losses, including exchange gains or losses, measured and recognised in accordance with generally accepted accounting practices, are taxed or relieved as income.

Other United Kingdom Resident holders of Notes

A disposal (including redemption) of a Note by a Noteholder who is resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency to which the Note is attributable may give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains. In calculating any gain or loss on disposal (including redemption) of a Note, the sterling values of the amounts paid and received for the Notes are compared. Accordingly, a taxable profit can arise even where the US dollar amount received on a disposal (including redemption) is less than or the same as the amount paid for the Note.

As mentioned above, a transfer of a Note by a holder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade in the United Kingdom through a United Kingdom branch or agency to which the Note is attributable may give rise to a charge to tax on income in respect of an amount representing interest on the Note which has accrued since the preceding interest payment date. This amount will be taken into account and excluded in determining any capital gain or loss arising on the disposal (including redemption) of the Notes.

Non-United Kingdom Resident holders of Notes

Holders of Notes who are not resident or (if an individual) ordinarily resident for tax purposes in the United Kingdom and who do not carry on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency, or in the case of a corporate noteholder, a United Kingdom permanent establishment to which the Notes are attributable will not be subject to United Kingdom taxation on any gains realised on the disposal (including redemption) of the Notes.

Certain United States Federal Income Tax Considerations

To ensure compliance with Treasury Department Circular 230, prospective investors are hereby notified that: (a) any discussion of United States federal tax issues in this Prospectus is not intended or written to be relied upon, and cannot be relied upon, by prospective investors for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code of 1986, as amended (the ''Code''); (b) such discussion is included herein by the Issuer in connection with the promotion or marketing (within the meaning of Circular 230) by the Issuer of the Notes; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax adviser.

The following discussion describes certain US federal income tax (''**US tax**'') consequences to you if you are a US Holder (as defined below) of the acquisition, ownership and disposition of the Notes. This discussion applies to you only if you hold your Notes as capital assets for US tax purposes (generally assets held for investment) and purchase the Notes for cash in the original offering at their issue price, which will equal the first price to the public (not including bond houses, brokers or similar persons or organisations acting in their capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money. The description is based on the Code, US Treasury regulations issued under the Code, and administrative and judicial interpretations of the Code and Treasury regulations, each as in effect as at the date of this Prospectus. All of these authorities are subject to change, possibly with retroactive effect. This discussion does not address all aspects of US tax that may be relevant to a particular holder of the Notes based on such holder's particular circumstances. For example, the following discussion does not address all of the US tax consequences of the acquisition, ownership and disposition of the Notes to the following types of holders:

- certain pass-through entities and their investors
- partnerships or other entities classified as partnerships for US tax purposes
- broker-dealers
- insurance companies
- tax-exempt organizations
- real estate investment trusts
- regulated investment companies
- certain other financial institutions
- dealers in securities or foreign currency
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings
- holders whose functional currency is not the US dollar
- holders who hold the Notes as part of an integrated investment (including a "straddle") comprised of the Notes and one or more other position
- holders carrying on a trade or business in the United Kingdom through a permanent establishment.

This discussion also does not address US federal alternative minimum tax consequences, and does not describe any tax consequences arising under US federal gift and estate or other federal tax laws, or under the tax law of any state, local or foreign jurisdiction. The US tax consequences to a beneficial owner of a Note that is a partnership may depend on the status of its partner. Prospective purchasers of Notes that are partnerships are urged to consult their own tax advisers with regard to the application of the US tax laws to their particular situation.

You are urged to consult your tax adviser concerning the US tax consequences (including any reporting requirements) to you of acquiring, owning and disposing of the Notes, as well as the application of any state, local, non-US and other tax laws.

A "**Non-US Holder**" is a beneficial owner of a Note that for US tax purposes is not a US Holder and is not a partnership.

A "**US Holder**" is a beneficial owner of a Note that for US tax purposes is:

- a citizen or resident of the United States (as defined in the Code);
- a corporation or other entity taxable as a corporation created or organised in or under the laws of the United States or any State (including the District of Columbia);
- an estate if its income is subject to US tax regardless of source;
- a trust if (1) a US court can exercise primary supervision over its administration and (2) one or more US persons have the authority to control all of its substantial decisions, or if the trust has elected validly to be treated as a US person.

US Holders

Payments of Interest

It is expected that the Notes will not be issued with original issue discount. If this is the case, interest on a Note will generally be includible in your income as ordinary interest income when you receive the payment of interest (if you use the cash method of tax accounting), or when it properly accrues (if you use the accrual method of tax accounting). Interest (including any payment under a Guarantee) and additional amounts (if any) paid with respect to your Note generally will be income from sources within the United States for foreign tax credit purposes.

Sale or Other Taxable Disposition of the Notes

Upon the sale, redemption, retirement or other taxable disposition of a Note, you will recognise gain or loss equal to the difference between the amount realised upon the sale, redemption, retirement or other taxable disposition (less an amount equal to any accrued but unpaid interest that has not been previously included in your income, which will be taxable as interest income) and your tax basis in the Note. Your tax basis in a Note will, in general, be your original purchase price for the Note.

Your gain or loss generally will be capital gain or loss and will be long-term capital gain or loss, respectively, if you have held your Note for more than one year at the time of the sale, redemption, retirement or other taxable disposition. Gain or loss recognised by a US Holder on the sale, redemption, retirement or other taxable disposition of a Note will generally be treated as United States source gain or loss. Capital gains of certain non-corporate holders derived with respect to capital assets held for more than one year are eligible for reduced rates of US taxation. The deductibility of capital losses is subject to limitations.

Medicare Surtax

Beginning in 2013 US Holders who are individuals, estates or trusts will be required to pay a 3.8% Medicare surtax on all or part of the US Holder's "net investment income", which includes, among other items, interest on, and capital gains from the sale or other taxable disposition of, the Notes.

Information reporting and backup withholding

Information reporting requirements generally will apply with respect to certain payments (including interest) and the proceeds of sales or other dispositions (including a retirement or redemption) of the Notes unless you are an exempt recipient and provided the exemptions are properly established. In addition, backup withholding (currently at 28% and scheduled to increase to 31% in 2013) may apply to such payments and proceeds if a US Holder fails to provide its correct taxpayer identification number and certify that it is exempt from backup withholding.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be credited against a US Holder's US federal income tax liability (or refunded), provided that the required information is timely provided to the Internal Revenue Service. US Holders should consult their own tax advisers regarding the application of backup withholding in their particular situation, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

Non-US Holders

Interest

Under US federal income tax law, and subject to the discussion below concerning backup withholding, no withholding of US federal income tax generally will be required with respect to the payment of interest on a Note owned by a Non-US Holder (or payments with respect thereto under the Guarantee), provided that the interest qualifies as portfolio interest. Interest on a Note owned by a Non-US Holder will qualify as portfolio interest only if (1) such interest is not effectively connected with the conduct of such Non-US Holder's US trade or business, (2) such Non-US Holder does not actually or constructively own a 10% or greater interest in SABMiller's combined voting power of all classes of shares entitled to vote for purposes of the Code and the applicable US Treasury regulations, (3) such Non-US Holder is not a controlled foreign corporation that is related to us actually or constructively through stock ownership within the meaning of the Code and the applicable US Treasury regulations (4) such Non-US Holder is not a bank whose receipt of interest on the notes is described in Section 881(c)(3)(A) of the Code, and (5) either (a) such Non-US Holder provides an IRS Form W-8BEN (or other applicable form), and certifies, under penalties of perjury, that it is not a United States person as defined under the Code or (b) such Non-US Holder holds Notes through certain financial intermediaries and the certification requirements of applicable US Treasury regulations are satisfied.

A Non-US Holder with interest income that does not qualify as portfolio interest will be subject to a 30% US federal withholding tax unless, under current procedures, it timely delivers (i) a properly completed IRS Form W-8ECI (or successor form) stating that interest paid on its Notes is not subject to withholding tax because it is effectively connected to a conduct of a trade or business in the United States (or, in the case of an applicable tax treaty, is not attributable to a US "permanent establishment" or "fixed base") or (ii) a properly completed IRS Form W-8BEN (or successor form) claiming an exemption from or reduction in withholding tax under an applicable income tax treaty.

Interest that is effectively connected with a Non-US Holder's US trade or business (and in the case of an applicable tax treaty, is attributable to a US "permanent establishment" or "fixed base") generally will be taxable on a net basis as if the Non-US Holder were a US Holder. Moreover, a Non-US Holder that is a corporation may be subject to a branch profits tax of 30% (or a lower applicable treaty rate) on such Non-US Holder's effectively connected earnings and profits.

Sale or Other Disposition of a Note

Subject to the discussion below concerning backup withholding, a Non-US Holder will generally not be subject to US federal income tax on any gain realized on the sale, exchange or redemption of a Note unless (l) such gain is effectively connected with the conduct by the Non-US Holder of a trade or business in the United States (or if an income tax treaty applies, is attributable to a US "permanent establishment" or "fixed base") in which case the Non-US Holder will be taxed on a net basis as if the Non-US Holder were a US Holder (and, in the case of a Non-US Holder that is a corporation, branch profits tax may also apply, subject to the provisions of any applicable income tax treaty), or (2) in the case of gain realised by an individual Non-US Holder, the Non-US Holder is present in the United States for 183 days or more in the taxable year of the retirement or disposition and certain other conditions are met, in which case the Non-US Holder generally will be subject to a 30% US federal income tax on any gain recognised (unless an applicable income tax treaty provides otherwise).

Information Reporting and Backup Withholding

In general a Non-US Holder will not be subject to backup withholding with respect to payments of interest on the Notes or under the Guarantees, provided that the Non-US Holder provides the required certification described above that it is a Non-US Holder.

Generally, the amount of interest paid to a Non-US Holder and the amount of tax, if any, withheld in connection with payments on the Notes will be required to be reported yearly to the IRS and to such Non-US Holder. Copies of the US information tax returns reporting such payments with respect to the Notes and any US tax withholding also may be made available to the tax authorities in the country in which the Non-US Holder resides under the provision of a treaty, agreement or otherwise.

In addition, information reporting and, depending on the circumstances, backup withholding (currently at 28%, and scheduled to increase to 31% in 2013), will apply to the proceeds of sale or other disposition (including a retirement or redemption) of the Notes within the United States or conducted through certain US-related financial intermediaries, unless the Non-US Holder certifies to the payor, under penalties of perjury, that such holder is a Non-US Holder or otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a credit against the Non-US Holder's US federal income tax liability and may entitle the Non-US Holder to a refund, provided that the required information and appropriate claim for a refund is timely and properly furnished to the Internal Revenue Service.

Non-US Holders should consult their tax advisers regarding the application of information reporting and backup withholding in their particular situation, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

Grandfathering under the Act

The Hiring Incentives to Restore Employment Act the ("**HIRE Act**") materially modifies the withholding, information reporting and certification rules discussed above with respect to certain holders who fail to comply with the Hire Act's requirements, including without limitation, reporting and disclosure obligations. If applicable, 30% withholding could apply to most types of US source payments (including payments of principal, interest and proceeds of sales and other dispositions) to such holders after 31 December 2013. The HIRE Act exempts debt instruments that are outstanding on 18 March 2012. Consequently, the HIRE Act should not apply to the Notes provided they are issued on or before 18 March 2012 and are not significantly modified for US tax purposes thereafter.

Plan of Distribution

Pursuant to a purchase agreement dated 10 January 2012 (the "**Purchase Agreement**"), the initial purchasers named below (the "**Initial Purchasers**") have severally and not jointly agreed with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, to purchase $1,000,000,000 principal amount of the 2015 Notes, $2,000,000,000 principal amount of the 2017 Notes, $2,500,000,000 principal amount of the 2022 Notes and $1,500,000,000 principal amount of the 2042 Notes.

The principal amounts of the 2015 Notes, the 2017 Notes, the 2022 Notes and the 2042 Notes to be purchased by each of the Initial Purchasers from the Issuer are set forth opposite their names below:

	Principal Amount of 2015 Notes	Principal Amount of 2017 Notes	Principal Amount of 2022 Notes	Principal Amount of 2042 Notes
Barclays Capital Inc.	$115,000,000	$230,000,000	$287,500,000	$172,500,000
J.P. Morgan Securities LLC	$115,000,000	$230,000,000	$287,500,000	$172,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$115,000,000	$230,000,000	$287,500,000	$172,500,000
Morgan Stanley & Co. LLC	$115,000,000	$230,000,000	$287,500,000	$172,500,000
Banco Bilbao Vizcaya Argentaria, S.A.	$90,000,000	$180,000,000	$225,000,000	$135,000,000
Banco Santander, S.A.	$90,000,000	$180,000,000	$225,000,000	$135,000,000
Citigroup Global Markets Inc.	$90,000,000	$180,000,000	$225,000,000	$135,000,000
Mitsubishi UFJ Securities (USA), Inc.	$90,000,000	$180,000,000	$225,000,000	$135,000,000
Mizuho Securities USA Inc.	$90,000,000	$180,000,000	$225,000,000	$135,000,000
RBS Securities Inc.	$90,000,000	$180,000,000	$225,000,000	$135,000,000
Total	$1,000,000,000	$2,000,000,000	$2,500,000,000	$1,500,000,000

Barclays Capital Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Citigroup Global Markets Inc., Mitsubishi UFJ Securities (USA), Inc., Mizuho Securities USA Inc. and RBS Securities Inc. are the Initial Purchasers for the offering.

The Purchase Agreement entitles the Initial Purchasers to terminate the issue of the Notes in certain circumstances prior to payment to the Issuer. The Issuer and the Guarantor have agreed to indemnify the Initial Purchasers against certain liabilities in connection with the offer and sale of the Notes and may be required to contribute to payments the Initial Purchasers may be required to make in respect thereof.

The Initial Purchasers, or certain of their respective affiliates as selling agents, initially propose to offer the Notes at the offering prices set forth on the cover page hereof. After the initial offering of the Notes, the offering prices may from time to time be varied by the Initial Purchasers.

The Issuer and the Guarantor have agreed with the Initial Purchasers that neither it nor any person acting on its behalf will, without the prior written consent of the Initial Purchasers (which consent shall not be unreasonably withheld or delayed), for the period from and including the date of the Purchase Agreement through and including the Closing Date, offer, sell, contract to sell or otherwise dispose of any debt securities (other than short-term debt securities or the Notes) of the Issuer.

The Notes are new issues of securities with no established trading market. The Notes are expected to be admitted to trading on the Market.

Although the Initial Purchasers have indicated they would make a market in the Notes, they are not obligated to do so and may cease doing so at any time. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Notes.

In connection with the offering of the Notes, Initial Purchasers may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the date of issue of the Notes. However, there may be no obligation on Initial Purchasers to do this. Such stabilising, if commenced, may be discontinued at any time without notice, and must be brought to an end after a limited period.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Notes or the possession, circulation or distribution of any material relating to the Issuer in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may any offering material or advertisement in connection with the Notes (including this Prospectus and any amendment or supplement hereto) be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Certain of the Initial Purchasers and their affiliates have performed and may continue to perform certain investment and commercial banking or financial advisory services for the Issuer and its affiliates from time to time, for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they expect to receive customary fees and commissions.

Some of the Initial Purchasers (or their affiliates) are lenders under the Group Syndicated Loan Facilities. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Net cash from operating activities – External Funding, financing and indebtedness, and Use of Proceeds*."

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor and/or their affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer and/or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's and/or Guarantor's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Two of the initial purchasers, Banco Bilbao Vizcaya Argentaria, S.A. and Banco Santander, S.A., are not broker-dealers registered with the United States Securities Exchange Commission. Banco Bilbao Vizcaya Argentaria, S.A. and Banco Santander, S.A. will only make sales of Notes in the United States, or to nationals or residents of the United States, through one or more registered broker-dealers in compliance with applicable United States securities laws.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (i) within the United States to "qualified institutional buyers" as defined in Rule 144A, and (ii) outside the United States to persons other than US persons in reliance on Regulation S.

Each Initial Purchaser has represented and agreed with the Issuer that, except as permitted by the Purchase Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until and including the fortieth day after the later of the commencement of the offering and the closing date for the sale of any Notes pursuant to the Purchase Agreement (the "**distribution compliance period**"), within the United States or to, or for the account or benefit of, US persons except in accordance with Rule 144A or Rule 903 of Regulation S. Each Initial Purchaser has also agreed that it, each of its affiliates and each person acting on its or their behalf have complied and will comply with the offering restriction requirements of Regulation S; and that at or prior to confirmation of a sale of Notes (other than a sale pursuant to Rule 144A, if permitted) it will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons. Each Initial Purchaser has also represented and agreed with the Issuer that no directed selling efforts (as defined in Regulation S) have been made or will be made in the United States by the Initial Purchasers, any of their affiliates or any person acting on behalf of any of the Initial Purchasers or their affiliates with respect to the Notes; and none of it, any of its affiliates, or anyone acting on its or their behalf has solicited offers for, offered or sold the Notes by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) in the United States in connection with the offering of the Notes or otherwise in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

Terms used in the preceding two paragraphs have the meanings ascribed to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements under the Securities Act.

The Purchase Agreement also provides that the Initial Purchasers or their affiliates may arrange for the placing of a portion of the Notes to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A.

United Kingdom

Each Initial Purchaser has represented and agreed with the Issuer that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA in respect of anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "**Financial Instruments and Exchange Law**"). Accordingly, each of the Initial Purchasers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Hong Kong

Each Initial Purchaser has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

WARNING – The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

South Africa

Each Initial Purchaser has represented and agreed with the Issuer that:

(a) this Prospectus will not be registered as a prospectus in terms of the South African Companies Act, 1973, as amended, in South Africa and as such, any offer of the Notes in South Africa may only be made if it shall not be capable of being construed as an offer to the public as envisaged by such Act; and

(b) any offer or sale of the Notes shall be subject to compliance with South African exchange control regulations.

Singapore

Each Initial Purchaser has acknowledged and agreed that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, chapter 289 of Singapore (the "**SFA**"). Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1 A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the SFA except: (l) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to Section 275(1) of the SFA and Section 275(1A) of the SFA, respectively, and in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; (3) where the transfer is by operation of law; or (4) pursuant to Section 276(7) of the SFA.

Other

Each Initial Purchaser has represented and agreed with the Issuer that it will, to the best of its knowledge and belief, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any amendment or supplement thereto, in so far as such laws, regulations and directives relate to the purchase, offer, sale or delivery of the Notes or the possession or distribution of this Prospectus or any amendment or supplement thereto, and the Issuer shall not have any responsibility therefor.

CUSIP

Rule 144A 2015 Global Note: 78573AAD2

Regulation S 2015 Global Note: U7787RAD3

Rule 144A 2017 Global Note: 78573AAB6
Regulation S 2017 Global Note: U7787RAB7
Rule 144A 2022 Global Note: 78573AAA8
Regulation S 2022 Global Note: U7787RAA9
Rule 144A 2042 Global Note: 78573AAC4
Regulation S 2042 Global Note: U7787RAC5

ISIN
Rule 144A 2015 Global Note: US78573AAD28
Regulation S 2015 Global Note: USU7787RAD36
Rule 144A 2017 Global Note: US78573AAB61
Regulation S 2017 Global Note: USU7787RAB79
Rule 144A 2022 Global Note: US78573AAA88
Regulation S 2022 Global Note: USU778RAA96
Rule 144A 2042 Global Note: US78573AAC45
Regulation S 2042 Global Note: USU7787RAC52

Transfer Restrictions

The following restrictions will apply to the Notes. Prospective investors are advised to consult legal counsel prior to making any offer, sale, resale, pledge or transfer of the Notes offered hereby.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons, except pursuant to an effective registration statement or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to QIBs in accordance with Rule 144A, and to persons other than US persons (as defined in Rule 902) (''**Foreign Purchasers**'') in offshore transactions (as defined in Rule 902) in compliance with Regulation S.

In addition, until 40 days after the later of the commencement of the offering and the closing date an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each purchaser of the Notes offered hereunder (other than each of the Initial Purchasers) will be deemed to have represented and agreed as follows (terms used in this section that are defined in Rule 144A or Regulation S are used herein as defined therein):

(a) it is not an ''affiliate'', as defined in Rule 405 and in rule 501(b) of Regulation D under the Securities Act, of the Issuer or the Guarantor or acting on their behalf and that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion, and it and any such account is a QIB (and is acquiring such Notes for its own account or for the account of another QIB), and is aware that the sale to it is being made in reliance on Rule 144A or is a Foreign Purchaser and is aware that the sale is being made in accordance with Regulation S;

(b) it acknowledges and understands that the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold except as set forth below;

(c) it acknowledges that none of the Issuer or the Guarantor or any person representing them, has made any representation to it with respect to the offering or sale of any of the Notes, other than the information contained in this Prospectus which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes; and acknowledges that is has had access to such financial and other information concerning the Issuer and the Guarantor as it has deemed necessary in connection with its decision to purchase any of the Notes;

(d) it understands and agrees that if it decides to offer, sell, resell, pledge or otherwise transfer any Notes or any beneficial interests in any Notes prior to the date which is one year after the later of the date of original issue and the last date on which the Issuer or any affiliate of the Issuer was the owner of the Notes (or any predecessor thereto), it will do so only (A)(i) to the Issuer or the Guarantor or any of their respective Subsidiaries, (ii) to a person whom the seller, and any person acting on its behalf, reasonably believes is a QIB that is purchasing for its own account or for the account of a QIB or QIBs, in a transaction complying with Rule 144A, (iii) in an offshore transaction in compliance with Regulation S or (iv) pursuant to any other available exemption from registration under the Securities Act, or (B) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities law of any state of the United States;

(e) it agrees to, and each subsequent holder is required to, notify any purchaser of the Notes from it of the resale restrictions referred to in clause (c) above, if then applicable;

(f) if it is a person other than a Foreign Purchaser, it understands and agrees that Notes initially offered to QIBs in reliance on Rule 144A will be represented by the Rule 144A Global Note, and that before any interest in the Rule 144A Global Note may be offered, sold, resold, pledged or otherwise transferred, the transferee will be required to provide the Fiscal Agent with a written certification (in the form set out in the applicable Fiscal and Paying Agency Agreement obtained from the Fiscal Agent) as to compliance with the transfer restriction referred to above);

(g) if it is a Foreign Purchaser, it understands and agrees that the Notes initially offered in offshore transactions under Regulation S will be represented by the Regulation S Global Note and that before any interest in the Regulation S Global Note may be offered, sold, resold, pledged or otherwise transferred, the transferee will be required to provide the Fiscal Agent with written confirmation (in the form set out in the applicable Fiscal and Paying Agency Agreement) as to compliance with the transfer restrictions above;

(h) it understands that the Notes being sold pursuant to Rule 144A will bear a legend to the following effect:

NEITHER THIS NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF SABMILLER HOLDINGS INC. (THE "**ISSUER**") AND SABMILLER PLC (THE "**GUARANTOR**"), AND ANY OF THEIR RESPECTIVE SUCCESSORS IN INTEREST, THAT THIS NOTE MAY BE OFFERED, SOLD, ASSIGNED, PLEDGED, ENCUMBERED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, THE GUARANTOR OR ANY OF THEIR RESPECTIVE SUBSIDIARIES, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**"), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ONE OR MORE OTHER QUALIFIED INSTITUTIONAL BUYERS IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 (AS APPLICABLE) OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF APPLICABLE), (5) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH SUCH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTIONS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND ANY OF ITS SUCCESSORS IN INTEREST, THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF THE APPLICABLE HOLDING PERIOD UNDER RULE 144 UNDER THE SECURITIES ACT.

(i) it understands that the Notes being sold in reliance on Regulation S will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (i) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (ii) THE DATE OF ISSUE OF THESE NOTES.

(j) it acknowledges that prior to any proposed transfer of Notes or beneficial interests in Global Notes (in each case other than pursuant to an effective registration statement) the holder of such Notes or beneficial interests in Global Notes may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Notes; and

(k) it acknowledges that the Issuer, the Initial Purchasers, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of Notes is no longer accurate, it shall promptly notify the Issuer, the Initial Purchasers and the Agents. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the Notes and the Fiscal and Paying Agency Agreements to effect exchanges or transfer of interests in Global Notes, see "*Book-Entry, Delivery and Form*".

No representation can be made as to the availability of any exemptions from the registration requirements under the Securities Act, including Rule 144 for resale of the Notes.

General Information

Authorisation

The issue of the Notes was duly authorised by resolutions of the Board of Directors of SABMiller Holdings dated 9 January 2012 and by resolutions of a Committee of the Board of Directors of SABMiller Holdings dated 9 January 2012.

Board of Directors of the Issuer

The directors of SABMiller Holdings are:

	Date appointed to the board	Date last elected/ re-elected
Mathew Dunn	01/01/2012	—
Karl Lippert	01/12/2010	01/04/2011
John Radi	30/06/2008	01/04/2011
Stephen Rogers	30/06/2008	01/04/2011
Garth Saunders	01/01/2012	—
Jonathan Solesbury	01/01/2012	—
Jamie Wilson	17/10/2011	—

The business address of John Radi and Stephen Rogers is 3939 West Highland Blvd., Milwaukee, Wisconsin, 53210, USA.

The business address of Jamie Wilson is One Stanhope Gate, London W1K 1AF, United Kingdom.

The business address of Karl Lippert and Jonathan Solesbury is Carrera 9, 76-49, 4th Floor, Bogota, Colombia.

The business address of Garth Saunders is 65 Park Lane, Sandown, Sandton 2146, South Africa.

The business address of Mathew Dunn is Unit 3608, 36/F, Edinburgh Tower, The Landmark, Central, Hong Kong.

No director has any potential conflict of interest between his duties to SABMiller Holdings and his private interests or other duties.

Share Capital of the Issuer

The issued share capital in SABMiller Holdings is legally and beneficially owned and controlled indirectly by SABMiller, a public limited company incorporated in England and Wales with registered number 3528416. The rights of the shareholder in SABMiller Holdings are contained in the by-laws of SABMiller Holdings and SABMiller Holdings will be managed by its directors in accordance with those by-laws and with the provisions of the laws of the State of Delaware.

Listing

Transactions will normally be effected for settlement in US dollars and, under current practice, for delivery on the third business day after the day of the transaction. It is expected that listing on the Official List and admission of the Notes to trading on the Main Securities Market will be granted on or about 17 January 2012 subject only to the issue of the Notes. If the Notes are not issued as mentioned in this Prospectus, the listing and admission to trading of the Notes may be cancelled. The Issuer has agreed to use its reasonable efforts to maintain any such listing and admission to trading of the Notes for so long as any of the Notes remain outstanding. The Issuer believes the listing fee for the listing and admission to trading of the Notes will be approximately €5,190.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Clearing reference numbers

The Notes evidenced from time to time by the Rule 144A Global Notes and the Regulation S Notes have been accepted for clearance through DTC's book-entry system. The CUSIP number for the 2015 Notes represented by the Rule 144A Global Note is 78573AAD2, the CUSIP number for the

2017 Notes represented by the Rule 144A Global Note is 78573AAB6, the CUSIP number for the 2022 Notes represented by the Rule 144A Global Note is 78573AAA8 and the CUSIP number for the 2042 Notes represented by the Rule 144A Global Note is 78573AAC4. The CUSIP number for the 2015 Notes represented by the Regulation S Global Note is U7787RAD3, the CUSIP number for the 2017 Notes represented by the Regulation S Global Note is U7787RAB7, the CUSIP number for the 2022 Notes represented by the Regulation S Global Note is U7787RAA9 and the CUSIP number for the 2042 Notes represented by the Regulation S Global Note is U7787RAC5. The ISIN number for the 2015 Notes represented by the Rule 144A Global Note is US78573AAD28, the ISIN number for the 2017 Notes represented by the Rule 144A Global Note is US78573AAB61, the ISIN number for the 2022 Notes represented by the Rule 144A Global Note is US78573AAA88 and the ISIN number for the 2042 Notes represented by the Rule 144A Global Note is US78572AAC45. The ISIN number for the 2015 Notes represented by the Regulation S Global Note is USU7787RAD36, the ISIN number for the 2017 Notes represented by the Regulation S Global Note is USU7787RAB79, the ISIN number for the 2022 Notes represented by the Regulation S Global Note is USU778RAA96 and the ISIN number for the 2042 Notes represented by the Regulation S Global Note is USU7787RAC52.

Incorporation, registered office, head office and principal objects

The Issuer

SABMiller Holdings is a holding company incorporated in the State of Delaware in the United States of America and is an indirectly wholly owned subsidiary of SABMiller. SABMiller Holdings was incorporated on 3 July 2002. The registered office of SABMiller Holdings is care of The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, USA, its telephone number is +1 800 677 3394, and its employer identification number is 51-0439595.

The purpose of SABMiller Holdings is to engage in any lawful act or activity for which a corporation may be organised under the General Corporation Law of Delaware, as set forth in its Certificate of Incorporation, which is available for inspection at the registered office address of SABMiller as set forth below.

The Guarantor

SABMiller is the holding company of the Group. SABMiller was incorporated and registered in England and Wales with registered number 3528416 on 17 March 1998 as a public limited company under the Companies Act 1985 with the name Blastaway 2000 plc. Its name was changed to South African Breweries plc on 9 December 1998 and to SABMiller plc on 9 July 2002. On 9 February 1999, a certificate to do business was granted to SABMiller under section 117 of the Companies Act. The registered office of SABMiller is at SABMiller House, Church Street West, Woking, Surrey GU21 6HS England and its telephone number is +44 (0) 1483 264000. The head office of SABMiller is at One Stanhope Gate, London W1K 1AF England and its telephone number is +44 (0) 20 7659 0100.

Unless otherwise stated or the context otherwise requires, the text in the following paragraphs does not distinguish between the activity and operations of SABMiller or those of its subsidiary undertakings.

Share Capital of the Guarantor

As at 31 March 2011, the called up, allotted and fully paid share capital of SABMiller was as follows:

Called-up, allotted and fully paid share capital	**$ millions**
1,659,040,014 ordinary shares of 10 US cents each (2010: 1,654,749,852)[6]	166
50,000 deferred shares of £1.00 each (2010: 50,000)	—
	166

6 As at 6 January 2012 (the latest practicable date prior to the publication of this Prospectus) 1,662,738,944 ordinary shares of 10 US cents each are in issue. In the period from 1 April 2011 to 6 January 2012, 3,698,930 ordinary shares were issued under SABMiller's employee share plans.

Summary of principal investments

Details of SABMiller's principal investments for the financial years ended 31 March 2011, 2010 and 2009 together with any future investments on which the board of directors have already made firm commitments are set out in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview – Recent Developments*".

Principal shareholders

SABMiller is not aware of any person who, prior to, or immediately following the publication of this Prospectus, directly or indirectly, jointly or severally, exercises or could exercise control over SABMiller or any arrangement the operation of which may, following the publication of this Prospectus, result in a change of control of SABMiller.

In so far as is known to SABMiller, as at 30 December 2011 (the latest practicable date prior to the publication of this Prospectus), the following are beneficially interested, directly or indirectly, in 3% or more of SABMiller's issued voting share capital or could directly or indirectly, jointly or severally exercise control over SABMiller:

	As at 30 December 2011 %
Altria Group, Inc.	27.04
BevCo LLC	14.15
Public Investment Corporation	5.02
Allan Gray Investment Council	3.70
Kulczyk Holding S.A.	3.02

SABMiller is neither owned nor controlled directly or indirectly by any person.

Financial and Trading Positions and Prospects

There has been no significant change in the financial or trading position of SABMiller or the Group as a whole since 30 September 2011.

There has been no material adverse change in the prospects of SABMiller or the Group as a whole since 31 March 2011.

Outlook

The Group expects trading conditions experienced in the first half of the year ending 31 March 2012 to continue through the remainder of the year. Economic and market environments in the USA and Europe are expected to remain difficult with generally favourable conditions elsewhere, particularly in Latin America and Africa. The Group will take price increases selectively during the second half, taking into account the competitive environment and its strategy to achieve growth through affordability in some markets. Compared with the first half of the year, the Group expects raw material input costs to increase at a slightly faster rate in the second half and into the following year. Increased investment to support the Group's brand portfolios, sales capabilities and IT will continue, balanced by initiatives to reduce costs and increase efficiency.

After a strong start to the year, the South African rand and some other key operating currencies have weakened against the US dollar. The Group's financial position is strong and the Group looks forward to finalising its alliance with Anadolu Efes. For further information about uncertainties, demands, commitments and events that may have a material effect on SABMiller's prospects for the current financial year, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors – Risk Factors relating to the Group*".

Material contracts

With the exception of the agreements referred to below, neither SABMiller, nor any member of the Group, has entered into any contract which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of the Notes in respect of the Notes:

(a) on 30 May 2002, SABMiller and Altria entered into a tax matters agreement (the "**Tax Matters Agreement**") to regulate the conduct of tax matters between them with regard to the acquisition of Miller and to allocate responsibility for contingent tax costs. SABMiller has agreed to indemnify Altria against any taxes, losses, liabilities and costs that Altria incurs arising out of or in connection with a breach by SABMiller of any representation, agreement or covenant in the Tax Matters Agreement, subject to certain exceptions;

(b) on 18 July 2005, SABMiller entered into an agreement and plan of merger with Racetrack LLC (a subsidiary of SABMiller), BevCo LLC and BevCo Sub LLC ("**BevCo Sub**"), a subsidiary of BevCo LLC), under which the parties agreed to merge BevCo Sub with and into Racetrack in consideration for the issue by SABMiller to BevCo LLC of 225,000,000 new ordinary shares in SABMiller. BevCo Sub indirectly owned 71.77% of the outstanding ordinary shares in Bavaria. The new SABMiller shares represented an economic interest of approximately 15.04% in SABMiller;

(c) on the completion of the Bavaria Transaction on 12 October 2005, SABMiller and BevCo LLC entered into the BevCo LLC Relationship Agreement to regulate certain aspects of the relationship between SABMiller and BevCo LLC. Under this agreement, BevCo LLC has the right to nominate two representatives as non-executive directors of SABMiller, subject to the level of its economic interest in SABMiller. The BevCo LLC Relationship Agreement has no fixed term but ceases to apply if BevCo LLC no longer has the right to nominate any representatives as non-executive directors of SABMiller;

(d) also on 12 October 2005, the existing relationship agreement between SABMiller and Altria was amended, pursuant to an Amended and Restated Altria Relationship Agreement, which granted Altria the right to nominate the same number of representatives for appointment as non-executive directors of SABMiller at the same levels of economic interest as BevCo LLC, and ensured a degree of equality of treatment between Altria and BevCo LLC as significant non-portfolio shareholders of SABMiller. Under this agreement, Altria has the right to nominate three representatives as non-executive directors of SABMiller, subject to the level of its economic interest in SABMiller, and any disposals of shares in SABMiller are subject to orderly market arrangements. The Altria Relationship Agreement has no fixed term but ceases to apply if Altria no longer has the right to nominate any representatives as non-executive directors of SABMiller;

(e) Group companies are parties to a shareholders' agreement with China Resources Enterprise, Limited and CR Snow in relation to the holding of shares in the Group's associate in China. The agreement is CR Snow's primary operating document and contains understandings and agreements of the parties reflecting the governance and operations of CR Snow. The agreement contains provisions regulating a shareholder's sale of shares in CR Snow to a third party. The agreement also contains provisions relating to deadlock resolution, confidentiality, non-competition and non-solicitation and other provisions that are customary for an agreement of this nature. The shareholder agreement runs for an indefinite period of time, but can be terminated upon the occurrence of certain events;

(f) Group companies are parties to a strategic alliance and joint venture agreement with Castel in relation to their alcoholic brewery, soft drink and mineral water interests in certain countries in Africa. Pursuant to the agreement, the Group transferred a 38% interest in its African holding company to Castel's holding company in exchange for a 20% interest in Castel. The agreement contains provisions relating to the management of the relevant businesses, deadlock resolution, pre-emptive rights, confidentiality, and other provisions that are customary for an agreement of this nature. With effect from 1 January 2012, the Group and Castel implemented changes to the agreement to provide for the combination of the operational management of the Castel and SABMiller businesses in Nigeria and Angola, with the Nigerian businesses now being managed by SABMiller, and the Angolan businesses now being managed by Castel, to reflect that in future the groups will share, at the strategic alliance level, the aggregate profits and cash flows of their operations in Nigeria and Angola based primarily on the relative contributions of their businesses in each country, and to amend certain other terms of the strategic alliance agreement to provide for improved sharing of best practice and technical expertise, and a more precise methodology for the existing mutual pre-emptive rights over their respective beverage operations in Africa (excluding South Africa and Namibia);

(g) on 20 December 2007, SABMiller and Miller entered into the MillerCoors Transaction Agreement with Molson Coors and CBC. Under the terms of the agreement, the parties agreed to contribute to MillerCoors substantially all of their US and Puerto Rico beer and related operations. Pursuant to the MillerCoors Transaction Agreement SABMiller has a 58% economic ownership and a 50% voting interest in MillerCoors and Molson Coors has a 42% economic ownership and a 50% voting interest in MillerCoors. Closing of the MillerCoors Transaction occurred on 1 July 2008. Pursuant to the MillerCoors Transaction Agreement, the parties made customary representations and warranties and gave customary indemnities;

(h) on 1 July 2008 SABMiller, Miller, Molson Coors and CBC entered into the MillerCoors LLC Operating Agreement (the "**Operating Agreement**"). The Operating Agreement is MillerCoors' primary operating document and contains understandings and agreements of the parties reflecting the governance and operations of MillerCoors following the closing of the MillerCoors Transaction. The Operating Agreement contains a list of approval rights reserved solely for the board of MillerCoors, including approval of strategic, operating, integration and synergy plans; material changes to brands; changes to the name or headquarters location of MillerCoors; appointment and removal of the Chief Executive Officer; mergers acquisitions or dispositions; alteration of brand rights including licensing, sales or royalties; and material agreements related to intellectual property or trade secrets. The Operating Agreement contains provisions relating to the management of MillerCoors and the appointment of the Chairman, Vice Chairman and senior executives of MillerCoors as well as provisions relating to deadlock resolution, capital structure and pre-emptive rights, confidentiality, non-compete and non-solicitation and other provisions that are customary for an agreement of this nature. Pursuant to the Operating Agreement, each of SABMiller and Molson Coors has agreed not to transfer its respective economic or voting interests in MillerCoors for a period of five years, and certain rights of first refusal will apply to any subsequent assignment of such interests. Both SABMiller and Molson Coors have entered into appropriate contract brewing and service arrangements with MillerCoors;

(i) on the completion of the acquisition by SABMiller of the outstanding 28.1 % interest in Kompania Piwowarska SA from Kulczyk on 29 May 2009, SABMiller entered into a shareholding agreement with Kulczyk (the "**Shareholding Agreement**") to regulate certain aspects of the relationship between SABMiller and Kulczyk. Under the Shareholding Agreement, Kulczyk agreed not to sell any shares in SABMiller for a three year period, subject to certain exceptions including the right to sell up to (i) six million shares during the period from 29 August 2009 to 29 November 2009; (ii) six million shares during the period from 30 November 2009 to 29 May 2010; (iii) 24 million shares during the period from 30 May 2010 to 29 May 2011; and (iv) 24 million shares during the period from 30 May 2011 to 29 May 2012. Any disposals of shares in SABMiller will also be subject to orderly marketing arrangements. The Shareholding Agreement has no fixed term but ceases to apply if Kulczyk no longer holds any SABMiller shares;

(j) for a description of the 2003 Miller Bonds, 2003 SABMiller Bonds, 2006 SABMiller Bonds, 2006 Commercial Paper Programme, 2007 DMTN Programme and Bonds, 2008 SABMiller Bonds, 2008 EMTN Programme and 2009 SABMiller Bonds, 2009 GMTN Programme and 2010 SABMiller Bonds, Bavaria COP Bonds and Group Syndicated Loan Facilities: See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and capital resources*";

(k) on 21 September 2011, SABMiller and SABMiller Beverage Investments (Pte) Limited entered into a Scheme Implementation Deed with Foster's under which (as amended on 25 October 2011) SABMiller Beverage Investments (Pte) Limited agreed to pay Foster's shareholders a total of A$5.40 cash per fully paid share in exchange for the acquisition of all of Foster's shares, to be implemented by means of a Scheme of Arrangement. The Scheme of Arrangement was approved by Foster's shareholders on 1 December 2011 and by the Supreme Court of Victoria on 2 December 2011 and the acquisition was completed on 16 December 2011;

(l) in June 2011, the Group reached an agreement with CCA to acquire CCA's remaining 50% interest in Pacific Beverages after completion of the Foster's acquisition and granted CCA the right to acquire certain operations of Foster's, including the Spirits Brands and the Spirits RTD

Brands, certain of Foster's non-alcoholic beverages brands, its beverages businesses in Fiji and Foster's interest in Samoa Breweries Limited, together with certain assets and trading liabilities attributable to these operations; and

(m) on 5 October 2011, SABMiller entered into preliminary non-binding heads of terms with Anadolu EndüHolding A.Ş., Yazicilar Holding A.Ş. and Özilhan Sinai Yatirim A.Ş. (collectively, the "**Anadolu Group**") and Anadolu Efes for a strategic alliance in Turkey, Russia, the Commonwealth of Independent States, Central Asia and the Middle East. Under the heads of terms it is proposed that SABMiller will transfer its Russian and Ukrainian beer business to Anadolu Efes in return for a 24% stake in its enlarged issued share capital to ensure that the Anadolu Group will continue to exercise majority control over Anadolu Efes. The heads of terms contemplate that a full set of warranties and indemnities will be given by the parties. SABMiller will be represented on the Anadolu Efes Board and will have customary minority investment protection rights. It will also be represented on the board of the combined business in Russia. In addition, both parties have agreed to provide rights of first offer at fair market value in the event of either party seeking to sell any shares in Anadolu Efes. Definitive agreements in relation to the transaction are expected to be signed by the end of January 2012 and completion is expected to take place by 31 March 2012.

Litigation

Neither SABMiller nor any other Group member is, or has been, engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SABMiller is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Group.

Auditors

The annual audited accounts of SABMiller for each of the years ended 31 March 2011, 2010 and 2009 were audited by PricewaterhouseCoopers LLP, of 1 Embankment Place, London WC2N 6RH, England. The auditors of SABMiller are PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors of 1 Embankment Place, London WC2N 6RH, England.

Documents on display

For so long as any Notes shall be outstanding, copies of the following documents (with English translations where necessary) will be available in physical form, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the Registered Office of the Guarantor and the specified offices of each of the Agents:

(a) the Group Annual Reports;

(b) the Certificate of Incorporation and By-laws of SABMiller Holdings;

(c) the Certificate of Incorporation and Articles of Association of SABMiller;

(d) this Prospectus together with any supplement to this Prospectus;

(e) the Guarantees; and

(f) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus or any supplement to this Prospectus.

Legal Matters

Certain legal matters in connection with the offering of the Notes and the related Guarantees with respect to US Federal and New York State law will be opined upon for the Issuer and the Guarantor by Hogan Lovells International LLP and for the Initial Purchasers by Davis Polk & Wardwell LLP. Certain legal matters in connection with the Notes and the related Guarantees with respect to English law will be opined upon for the Guarantor by Hogan Lovells International LLP.

Index to Financial Statements

The following financial statements have been extracted without modification from the Group Interim and Annual Reports. There are references in these extracts to page numbers in the Group Interim and Annual Reports which will not correspond to the offering memorandum page numbers.

Unaudited Consolidated Interim Financial Information of the Group

Interim financial information of the Group as at and for the six months ended 30 September 2011 and 2010, prepared in accordance with IFRS, together with the independent review report as at and for the six months ended 30 September 2011.

Audited Consolidated Annual Financial Statements of the Group

Annual financial statements of the Group as at and for the years ended 31 March 2011 and 2010, prepared in accordance with IFRS, together with the auditors' report as at and for the year ended 31 March 2011.

Annual financial statements of the Group as at and for the years ended 31 March 2010 and 2009, prepared in accordance with IFRS, together with the auditors' report as at and for the year ended 31 March 2010.

Capitalised terms used in the Consolidated Annual Financial Statements included herein may be defined differently than in the remainder of this Prospectus.

References in the Consolidated Annual Financial Statements to the ''previous year'' are to the financial year ended 31 March of the year immediately preceding that indicated in the reference.

Independent review report
of consolidated interim financial information to SABMiller plc

Introduction
We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the six months ended 30 September 2011, 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 condensed set of financial statements.

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 condensed set of financial statements 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 condensed set of financial statements 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 condensed set of financial statements in the interim financial report for the six months ended 30 September 2011 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

16 November 2011

Consolidated income statement
for the six months ended 30 September

	Notes	**Six months ended 30/9/11 Unaudited US$m**	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Revenue	2	**10,539**	9,451	19,408
Net operating expenses		**(8,930)**	(8,136)	(16,281)
Operating profit	2	**1,609**	1,315	3,127
Operating profit before exceptional items		**1,784**	1,596	3,563
Exceptional items	3	**(175)**	(281)	(436)
Net finance costs		**(203)**	(283)	(525)
Interest payable and similar charges		**(423)**	(489)	(883)
Interest receivable and similar income		**220**	206	358
Share of post-tax results of associates and joint ventures	2	**635**	658	1,024
Profit before taxation		**2,041**	1,690	3,626
Taxation	4	**(556)**	(523)	(1,069)
Profit for the period		**1,485**	1,167	2,557
Profit attributable to non-controlling interests		**103**	45	149
Profit attributable to equity shareholders	5	**1,382**	1,122	2,408
		1,485	1,167	2,557
Basic earnings per share (US cents)	5	**87.4**	71.2	152.8
Diluted earnings per share (US cents)	5	**86.8**	70.8	151.8

All operations are continuing.

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

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

	Notes	**Six months ended 30/9/11 Unaudited US$m**	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Profit for the period		**1,485**	1,167	2,557
Other comprehensive income:				
Currency translation differences on foreign currency net investments		**(1,072)**	552	644
(Decrease)/increase in foreign currency translation reserve during the period		**(1,087)**	552	644
Recycling of foreign currency translation reserve on disposals		**15**	–	–
Actuarial losses on defined benefit plans		**–**	–	(28)
Net investment hedges:				
– Fair value gains/(losses) arising during the period		**184**	(60)	(137)
Cash flow hedges:		**28**	7	39
– Fair value gains/(losses) arising during the period		**21**	(3)	16
– Fair value losses transferred to inventory		**6**	8	2
– Fair value losses transferred to property, plant and equipment		**–**	1	–
– Fair value losses transferred to profit or loss		**1**	1	21
Tax on items included in other comprehensive income	4	**23**	26	22
Share of associates' and joint ventures' losses included in other comprehensive income		**(67)**	(75)	(50)
Other comprehensive income for the period, net of tax		**(904)**	450	490
Total comprehensive income for the period		**581**	1,617	3,047
Attributable to:				
Equity shareholders		**505**	1,585	2,904
Non-controlling interests		**76**	32	143
Total comprehensive income for the period		**581**	1,617	3,047

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

Consolidated balance sheet
at 30 September

	Notes	30/9/11 Unaudited US$m	30/9/10[1] Unaudited US$m	31/3/11[1] Unaudited US$m
Assets				
Non-current assets				
Goodwill		**11,435**	11,963	11,949
Intangible assets	7	**4,259**	4,469	4,364
Property, plant and equipment	8	**8,821**	9,121	9,331
Investments in joint ventures		**5,689**	5,685	5,813
Investments in associates		**2,715**	2,445	2,719
Available for sale investments		**29**	33	35
Derivative financial instruments		**673**	596	330
Trade and other receivables		**114**	120	140
Deferred tax assets		**128**	169	184
		33,863	34,601	34,865
Current assets				
Inventories		**1,177**	1,308	1,256
Trade and other receivables		**1,666**	1,731	1,687
Current tax assets		**114**	140	152
Derivative financial instruments		**142**	24	16
Available for sale investments		**1**	1	–
Cash and cash equivalents	9c	**953**	478	1,067
		4,053	3,682	4,178
Assets of disposal group classified as held for sale		**–**	–	66
		4,053	3,682	4,244
Total assets		**37,916**	38,283	39,109
Liabilities				
Current liabilities				
Derivative financial instruments		**(64)**	(177)	(50)
Borrowings	9c	**(1,142)**	(1,676)	(1,345)
Trade and other payables		**(3,378)**	(3,443)	(3,484)
Current tax liabilities		**(677)**	(672)	(658)
Provisions		**(389)**	(347)	(410)
		(5,650)	(6,315)	(5,947)
Liabilities of disposal group classified as held for sale		**–**	–	(66)
		(5,650)	(6,315)	(6,013)
Non-current liabilities				
Derivative financial instruments		**(11)**	(105)	(85)
Borrowings	9c	**(6,788)**	(7,235)	(7,115)
Trade and other payables		**(125)**	(142)	(98)
Deferred tax liabilities		**(2,463)**	(2,439)	(2,578)
Provisions		**(426)**	(474)	(461)
		(9,813)	(10,395)	(10,337)
Total liabilities		**(15,463)**	(16,710)	(16,350)
Net assets		**22,453**	21,573	22,759
Equity				
Share capital		**166**	165	166
Share premium		**6,423**	6,340	6,384
Merger relief reserve		**4,586**	4,586	4,586
Other reserves		**1,005**	1,825	1,881
Retained earnings		**9,420**	7,962	8,991
Total shareholders' equity		**21,600**	20,878	22,008
Non-controlling interests		**853**	695	751
Total equity		**22,453**	21,573	22,759

[1] As restated (see note 11).

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

Consolidated cash flow statement
for the six months ended 30 September

	Notes	**Six months ended 30/9/11 Unaudited US$m**	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Cash flows from operating activities				
Cash generated from operations	9a	**2,369**	2,152	4,568
Interest received		**108**	138	293
Interest paid		**(320)**	(495)	(933)
Tax paid		**(438)**	(449)	(885)
Net cash generated from operating activities	9b	**1,719**	1,346	3,043
Cash flows from investing activities				
Purchase of property, plant and equipment		**(680)**	(565)	(1,189)
Proceeds from sale of property, plant and equipment		**73**	17	73
Purchase of intangible assets		**(80)**	(49)	(126)
Purchase of available for sale investments		**–**	–	(3)
Proceeds from disposal of available for sale investments		**2**	–	–
Proceeds from disposal of businesses (net of cash disposed)		**2**	–	–
Acquisition of businesses (net of cash acquired)		**–**	(6)	(60)
Investments in joint ventures		**(67)**	(21)	(186)
Investments in associates		**(1)**	(5)	(5)
Repayment of investments by associates		**4**	–	68
Dividends received from joint ventures		**494**	515	822
Dividends received from associates		**74**	53	88
Dividends received from other investments		**1**	1	1
Net cash used in investing activities		**(178)**	(60)	(517)
Cash flows from financing activities				
Proceeds from the issue of shares		**39**	28	73
Proceeds from the issue of shares in subsidiaries to non-controlling interests		**73**	19	34
Purchase of own shares for share trusts		**(50)**	–	–
Purchase of shares from non-controlling interests		**–**	(3)	(12)
Proceeds from borrowings		**346**	826	1,608
Repayment of borrowings		**(895)**	(1,654)	(2,767)
Capital element of finance lease payments		**(3)**	(3)	(5)
Net cash payments on derivative financial instruments		**(112)**	(12)	(43)
Dividends paid to shareholders of the parent		**(973)**	(806)	(1,113)
Dividends paid to non-controlling interests		**(59)**	(49)	(102)
Net cash used in financing activities		**(1,634)**	(1,654)	(2,327)
Net cash (outflow)/inflow from operating, investing and financing activities		**(93)**	(368)	199
Effects of exchange rate changes		**13**	21	25
Net (decrease)/increase in cash and cash equivalents		**(80)**	(347)	224
Cash and cash equivalents at 1 April	9c	**813**	589	589
Cash and cash equivalents at end of period	9c	**733**	242	813

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

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

	Called up share capital US$m	Share premium account US$m	Merger relief reserve US$m	Other reserves US$m	Retained earnings US$m	Total shareholders' equity US$m	Non-controlling interests US$m	Total equity US$m
At 1 April 2010 (audited)	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
At 1 April 2010 (audited)	165	6,312	4,586	1,322	7,525	19,910	683	20,593
Total comprehensive income	–	–	–	559	2,345	2,904	143	3,047
Profit for the period	–	–	–	–	2,408	2,408	149	2,557
Other comprehensive income	–	–	–	559	(63)	496	(6)	490
Dividends paid	–	–	–	–	(1,115)	(1,115)	(106)	(1,221)
Issue of SABMiller plc ordinary shares	1	72	–	–	–	73	–	73
Proceeds from the issue of shares in subsidiaries to non-controlling interests	–	–	–	–	–	–	34	34
Buyout of non-controlling interests	–	–	–	–	(10)	(10)	(3)	(13)
Credit entry relating to share-based payments	–	–	–	–	246	246	–	246
At 31 March 2011 (audited)	166	6,384	4,586	1,881	8,991	22,008	751	22,759
At 1 April 2011 (audited)	166	6,384	4,586	1,881	8,991	22,008	751	22,759
Total comprehensive income	–	–	–	(876)	1,381	505	76	581
Profit for the period	–	–	–	–	1,382	1,382	103	1,485
Other comprehensive income	–	–	–	(876)	(1)	(877)	(27)	(904)
Dividends paid	–	–	–	–	(973)	(973)	(47)	(1,020)
Issue of SABMiller plc ordinary shares	–	39	–	–	–	39	–	39
Proceeds from the issue of shares in subsidiaries to non-controlling interests	–	–	–	–	–	–	73	73
Payment for purchase of own shares for share trusts	–	–	–	–	(50)	(50)	–	(50)
Credit entry relating to share-based payments	–	–	–	–	71	71	–	71
At 30 September 2011 (unaudited)	**166**	**6,423**	**4,586**	**1,005**	**9,420**	**21,600**	**853**	**22,453**

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

Notes to the financial information

1. Basis of preparation

The condensed consolidated interim financial information (the 'financial information') comprises the unaudited results of SABMiller plc for the six months ended 30 September 2011 and 30 September 2010, together with the audited results for the year ended 31 March 2011, restated for further unaudited adjustments relating to initial accounting for business combinations. Further details of these adjustments are provided in note 11. 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 16 November 2011. The annual financial statements for the year ended 31 March 2011, approved by the board of directors on 3 June 2011, 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 2011, 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 2011, which were published in June 2011, as described in those financial statements except as set out below.

The following standards, interpretations and amendments have been adopted by the group since 1 April 2011 with no significant impact on its consolidated results or financial position:

- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'.
- Amendment to IFRS 1, 'Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters'.
- Amendment to IAS 24, 'Related Party Disclosures'.
- Amendment to IFRIC 14, 'Pre-payments of a Minimum Funding Requirement'.
- Annual improvements to IFRSs (2010).

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 30/9/11		Six months ended 30/9/10		Year ended 31/3/11	
	Group revenue Unaudited US$m	**EBITA Unaudited US$m**	Group revenue Unaudited US$m	EBITA Unaudited US$m	Group revenue Audited US$m	EBITA Audited US$m
Latin America	**3,396**	**797**	2,971	676	6,335	1,620
Europe	**3,268**	**570**	3,040	549	5,394	887
North America	**2,830**	**452**	2,865	480	5,223	741
Africa	**1,839**	**327**	1,506	258	3,254	647
Asia	**1,439**	**138**	1,193	110	2,026	92
South Africa:	**2,916**	**513**	2,661	457	6,079	1,204
– Beverages	**2,669**	**446**	2,432	394	5,598	1,067
– Hotels and Gaming	**247**	**67**	229	63	481	137
Corporate	**–**	**(96)**	–	(64)	–	(147)
Group	**15,688**	**2,701**	14,236	2,466	28,311	5,044
Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures'		**(105)**		(103)		(209)
Exceptional items – group and share of associates' and joint ventures'		**(191)**		(285)		(467)
Net finance costs – group and share of associates' and joint ventures' (excluding exceptional items)		**(237)**		(300)		(560)
Share of associates' and joint ventures' taxation		**(104)**		(64)		(139)
Share of associates' and joint ventures' non-controlling interests		**(23)**		(24)		(43)
Profit before tax		**2,041**		1,690		3,626

Notes to the financial information
continued

2. Segmental information continued

Group revenue (including associates and joint ventures)
With the exception of South Africa Hotels and Gaming, all reportable segments derive their revenues from the sale of beverages. Revenues are derived from a large number of customers which are internationally dispersed, with no customers being individually material.

Six months ended 30 September:	Revenue 2011 Unaudited US$m	Share of associates' and joint ventures' revenue 2011 Unaudited US$m	Group revenue 2011 Unaudited US$m	Revenue 2010 Unaudited US$m	Share of associates' and joint ventures' revenue 2010 Unaudited US$m	Group revenue 2010 Unaudited US$m
Latin America	**3,390**	**6**	**3,396**	2,966	5	2,971
Europe	**3,261**	**7**	**3,268**	3,031	9	3,040
North America	**70**	**2,760**	**2,830**	64	2,801	2,865
Africa	**1,109**	**730**	**1,839**	915	591	1,506
Asia	**327**	**1,112**	**1,439**	305	888	1,193
South Africa:	**2,382**	**534**	**2,916**	2,170	491	2,661
– Beverages	**2,382**	**287**	**2,669**	2,170	262	2,432
– Hotels and Gaming	**–**	**247**	**247**	–	229	229
Group	**10,539**	**5,149**	**15,688**	9,451	4,785	14,236

Year ended 31 March:	2011 Audited US$m	2011 Audited US$m	2011 Audited US$m
Latin America	6,324	11	6,335
Europe	5,379	15	5,394
North America	117	5,106	5,223
Africa	2,059	1,195	3,254
Asia	564	1,462	2,026
South Africa:	4,965	1,114	6,079
– Beverages	4,965	633	5,598
– Hotels and Gaming	–	481	481
Group	19,408	8,903	28,311

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

Six months ended 30 September:	Operating profit 2011 Unaudited US$m	Exceptional items 2011 Unaudited US$m	Operating profit before exceptional items 2011 Unaudited US$m	Operating profit 2010 Unaudited US$m	Exceptional items 2010 Unaudited US$m	Operating profit before exceptional items 2010 Unaudited US$m
Latin America	**679**	**54**	**733**	571	44	615
Europe	**488**	**69**	**557**	475	60	535
North America	**14**	**–**	**14**	17	–	17
Africa	**165**	**1**	**166**	127	2	129
Asia	**(9)**	**–**	**(9)**	(6)	–	(6)
South Africa: Beverages	**406**	**13**	**419**	221	149	370
Corporate	**(134)**	**38**	**(96)**	(90)	26	(64)
Group	**1,609**	**175**	**1,784**	1,315	281	1,596

Year ended 31 March:	2011 Audited US$m	2011 Audited US$m	2011 Audited US$m
Latin America	1,391	106	1,497
Europe	596	261	857
North America	16	–	16
Africa	361	4	365
Asia	(22)	–	(22)
South Africa: Beverages	809	188	997
Corporate	(24)	(123)	(147)
Group	3,127	436	3,563

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 2011 Unaudited US$m**	**Share of associates' and joint ventures' operating profit before exceptional items 2011 Unaudited US$m**	**Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2011 Unaudited US$m**	**EBITA 2011 Unaudited US$m**	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
Latin America	**733**	**–**	**64**	**797**	615	–	61	676
Europe	**557**	**1**	**12**	**570**	535	1	13	549
North America	**14**	**415**	**23**	**452**	17	440	23	480
Africa	**166**	**159**	**2**	**327**	129	127	2	258
Asia	**(9)**	**144**	**3**	**138**	(6)	112	4	110
South Africa:	**419**	**93**	**1**	**513**	370	87	–	457
– Beverages	**419**	**27**	**–**	**446**	370	24	–	394
– Hotels and Gaming	**–**	**66**	**1**	**67**	–	63	–	63
Corporate	**(96)**	**–**	**–**	**(96)**	(64)	–	–	(64)
Group	**1,784**	**812**	**105**	**2,701**	1,596	767	103	2,466

Year ended 31 March:	2011 Audited US$m	2011 Audited US$m	2011 Audited US$m	2011 Audited US$m
Latin America	1,497	–	123	1,620
Europe	857	2	28	887
North America	16	679	46	741
Africa	365	277	5	647
Asia	(22)	108	6	92
South Africa:	997	206	1	1,204
– Beverages	997	70	–	1,067
– Hotels and Gaming	–	136	1	137
Corporate	(147)	–	–	(147)
Group	3,563	1,272	209	5,044

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 30/9/11 Unaudited US$m	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Share of associates' and joint ventures' operating profit (before exceptional items)	**812**	767	1,272
Share of associates' and joint ventures' exceptional items	**(35)**	(4)	(31)
Share of associates' and joint ventures' net finance costs	**(15)**	(17)	(35)
Share of associates' and joint ventures' taxation	**(104)**	(64)	(139)
Share of associates' and joint ventures' non-controlling interests	**(23)**	(24)	(43)
Share of post-tax results of associates and joint ventures	**635**	658	1,024

Excise duties of US$2,391 million (2010: US$2,089 million) have been incurred during the six months as follows: Latin America US$877 million (2010: US$769 million); Europe US$724 million (2010: US$648 million); North America US$2 million (2010: US$1 million); Africa US$194 million (2010: US$142 million); Asia US$132 million (2010: US$118 million) and South Africa US$462 million (2010: US$411 million). The group's share of MillerCoors' excise duties incurred during the period was US$383 million (2010: US$398 million).

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

Notes to the financial information
continued

2. Segmental information continued

EBITDA
The following table provides a reconciliation of EBITDA (the net cash generated from operations before working capital movements) to adjusted EBITDA. A reconciliation of profit for the period for the group to EBITDA after cash exceptional items for the group can be found in note 9a.

Six months ended 30 September:	EBITDA 2011 Unaudited US$m	Cash exceptional items 2011 Unaudited US$m	Dividends received from MillerCoors 2011 Unaudited US$m	Adjusted EBITDA 2011 Unaudited US$m	EBITDA 2010 Unaudited US$m	Cash exceptional items 2010 Unaudited US$m	Dividends received from MillerCoors 2010 Unaudited US$m	Adjusted EBITDA 2010 Unaudited US$m
Latin America	**925**	**49**	**–**	**974**	807	39	–	846
Europe	**677**	**48**	**–**	**725**	622	58	–	680
North America	**20**	**–**	**494**	**514**	15	–	515	530
Africa	**251**	**–**	**–**	**251**	195	2	–	197
Asia	**14**	**–**	**–**	**14**	14	–	–	14
South Africa: Beverages	**507**	**–**	**–**	**507**	431	24	–	455
Corporate	**(96)**	**24**	**–**	**(72)**	(22)	26	–	4
Group	**2,298**	**121**	**494**	**2,913**	2,062	149	515	2,726

Year ended 31 March:	2011 Audited US$m	2011 Audited US$m	2011 Audited US$m	2011 Audited US$m
Latin America	1,853	103	–	1,956
Europe	1,021	125	–	1,146
North America	27	–	822	849
Africa	517	4	–	521
Asia	17	–	–	17
South Africa: Beverages	1,143	42	–	1,185
Corporate	(76)	19	–	(57)
Group	4,502	293	822	5,617

3. Exceptional items

	Six months ended 30/9/11 Unaudited US$m	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Exceptional items included in operating profit:			
Business capability programme costs	**(115)**	(155)	(296)
Broad-Based Black Economic Empowerment scheme costs	**(15)**	(126)	(149)
Integration and restructuring costs	**(12)**	–	(52)
Loss on disposal of business	**(15)**	–	–
Transaction-related costs	**(18)**	–	–
Impairments	**–**	–	(98)
Profit on disposal of investment in associate	**–**	–	159
Net exceptional losses included within operating profit	**(175)**	(281)	(436)
Exceptional items included in net finance costs:			
Transaction-related net gains	**19**	–	–
Net exceptional gains included within net finance costs	**19**	–	–
Share of associates' and joint ventures' exceptional items:			
Impairments	**(35)**	–	–
Integration and restructuring costs	**–**	(4)	(5)
Loss on transaction in associate	**–**	–	(26)
Share of associates' and joint ventures' exceptional losses	**(35)**	(4)	(31)
Net taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items	**11**	13	2

3. Exceptional items continued

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$115 million have been incurred in the period (2010: US$155 million).

Broad-Based Black Economic Empowerment scheme costs

US$15 million (2010: US$126 million) of costs have been incurred in relation to the Broad-Based Black Economic Empowerment (BBBEE) scheme in South Africa. This represents the ongoing IFRS 2 share-based payment charge in respect of the employee element of the scheme and in the prior year also, the one-off IFRS 2 charge in respect of the retailer element, together with the costs associated with the transaction.

Integration and restructuring costs

During 2011, US$12 million (2010: US$nil) of restructuring costs were incurred in Latin America, principally in Ecuador and Peru.

Loss on disposal of business

During 2011, a loss of US$15 million (2010: US$nil) arose in Europe primarily in relation to the recycling of the foreign currency translation reserve on the disposal of the distribution business in Italy.

Transaction-related costs

During 2011, advisers' costs of US$18 million (2010: US$nil) were incurred in relation to the proposed Foster's transaction in the Corporate division.

Exceptional items included in net finance costs

Transaction-related net gains

During 2011, a net gain of US$19 million (2010: US$nil) arose on the mark to market valuation gain on various derivative financial instruments taken out in anticipation of the proposed Foster's transaction and where hedge accounting could not be applied, partially offset by facility and commitment fees in relation to the proposed transaction.

Share of associates' and joint ventures' exceptional items

Impairment costs

In 2011, the group's share of MillerCoors' impairment of the Sparks brand amounted to US$35 million (2010: US$nil).

Integration and restructuring costs

In 2011, the group's share of MillerCoors' integration and restructuring costs was US$nil (2010: US$4 million, primarily related to severance costs).

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

Net taxation credits of US$11 million (2010: US$13 million) arose in relation to exceptional items during the period and include US$13 million (2010: US$2 million) in relation to MillerCoors although the tax credit is recognised in Miller Brewing Company (see note 4).

4. Taxation

	Six months ended 30/9/11 Unaudited US$m	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Current taxation	**466**	464	808
– Charge for the period (UK corporation tax: US$nil (2010: US$nil))	**486**	465	817
– Adjustments in respect of prior years	**(20)**	(1)	(9)
Withholding taxes and other remittance taxes	**59**	37	101
Total current taxation	**525**	501	909
Deferred taxation	**31**	22	160
– Charge for the period (UK corporation tax: US$nil (2010: US$nil))	**31**	22	183
– Adjustments in respect of prior years	**–**	–	(16)
– Rate change	**–**	–	(7)
Taxation expense	**556**	523	1,069
Tax credit relating to components of other comprehensive income is as follows:			
Deferred tax credit on actuarial gains and losses	**–**	(25)	(36)
Deferred tax (credit)/charge on financial instruments	**(23)**	(1)	14
	(23)	(26)	(22)
Effective tax rate (%)	**28.5**	29.0	28.2

Notes to the financial information
continued

4. Taxation continued

See the financial definitions section for the definition of the effective tax rate. This calculation is on a basis consistent with that used in prior periods and is also consistent with other group operating metrics. Tax on amortisation of intangible assets (excluding software) was US$30 million (2010: US$28 million).

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

5. Earnings per share

	Six months ended 30/9/11 Unaudited US cents	Six months ended 30/9/10 Unaudited US cents	Year ended 31/3/11 Audited US cents
Basic earnings per share	**87.4**	71.2	152.8
Diluted earnings per share	**86.8**	70.8	151.8
Headline earnings per share	**90.0**	71.1	150.8
Adjusted basic earnings per share	**103.3**	93.0	191.5
Adjusted diluted earnings per share	**102.5**	92.5	190.3

The weighted average number of shares was:

	Six months ended 30/9/11 Unaudited Millions of shares	Six months ended 30/9/10 Unaudited Millions of shares	Year ended 31/3/11 Audited Millions of shares
Ordinary shares	**1,660**	1,655	1,656
Treasury shares	**(72)**	(72)	(72)
EBT ordinary shares	**(7)**	(8)	(8)
Basic shares	**1,581**	1,575	1,576
Dilutive ordinary shares	**11**	9	10
Diluted shares	**1,592**	1,584	1,586

The calculation of diluted earnings per share excludes 11,641,929 (2010: 6,812,050) 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, 15,208,332 (2010: 13,242,372) share awards that were non-dilutive for the period because the performance conditions attached to the share awards have not been met and 366,649 (2010: nil) shares in relation to the employee component of the BBBEE scheme that were non-dilutive for the period. These share incentives could potentially dilute earnings per share in the future.

Adjusted and headline earnings

The group presents an adjusted earnings per share figure which excludes the impact of amortisation of intangible assets (excluding software), certain non-recurring items and post-tax exceptional items in order to present an additional measure of performance for the periods shown in the consolidated interim financial information. Adjusted earnings per share has been based on adjusted earnings for each financial period and on the same number of weighted average shares in issue as the basic earnings per share calculation. Headline earnings per share has been calculated in accordance with the South African Circular 3/2009 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.

5. Earnings per share continued

	Six months ended 30/9/11 Unaudited US$m	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Profit for the period attributable to equity holders of the parent	**1,382**	1,122	2,408
Headline adjustments			
Impairment of business held for sale	**–**	–	53
Impairment of intangible assets	**–**	–	14
Impairment of property, plant and equipment	**–**	1	31
Loss on disposal of businesses	**18**	–	–
Profit on disposal of property, plant and equipment	**(1)**	(5)	(5)
Profit on disposal of investment in associate	**–**	–	(159)
Tax effects of these items	**(11)**	–	14
Non-controlling interests' share of the above items	**–**	1	1
Share of joint ventures' and associates' headline adjustments, net of tax and non-controlling interests	**35**	–	20
Headline earnings	**1,423**	1,119	2,377
Business capability programme costs	**115**	155	296
Broad-Based Black Economic Empowerment scheme costs	**15**	126	149
Integration and restructuring costs	**12**	–	52
Transaction-related net gains	**(1)**	–	–
Net (gain)/loss on fair value movements on capital items[1]	**(7)**	1	7
Amortisation of intangible assets (excluding software)	**80**	79	158
Tax effects of the above items	**(27)**	(41)	(71)
Non-controlling interests' share of the above items	**(3)**	(3)	(10)
Share of joint ventures' and associates' other adjustments, net of tax and non-controlling interests	**26**	29	60
Adjusted earnings	**1,633**	1,465	3,018

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

6. Dividends

Dividends paid were as follows.

	Six months ended 30/9/11 Unaudited US cents	Six months ended 30/9/10 Unaudited US cents	Year ended 31/3/11 Audited US cents
Prior year final dividend paid per ordinary share	**61.5**	51.0	51.0
Current year interim dividend paid per ordinary share	**–**	–	19.5

The interim dividend declared of 21.5 US cents per ordinary share is payable on 9 December 2011 to ordinary shareholders on the register as at 2 December 2011 and will absorb an estimated US$340 million of shareholders' funds.

7. Intangible assets

	Six months ended 30/9/11 Unaudited US$m	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11[1] Unaudited US$m
Net book amount at beginning of period	**4,364**	4,354	4,354
Exchange adjustments	**(80)**	172	101
Additions – separately acquired	**85**	49	126
Acquisitions – through business combinations	**–**	–	10
Amortisation	**(112)**	(108)	(220)
Disposals	**–**	–	(1)
Impairment	**–**	–	(14)
Transfers from property, plant and equipment	**2**	2	8
Net book amount at end of period	**4,259**	4,469	4,364

[1] As restated (see note 11).

Notes to the financial information
continued

8. Property, plant and equipment

	Six months ended 30/9/11 Unaudited US$m	Six months ended 30/9/10[1] Unaudited US$m	Year ended 31/3/11[1] Unaudited US$m
Net book amount at beginning of period	**9,331**	8,915	8,915
Exchange adjustments	**(605)**	147	258
Additions	**650**	554	1,221
Acquisitions – through business combinations	**–**	–	23
Disposals	**(58)**	(21)	(94)
Impairment	**–**	(1)	(31)
Depreciation	**(473)**	(451)	(904)
Other movements	**(24)**	(22)	(57)
Net book amount at end of period	**8,821**	9,121	9,331

[1] As restated (see note 11).

9a. Reconciliation of profit for the period to net cash generated from operations

	Six months ended 30/9/11 Unaudited US$m	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Profit for the period	**1,485**	1,167	2,557
Taxation	**556**	523	1,069
Share of post-tax results of associates and joint ventures	**(635)**	(658)	(1,024)
Interest receivable and similar income	**(220)**	(206)	(358)
Interest payable and similar charges	**423**	489	883
Operating profit	**1,609**	1,315	3,127
Depreciation:			
– Property, plant and equipment	**351**	337	665
– Containers	**122**	114	239
Container breakages, shrinkage and write-offs	**16**	11	24
Loss on disposal of businesses	**18**	–	–
Profit on disposal of investment in associate	**–**	–	(159)
Profit on disposal of property, plant and equipment	**(1)**	(5)	(5)
Amortisation of intangible assets	**112**	108	220
Impairment of intangible assets	**–**	–	14
Impairment of property, plant and equipment	**–**	1	31
Impairment of working capital balances	**7**	6	82
Amortisation of advances to customers	**14**	12	28
Unrealised net (gain)/loss from fair value hedges	**(11)**	–	1
Dividends received from other investments	**(1)**	(1)	(1)
Charge with respect to share options	**56**	40	99
Charge with respect to Broad-Based Black Economic Empowerment scheme	**15**	124	147
Other non-cash movements	**(9)**	–	(10)
Net cash generated from operations before working capital movements (EBITDA)	**2,298**	2,062	4,502
Net inflow in working capital	**71**	90	66
Net cash generated from operations	**2,369**	2,152	4,568

Profit for the period and cash generated from operations before working capital movements includes cash flows relating to exceptional items of US$121 million (2010: US$149 million), comprising US$103 million (2010: US$147 million) in respect of business capability programme costs, US$nil (2010: US$2 million) in respect of Broad-Based Black Economic Empowerment scheme costs, US$12 million (2010: US$nil) in respect of integration and restructuring costs, and US$6 million (2010: US$nil) in respect of transaction-related costs.

9a. Reconciliation of profit for the period to net cash generated from operations continued

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

	Six months ended 30/9/11 Unaudited US$m	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
EBITDA	**2,298**	2,062	4,502
Cash exceptional items	**121**	149	293
Dividends received from MillerCoors	**494**	515	822
Adjusted EBITDA	**2,913**	2,726	5,617

9b. Reconciliation of net cash generated from operating activities to free cash flow

	Six months ended 30/9/11 Unaudited US$m	Six months ended 30/9/10 Unaudited US$m	Year ended 31/3/11 Audited US$m
Net cash generated from operating activities	**1,719**	1,346	3,043
Purchase of property, plant and equipment	**(680)**	(565)	(1,189)
Proceeds from sale of property, plant and equipment	**73**	17	73
Purchase of intangible assets	**(80)**	(49)	(126)
Investments in joint ventures	**(67)**	(21)	(186)
Investments in associates	**–**	(4)	(4)
Repayment of investments by associates	**4**	–	68
Dividends received from joint ventures	**494**	515	822
Dividends received from associates	**74**	53	88
Dividends received from other investments	**1**	1	1
Dividends paid to non-controlling interests	**(59)**	(49)	(102)
Free cash flow	**1,479**	1,244	2,488

9c. Analysis of net debt

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

	As at 30/9/11 Unaudited US$m	As at 30/9/10 Unaudited US$m	As at 31/3/11 Audited US$m
Cash and cash equivalents (balance sheet)	**953**	478	1,067
Cash and cash equivalents of disposal group classified as held for sale	**–**	–	4
	953	478	1,071
Overdrafts	**(220)**	(236)	(258)
Cash and cash equivalents (cash flow statement)	**733**	242	813

Net debt is analysed as follows.

	As at 30/9/11 Unaudited US$m	As at 30/9/10 Unaudited US$m	As at 31/3/11 Audited US$m
Borrowings	**(7,697)**	(8,664)	(8,193)
Borrowings-related derivative financial instruments	**494**	495	298
Overdrafts	**(220)**	(236)	(258)
Finance leases	**(13)**	(11)	(9)
Gross debt	**(7,436)**	(8,416)	(8,162)
Cash and cash equivalents (excluding overdrafts)	**953**	478	1,071
Net debt	**(6,483)**	(7,938)	(7,091)

Notes to the financial information
continued

9c. Analysis of net debt continued

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 2011	1,071	(258)	(8,193)	298	(9)	(8,162)	(7,091)
Exchange adjustments	(29)	42	171	–	1	214	185
Cash flow	(71)	(4)	549	(9)	3	539	468
Disposals	(18)	–	–	–	–	–	(18)
Other movements	–	–	(224)	205	(8)	(27)	(27)
At 30 September 2011	**953**	**(220)**	**(7,697)**	**494**	**(13)**	**(7,436)**	**(6,483)**

The group has sufficient headroom to enable it to comply with all covenants on its existing borrowings. The group has sufficient undrawn financing facilities to service its operating activities and ongoing capital investment and thus the directors have continued to adopt the going concern basis of accounting. The group had the following undrawn committed borrowing facilities available at 30 September 2011 in respect of which all conditions precedent had been met at that date.

	As at 30/9/11 Unaudited US$m	As at 30/9/10 Unaudited US$m	As at 31/3/11 Audited US$m
Amounts expiring:			
Within one year	**332**	1,383	967
Between one and two years	**150**	88	2,118
Between two and five years	**2,516**	2,099	79
	2,998	3,570	3,164

The above table excludes the US$12,500 million acquisition-financing facility relating to the proposed Foster's transaction.

10. 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 2011.

Commitments
Contracts placed for future capital expenditure for property, plant and equipment not provided in the financial statements amount to US$313 million at 30 September 2011 (2010: US$180 million).

11. Balance sheet restatements

The initial accounting under IFRS 3, 'Business Combinations', for the Rwenzori acquisition had not been completed as at 30 September 2010. During the six months ended 31 March 2011, adjustments to provisional fair values in respect of this acquisition were made which resulted in goodwill increasing by US$1 million to US$11,963 million and property, plant and equipment decreasing by US$1 million to US$9,121 million. As a result comparative information for the six months ended 30 September 2010 has been presented in this interim financial information as if the adjustments to provisional fair values had been made from the respective transaction date. The impact on the prior period income statement has been reviewed and no adjustments to the income statement are required as a result of the adjustments to provisional fair values.

The initial accounting under IFRS 3, 'Business Combinations', for the Cervecería Argentina SA Isenbeck (CASA Isenbeck) and Crown Beverages Ltd (previously Crown Foods Ltd) acquisitions had not been completed as at 31 March 2011. During the six months ended 30 September 2011, adjustments to provisional fair values in respect of these acquisitions were made which resulted in goodwill decreasing by US$3 million to US$11,949 million, intangible assets increasing by US$3 million to US$4,364 million, property, plant and equipment increasing by US$1 million to US$9,331 million and non-current provisions increasing by US$1 million to US$461 million. As a result comparative information for the year ended 31 March 2011 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 adjustments to the income statement are required as a result of the adjustments to provisional fair values.

12. Related party transactions

There have been no material changes to the nature or relative quantum of related party transactions as described in the 2011 Annual Report.

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

Lesley Knox and Helen Weir joined the SABMiller board as independent non-executive directors on 19 May 2011.

On 1 July 2011, Domenic De Lorenzo, the group's director of corporate finance and development, joined the SABMiller group executive committee.

Malcolm Wyman, chief financial officer, retired from the board at the conclusion of the 2011 annual general meeting on 21 July 2011. He was replaced by Jamie Wilson, previously the finance director for SABMiller Europe, who was appointed to the board on that date.

Consequently as at 30 September 2011 there were 27 key management (31 March 2011: 24).

13. Post balance sheet events

On 19 October 2011, SABMiller plc announced its intention to form a strategic alliance with Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes), pursuant to which SABMiller will transfer its Russian and Ukrainian beer businesses to Anadolu Efes, and will take a 24% equity stake in the enlarged Anadolu Efes. The transaction is subject to finalisation of definitive legal agreements and relevant regulatory approvals, and is expected to be completed before the end of the financial year.

On 4 November 2011 East African Breweries Limited launched a public offer through the Dar-es-Salaam Stock Exchange for the sale of its 20% interest in SABMiller's subsidiary in Tanzania, Tanzania Breweries Ltd. The offer closes on 25 November 2011. SABMiller Africa BV has applied for all of the shares on offer, which if accepted in full would have a value of approximately US$70 million, although under the terms of the offer, priority will be given to applicants who are Tanzanian residents or East African residents.

Subsequent to 30 September 2011, two of SABMiller's African subsidiaries, Nile Breweries Ltd in Uganda and Zambian Breweries plc in Zambia, have announced rights issues each to raise approximately US$70 million.

Independent auditors' report
to the members of SABMiller plc

We have audited the consolidated financial statements of SABMiller plc for the year ended 31 March 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the SABMiller plc Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2011 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement in relation to going concern, as set out on page 76;
- the part of the corporate governance report relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the remuneration report.

Other matter
We have reported separately on the company financial statements of SABMiller plc for the year ended 31 March 2011 and on the information in the remuneration report that is described as having been audited.

John Baker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

3 June 2011

Consolidated income statement
for the year ended 31 March

	Notes	2011 US$m	2010 US$m
Revenue	2	**19,408**	18,020
Net operating expenses	3	**(16,281)**	(15,401)
Operating profit	2	**3,127**	2,619
Operating profit before exceptional items	2	**3,563**	3,091
Exceptional items	4	**(436)**	(472)
Net finance costs	5	**(525)**	(563)
Interest payable and similar charges	5a	**(883)**	(879)
Interest receivable and similar income	5b	**358**	316
Share of post-tax results of associates and joint ventures	2	**1,024**	873
Profit before taxation		**3,626**	2,929
Taxation	7	**(1,069)**	(848)
Profit for the year	28a	**2,557**	2,081
Profit attributable to non-controlling interests		**149**	171
Profit attributable to equity shareholders		**2,408**	1,910
		2,557	2,081
Basic earnings per share (US cents)	8	**152.8**	122.6
Diluted earnings per share (US cents)	8	**151.8**	122.1

All operations are continuing.

The notes on pages 83 to 152 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 March

	Notes	2011 US$m	2010 US$m
Profit for the year		**2,557**	2,081
Other comprehensive income:			
Currency translation differences on foreign currency net investments		**644**	2,431
Actuarial losses on defined benefit plans	32	**(28)**	(15)
Available for sale investments:		**–**	2
– Fair value gains arising during the year	15	**–**	4
– Fair value gains transferred to profit or loss		**–**	(2)
Net investment hedges:			
– Fair value losses arising during the year	27b	**(137)**	(310)
Cash flow hedges:	27b	**39**	(59)
– Fair value gains/(losses) arising during the year		**16**	(48)
– Fair value losses/(gains) transferred to inventory		**2**	(17)
– Fair value gains transferred to property, plant and equipment		**–**	(1)
– Fair value losses transferred to profit or loss		**21**	7
Tax on items included in other comprehensive income	7	**22**	(36)
Share of associates' and joint ventures' (losses)/gains included in other comprehensive income	13,14	**(50)**	136
Other comprehensive income for the year, net of tax		**490**	2,149
Total comprehensive income for the year		**3,047**	4,230
Attributable to:			
Equity shareholders		**2,904**	4,075
Non-controlling interests		**143**	155
Total comprehensive income for the year		**3,047**	4,230

The notes on pages 83 to 152 are an integral part of these consolidated financial statements.

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Consolidated balance sheet
at 31 March

	Notes	2011 US$m	2010[1] US$m
Assets			
Non-current assets			
Goodwill	10	**11,952**	11,579
Intangible assets	11	**4,361**	4,354
Property, plant and equipment	12	**9,330**	8,915
Investments in joint ventures	13	**5,813**	5,822
Investments in associates	14	**2,719**	2,213
Available for sale investments	15	**35**	31
Derivative financial instruments	24	**330**	409
Trade and other receivables	17	**140**	117
Deferred tax assets	21	**184**	164
		34,864	33,604
Current assets			
Inventories	16	**1,256**	1,295
Trade and other receivables	17	**1,687**	1,665
Current tax assets		**152**	135
Derivative financial instruments	24	**16**	20
Available for sale investments	15	**–**	1
Cash and cash equivalents	18	**1,067**	779
		4,178	3,895
Assets of disposal group classified as held for sale	19	**66**	–
		4,244	3,895
Total assets		**39,108**	37,499
Liabilities			
Current liabilities			
Derivative financial instruments	24	**(50)**	(174)
Borrowings	22	**(1,345)**	(1,605)
Trade and other payables	20	**(3,484)**	(3,228)
Current tax liabilities		**(658)**	(616)
Provisions	25	**(410)**	(355)
		(5,947)	(5,978)
Liabilities of disposal group classified as held for sale	19	**(66)**	–
		(6,013)	(5,978)
Non-current liabilities			
Derivative financial instruments	24	**(85)**	(147)
Borrowings	22	**(7,115)**	(7,809)
Trade and other payables	20	**(98)**	(145)
Deferred tax liabilities	21	**(2,578)**	(2,374)
Provisions	25	**(460)**	(453)
		(10,336)	(10,928)
Total liabilities		**(16,349)**	(16,906)
Net assets		**22,759**	20,593
Equity			
Share capital	26	**166**	165
Share premium		**6,384**	6,312
Merger relief reserve		**4,586**	4,586
Other reserves	27b	**1,881**	1,322
Retained earnings	27a	**8,991**	7,525
Total shareholders' equity		**22,008**	19,910
Non-controlling interests		**751**	683
Total equity		**22,759**	20,593

[1] As restated (see note 29).

The balance sheet of SABMiller plc is shown on page 155.
The notes on pages 83 to 152 are an integral part of these consolidated financial statements.
The financial statements were authorised for issue by the board of directors on 3 June 2011 and were signed on its behalf by:

Graham Mackay
Chief Executive

Malcolm Wyman
Chief Financial Officer

Consolidated cash flow statement
for the year ended 31 March

	Notes	2011 US$m	2010 US$m
Cash flows from operating activities			
Cash generated from operations	28a	**4,568**	4,537
Interest received		**293**	317
Interest paid		**(933)**	(957)
Tax paid		**(885)**	(620)
Net cash generated from operating activities	28b	**3,043**	3,277
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,189)**	(1,436)
Proceeds from sale of property, plant and equipment		**73**	37
Purchase of intangible assets		**(126)**	(92)
Purchase of available for sale investments		**(3)**	(6)
Proceeds from disposal of available for sale investments		**–**	14
Acquisition of businesses (net of cash acquired)		**(60)**	(78)
Investments in joint ventures		**(186)**	(353)
Investments in associates		**(5)**	(76)
Repayment of investments by associates		**68**	3
Dividends received from joint ventures	13	**822**	707
Dividends received from associates		**88**	106
Dividends received from other investments		**1**	2
Net cash used in investing activities		**(517)**	(1,172)
Cash flows from financing activities			
Proceeds from the issue of shares		**73**	114
Proceeds from the issue of shares in subsidiaries to non-controlling interests		**34**	–
Purchase of own shares for share trusts		**–**	(8)
Purchase of shares from non-controlling interests		**(12)**	(5)
Proceeds from borrowings		**1,608**	5,110
Repayment of borrowings		**(2,767)**	(5,714)
Capital element of finance lease payments		**(5)**	(4)
Net cash payments on net investment hedges		**(43)**	(137)
Dividends paid to shareholders of the parent		**(1,113)**	(924)
Dividends paid to non-controlling interests		**(102)**	(160)
Net cash used in financing activities		**(2,327)**	(1,728)
Net cash inflow from operating, investing and financing activities		**199**	377
Effects of exchange rate changes		**25**	90
Net increase in cash and cash equivalents		**224**	467
Cash and cash equivalents at 1 April	28c	**589**	122
Cash and cash equivalents at 31 March	28c	**813**	589

The notes on pages 83 to 152 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March

	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	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 year	–	–	–	–	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]	165	6,312	4,586	1,322	7,525	19,910	683	20,593
Total comprehensive income	–	–	–	559	2,345	2,904	143	3,047
Profit for the year	–	–	–	–	2,408	2,408	149	2,557
Other comprehensive income	–	–	–	559	(63)	496	(6)	490
Dividends paid	–	–	–	–	(1,115)	(1,115)	(106)	(1,221)
Issue of SABMiller plc ordinary shares	1	72	–	–	–	73	–	73
Proceeds from the issue of shares in subsidiaries to non-controlling interests	–	–	–	–	–	–	34	34
Buyout of non-controlling interests	–	–	–	–	(10)	(10)	(3)	(13)
Credit entry relating to share-based payments	–	–	–	–	246	246	–	246
At 31 March 2011	**166**	**6,384**	**4,586**	**1,881**	**8,991**	**22,008**	**751**	**22,759**

[1] As restated (see note 29).

The notes on pages 83 to 152 are an integral part of these consolidated financial statements.

Merger relief reserve
In accordance with company legislation, the group recorded the US$3,395 million excess of value attributed to the shares issued as consideration for Miller Brewing Company over the nominal value of those shares as a merger relief reserve in the year ended 31 March 2003.

The US$1,191 million increase in the merger relief reserve in the year ended 31 March 2010 related to the merger relief arising on the issue of SABMiller plc ordinary shares for the buyout of non-controlling interests in the group's Polish business.

Notes to the consolidated financial statements

1. Accounting policies

The principal accounting policies adopted in the preparation of the group's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements of SABMiller plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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 as described in the accounting policies below. The accounts have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates.

b) Recent accounting developments

(i) New standards, amendments and interpretations of existing standards adopted by the group

The group has adopted the following as of 1 April 2010:

- IFRS 3 (revised), 'Business Combinations' requires all acquisition-related costs to be expensed and adjustments to contingent consideration classified as debt 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 year ended 31 March 2011.
- 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 from 1 April 2010 with no material impact in the year ended 31 March 2011. The revision to IAS 27 contained consequential amendments to IAS 28, 'Investments in Associates', and IAS 31, 'Interests in Joint Ventures'.

The following standards, interpretations and amendments 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.
- 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.
- Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement' – Eligible Hedged Items.
- Annual improvements to IFRSs (2009).

(ii) New standards, amendments and interpretations of existing standards that are not yet effective and have not been early adopted by the group

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 primarily effective from 1 January 2011.
- Amendment to IFRS 1, 'Hyperinflation and Fixed Dates', is effective from 1 July 2011[1].
- Amendment to IFRS 7, 'Financial Instrument Disclosures: Transfers of Financial Assets', is effective from 1 July 2011[1].
- Amendment to IAS 12 'Deferred Tax: Recovery of Underlying Assets', is effective from 1 January 2012[1].
- IAS 27 (revised 2011), 'Separate Financial Statements', is effective from 1 January 2013[1].
- IAS 28 (revised), 'Associates and Joint Ventures', is effective from 1 January 2013[1].
- IFRS 9, 'Financial Instruments', is effective from 1 January 2013[1].
- IFRS 10, 'Consolidated Financial Statements', is effective from 1 January 2013[1].
- IFRS 11, 'Joint Arrangements', is effective from 1 January 2013[1].
- IFRS 12, 'Disclosures of Interests in Other Entities', is effective from 1 January 2013[1].
- IFRS 13, 'Fair Value Measurement', is effective from 1 January 2013[1].

[1] Not yet endorsed by the EU.

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

c) Significant judgements and estimates

In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported results or net position of the group, should it later be determined that a different choice be more appropriate.

Management considers the following to be areas of significant judgement and estimation for the group due to greater complexity and/or particularly subject to the exercise of judgement:

(i) Impairment reviews

Goodwill arising on business combinations is allocated to the relevant cash generating unit (CGU). Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary. Impairment reviews are based on future cash flows discounted using the weighted average cost of capital for the relevant country with terminal values calculated applying the long-term growth rate. The future cash flows which are based on business forecasts, the long-term growth rates and the discount rates used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change with a consequent adverse impact on the results and net position of the group. Details of the estimates used in the impairment reviews for the year are set out in note 10.

Notes to the consolidated financial statements
continued

1. Accounting policies continued

(ii) Taxation
The group operates in many countries and is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the provision for taxes as the tax treatment is often by its nature complex, and cannot be finally determined until a formal resolution has been reached with the relevant tax authority which may take several years to conclude. Amounts provided are accrued based on management's interpretation of country specific tax laws and the likelihood of settlement. Actual liabilities could differ from the amount provided which could have a consequent adverse impact on the results and net position of the group.

(iii) Pension and post-retirement benefits
Pension accounting requires certain assumptions to be made in order to value the group's pension and post-retirement obligations in the balance sheet and to determine the amounts to be recognised in the income statement and in other comprehensive income in accordance with IAS 19. The calculations of these obligations and charges are based on assumptions determined by management which include discount rates, salary and pension inflation, healthcare cost inflation, mortality rates and expected long-term rates of return on assets. Details of the assumptions used are set out in note 32. The selection of different assumptions could affect the net position of the group and future results.

(iv) Property, plant and equipment
The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying values.

(v) Business combinations
On the acquisition of a company or business, a determination of the fair value and the useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the group to change which would have a significant impact on the results and net position of the group.

(vi) Exceptional items
Exceptional items are expense or income items recorded in a period which have been determined by management as being material by their size or incidence and are presented separately within the results of the group. The determination of which items are disclosed as exceptional items will affect the presentation of profit measures including EBITA and adjusted earnings per share, and requires a degree of judgement. Details relating to exceptional items reported during the year are set out in note 4.

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

e) Basis of consolidation
SABMiller plc (the company) is a public limited company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements include the financial information of the subsidiary, associate and joint venture entities owned by the company.

(i) Subsidiaries
Subsidiaries are entities controlled by the company, where control is the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities, regardless of whether this power is actually exercised. Where the company's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Control is presumed to exist when the group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists where the group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

On the subsequent disposal or termination of a business, the results of the business are included in the group's results up to the effective date of disposal. The profit or loss on disposal or termination is calculated after charging the amount of any related goodwill to the extent that it has not previously been taken to the income statement.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Some of the company's subsidiaries have a local statutory accounting reference date of 31 December. These are consolidated using management prepared information on a basis coterminous with the company's accounting reference date.

(ii) Associates
Associates are entities in which the group has a long-term interest and over which the group has directly or indirectly significant influence, where significant influence is the ability to influence the financial and operating policies of the entity.

The associate, Distell Group Ltd, has a statutory accounting reference date of 30 June. In respect of each year ending 31 March, this company is included based on financial statements drawn up to the previous 31 December, but taking into account any changes in the subsequent period from 1 January to 31 March that would materially affect the results. All other associates are included on a coterminous basis.

(iii) Joint ventures
Joint ventures are contractual arrangements which the group has entered into with one or more parties to undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control.

The group's share of the recognised income and expenses of associates and joint ventures are accounted for using the equity method from the date significant influence or joint control commences to the date it ceases based on present ownership interests.

The group recognises its share of associates' and joint ventures' post-tax results as a one line entry before profit before tax in the income statement and its share of associates' and joint ventures' equity movements as a one line entry under other comprehensive income in the statement of comprehensive income.

When the group's interest in an associate or joint venture has been reduced to nil because the group's share of losses exceeds its interest in the associate or joint venture, the group only provides for additional losses to the extent that it has incurred legal or constructive obligations to fund such losses, or make payments on behalf of the associate or joint venture. Where the investment in an associate or joint venture is disposed, the investment ceases to be equity accounted.

1. Accounting policies continued

(iv) Transactions with non-controlling interests
With effect from 1 April 2010 transactions with non-controlling interests are treated as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity where there is no loss of control.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

(v) Reduction in interests
When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, certain amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that certain amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, or if the ownership interest in a joint venture is reduced but joint control is retained, only the proportionate share of the carrying amount of the investment and of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Previously, when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence became its cost for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset.

f) Foreign exchange
(i) Foreign exchange translation
Items included in the financial statements 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 statements are presented in US dollars which is the group's presentational currency. The exchange rates to the US dollar used in preparing the consolidated financial statements were as follows:

	Year ended 31 March 2011	Year ended 31 March 2010
Average rate		
South African rand (ZAR)	**7.15**	7.78
Colombian peso (COP)	**1,881**	2,031
Euro (€)	**0.76**	0.71
Czech koruna (CZK)	**19.04**	18.45
Peruvian nuevo sol (PEN)	**2.81**	2.92
Polish zloty (PLN)	**3.01**	2.99
Closing rate		
South African rand (ZAR)	**6.77**	7.30
Colombian peso (COP)	**1,879**	1,929
Euro (€)	**0.71**	0.74
Czech koruna (CZK)	**17.27**	18.87
Peruvian nuevo sol (PEN)	**2.80**	2.84
Polish zloty (PLN)	**2.84**	2.86

The average exchange rates have been calculated based on the average of the exchange rates during the relevant year which have been weighted according to the phasing of revenue of the group's businesses.

(ii) Transactions and balances
The financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being included in operating profit in the income statement other than those arising on financial assets and liabilities which are recorded within net finance costs and those which are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary assets such as equity investments classified as available for sale assets are included in other comprehensive income.

(iii) Overseas subsidiaries, associates and joint ventures
One-off items in the income and cash flow statements of overseas subsidiaries, associates and joint ventures expressed in currencies other than the US dollar are translated to US dollars at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each balance sheet date. All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of equity. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future. When a foreign operation is disposed of, any related exchange differences in equity are reclassified to the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

g) Business combinations
(i) Subsidiaries
The acquisition method is used to account for business combinations. The identifiable net assets (including intangibles) are incorporated into the financial statements on the basis of their fair value from the effective date of control, and the results of subsidiary undertakings acquired during the financial year are included in the group's results from that date.

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable assets (including intangibles), liabilities and contingent liabilities acquired. Fair values of these assets and liabilities are determined by reference to market values, where available, or by reference to the current price at which similar assets could be acquired or similar obligations entered into, or by discounting expected future cash flows to present value, using either market rates or the risk-free rates and risk-adjusted expected future cash flows.

The consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, and also includes the group's estimate of the fair value of any deferred consideration payable. Acquisition-related costs are expensed as incurred. Where the business combination agreement provides for an adjustment to the cost that is contingent on future events, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On an acquisition by acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Notes to the consolidated financial statements
continued

1. Accounting policies continued

(ii) Associates and joint ventures
On acquisition the investment in associates and joint ventures is recorded initially at cost. Subsequently the carrying amount is increased or decreased to recognise the group's share of the associates' and joint ventures' income and expenses after the date of acquisition.

Fair values reflecting conditions at the date of acquisition are attributed to the group's share of identifiable assets (including intangibles), liabilities and contingent liabilities acquired. The consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, and also includes the group's estimate of the fair value of any deferred consideration payable.

The date significant influence or joint control commences is not necessarily the same as the closing date or any other date named in the contract.

(iii) Goodwill
Goodwill arising on consolidation represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recorded as negative goodwill. Negative goodwill arising on an acquisition is recognised immediately in the income statement.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in the income statement and is not reversed.

The carrying amount of goodwill in respect of associates and joint ventures is included in the carrying value of the investment in the associate or joint venture.

h) Intangible assets
Intangible assets are stated at cost less accumulated amortisation on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination. Intangible assets acquired as part of a business combination are recognised at their fair value at the date of acquisition. Amortisation is included within net operating expenses in the income statement. Internally generated intangibles are not recognised except for software and applied development costs referred to under software and research and development below.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The group regularly reviews all of its amortisation rates and residual values to take account of any changes in circumstances. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

(i) Brands
Brands are recognised as an intangible asset where the brand has a long-term value. Acquired brands are only recognised where title is clear or the brand could be sold separately from the rest of the business and the earnings attributable to it are separately identifiable. The group typically arrives at the fair value of such brands on a relief from royalty basis.

Acquired brands are amortised. In respect of brands currently held the amortisation period is 10 to 40 years, being the period for which the group has exclusive rights to those brands.

(ii) Contract brewing and other licences recognised as part of a business combination
Contractual arrangements for contract brewing and competitor licensing arrangements are recognised as an intangible asset at a fair value representing the remaining contractual period with an assumption about the expectation that such a contract will be renewed, together with a valuation of this extension.

Acquired licences or contracts are amortised. In respect of licences or contracts currently held, the amortisation period is the period for which the group has exclusive rights to these assets or income streams.

(iii) Customer lists and distributor relationships recognised as part of a business combination
The fair value of businesses acquired may include customer lists and distributor relationships. These are recognised as intangible assets and are calculated by discounting the future revenue stream attributable to these lists or relationships.

Acquired customer lists or distributor relationships are amortised. In respect of contracts currently held, the amortisation period is the period for which the group has the benefit of these assets.

(iv) Software
Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the group that will probably generate economic benefits exceeding costs beyond one year are capitalised. Direct costs include software development employment costs (including those of contractors used), capitalised interest and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives of between three and eight years.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

(v) Research and development
Research and general development expenditure is written off in the period in which it is incurred.

Certain applied development costs are only capitalised as internally generated intangible assets where there is a clearly defined project, separately identifiable expenditure, an outcome assessed with reasonable certainty (in terms of feasibility and commerciality), expected revenues exceed expected costs and the group has the resources to complete the task. Such assets are amortised on a straight-line basis over their useful lives once the project is complete.

i) Property, plant and equipment
Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

1. Accounting policies continued

(i) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs as determined below. When these assets are ready for their intended use, they are transferred into the appropriate category. At this point, depreciation commences on the same basis as on other property, plant and equipment.

(ii) Assets held under finance leases

Assets held under finance leases which result in the group bearing substantially all the risks and rewards incidental to ownership are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, then depreciated over the lower of the lease term or their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet classified, as appropriate, as a current or non-current liability. The interest element of the lease obligations is charged to the income statement over the period of the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each financial period.

(iii) Returnable containers

Returnable containers in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss.

Depreciation of returnable bottles and containers is recorded to write the containers off over the course of their economic life. This is typically undertaken in a two stage process:

- The excess over deposit value is written down over a period of 1 to 10 years.
- Provisions are made against the deposit values for breakages and losses in trade together with a design obsolescence provision held to write off the deposit value over the expected container design period – which is a period of no more than 14 years from the inception of a container design. This period is shortened where appropriate by reference to market dynamics and the ability of the entity to use containers for different brands.

(iv) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other plant, property and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost, less the estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	20 – 50 years
Leasehold buildings	Shorter of the lease term or 50 years
Plant, vehicles and systems	2 – 30 years
Returnable containers (non-returnable containers are recorded as inventory)	1 – 14 years
Assets held under finance leases	Lower of the lease term or life of the asset

The group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances. When setting useful economic lives, the principal factors the group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount.

(v) Capitalisation of borrowing costs

Financing costs incurred, before tax, on major capital projects during the period of development or construction that necessarily take a substantial period of time to be developed for their intended use, are capitalised up to the time of completion of the project.

j) Advance payments made to customers (principally hotels, restaurants, bars and clubs)

Advance payments made to customers are conditional on the achievement of contracted sales targets or marketing commitments. The group records such payments as prepayments initially at fair value and amortises them in the income statement over the relevant period to which the customer commitment is made (typically three to five years). These prepayments are recorded net of any impairment losses.

Where there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue and where there are specific marketing activities/commitments the amortisation is included as an operating expense. The amounts capitalised are reassessed annually for achievement of targets and are impaired where there is objective evidence that the targets will not be achieved.

Assets held at customer premises are included within property, plant and equipment and are depreciated in line with group policies on similar assets.

k) Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

- Raw materials, consumables and goods for resale: Purchase cost net of discounts and rebates on a first-in first-out basis (FIFO).
- Finished goods and work in progress: Raw material cost plus direct costs and a proportion of manufacturing overhead expenses on a FIFO basis.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Costs of inventories include the transfer from equity of any gains or losses on matured qualifying cash flow hedges of purchases of raw materials.

l) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs, except in the case of those classified at fair value through profit or loss). For those financial instruments that are not subsequently held at fair value, the group assesses whether there is any objective evidence of impairment at each balance sheet date.

Financial assets are recognised when the group has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Notes to the consolidated financial statements
continued

1. Accounting policies continued

Interest costs are charged to the income statement in the year in which they accrue. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net finance costs over the life of the instrument.

There are four categories of financial assets and financial liabilities. These are described as follows:

(i) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include derivative assets and derivative liabilities not designated as effective hedging instruments.

All gains or losses arising from changes in the fair value of financial assets or financial liabilities within this category are recognised in the income statement.

a. Derivative financial assets and financial liabilities
Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

These include derivatives embedded in host contracts. Such embedded derivatives need not be accounted for separately if the host contract is already fair valued; if it is not considered as a derivative if it was freestanding; or if it can be demonstrated that it is closely related to the host contract. There are certain currency exemptions which the group has applied to these rules which limit the need to account for certain potential embedded foreign exchange derivatives. These are: if a contract is denominated in the functional currency of either party; where that currency is commonly used in international trade of the good traded; or if it is commonly used for local transactions in an economic environment.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature.

For derivatives that have not been designated to a hedging relationship, all fair value movements are recognised immediately in the income statement. (See note x for the group's accounting policy on hedge accounting).

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less provision for impairment. Loans and receivables include trade receivables, amounts owed by associates – trade, amounts owed by joint ventures – trade, accrued income and cash and cash equivalents.

a. Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. This provision is recognised in the income statement.

b. Cash and cash equivalents
In the consolidated balance sheet, cash and cash equivalents includes cash in hand, bank deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less. In the consolidated cash flow statement, cash and cash equivalents also includes bank overdrafts which are shown within borrowings in current liabilities on the balance sheet.

(iii) Available for sale investments

Available for sale investments are non-derivative financial assets that are either designated in this category or not classified as financial assets at fair value through profit or loss, or loans and receivables. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They are initially recognised at fair value plus transaction costs and are subsequently remeasured at fair value and tested for impairment. Gains and losses arising from changes in fair value including any related foreign exchange movements are recognised in other comprehensive income. On disposal or impairment of available for sale investments, any gains or losses in other comprehensive income are reclassified to the income statement.

Purchases and sales of investments are recognised on the date on which the group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

(iv) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost include trade payables, accruals, amounts owed to associates – trade, amounts owed to joint ventures – trade, other payables and borrowings.

a. Trade payables
Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will be realised.

b. Borrowings
Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date. Borrowings classified as hedged items are subject to hedge accounting requirements (see note x). Bank overdrafts are shown within borrowings in current liabilities and are included within cash and cash equivalents on the face of the cash flow statement as they form an integral part of the group's cash management.

1. Accounting policies continued

m) Impairment
This policy covers all assets except inventories (see note k), financial assets (see note l), non-current assets classified as held for sale (see note n), and deferred tax assets (see note u).

Impairment reviews are performed by comparing the carrying value of the non-current asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the cash generating unit (CGU) using a post-tax discount rate, as this closely approximates to applying pre-tax discount rates to pre-tax cash flows. Where a potential impairment is identified using post-tax cash flows and post-tax discount rates, the impairment review is reperformed on a pre-tax basis in order to determine the impairment loss to be recorded.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the group estimates the recoverable amount of the CGU to which the asset belongs. For the purpose of conducting impairment reviews, CGUs are considered to be groups of assets that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

An impairment loss is held firstly against any specifically impaired assets. Where an impairment is recognised against a CGU, the impairment is first taken against goodwill balances and if there is a remaining loss it is set against the remaining intangible and tangible assets on a pro-rata basis.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in the income statement in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Goodwill is tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

n) Non-current assets (or disposal groups) held for sale
Non-current assets and all assets and liabilities classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Such assets are classified as held for resale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and when management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification.

o) Provisions
Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within net finance costs.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

p) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Investments in own shares (treasury and shares held by employee benefit trusts)
Shares held by employee share ownership plans, employee benefit trusts and in treasury are treated as a deduction from equity until the shares are cancelled, reissued, or disposed.

Purchases of such shares are classified in the cash flow statement as a purchase of own shares for share trusts or purchase of own shares for treasury within net cash from financing activities.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental costs and related tax effects, is included in equity attributable to the company's equity shareholders.

r) Revenue recognition
(i) Sale of goods and services
Revenue represents the fair value of consideration received or receivable for goods and services provided to third parties and is recognised when the risks and rewards of ownership are substantially transferred.

The group presents revenue gross of excise duties because unlike value added tax, excise is not directly related to the value of sales. It is not generally recognised as a separate item on invoices, increases in excise are not always directly passed on to customers, and the group cannot reclaim the excise where customers do not pay for product received. The group therefore considers excise as a cost to the group and reflects it as a production cost. Consequently, any excise that is recovered in the sale price is included in revenue.

Revenue excludes value added tax. It is stated net of price discounts, promotional discounts, settlement discounts and after an appropriate amount has been provided to cover the sales value of credit notes yet to be issued that relate to the current and prior periods.

The same recognition criteria also apply to the sale of by-products and waste (such as spent grain, malt dust and yeast) with the exception that these are included within other income.

Notes to the consolidated financial statements
continued

1. Accounting policies continued

(ii) Interest income
Interest income is recognised on an accruals basis using the effective interest method.

When a receivable is impaired the group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

(iii) Royalty income
Royalty income is recognised on an accruals basis in accordance with the relevant agreements and is included in other income.

(iv) Dividend income
Dividend income is recognised when the right to receive payment is established.

s) Operating leases
Rentals paid and incentives received on operating leases are charged or credited to the income statement on a straight-line basis over the lease term.

t) Exceptional items
Where certain expense or income items recorded in a period are material by their size or incidence, the group reflects such items as exceptional items within a separate line on the income statement except for those exceptional items that relate to associates, joint ventures, net finance costs and tax. (Associates', joint ventures', net finance cost and tax exceptional items are only referred to in the notes to the consolidated financial statements).

Exceptional items are also summarised in the segmental analyses, excluding those that relate to net finance costs and tax.

The group presents alternative earnings per share calculations on a headline and adjusted basis. The adjusted earnings per share figure excludes the impact of amortisation of intangible assets (excluding software), certain non-recurring items and post-tax exceptional items in order to present an additional measure of performance for the years shown in the consolidated financial statements. Headline earnings per share is 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).

u) Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill (in the case of deferred tax liabilities) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. This includes taxation in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary. Deferred income tax is also recognised in respect of the unremitted retained earnings of overseas associates and joint ventures as the group is not able to determine when such earnings will be remitted and when such additional tax such as withholding taxes might be payable.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

v) Dividend distributions
Dividend distributions to equity holders of the parent are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid. Dividends declared after the balance sheet date are not recognised, as there is no present obligation at the balance sheet date.

w) Employee benefits
(i) Wages and salaries
Wages and salaries for current employees are recognised in the income statement as the employees' services are rendered.

(ii) Vacation and long-term service awards costs
The group recognises a liability and an expense for accrued vacation pay when such benefits are earned and not when these benefits are paid.

The group also recognises a liability and an expense for long-term service awards where cash is paid to the employee at certain milestone dates in a career with the group. Such accruals are appropriately discounted to reflect the future payment dates at discount rates determined by reference to local high-quality corporate bonds.

(iii) Profit-sharing and bonus plans
The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments.

The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. At a mid-year point an accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year end.

1. Accounting policies continued

(iv) Share-based compensation

The group operates a variety of equity-settled share-based compensation plans. These comprise share option plans (with and without market performance conditions attached), performance share award plans (with market conditions attached) and awards related to the employee element of the Broad-Based Black Economic Empowerment (BBBEE) scheme in South Africa. An expense is recognised to spread the fair value of each award granted after 7 November 2002 over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. A corresponding adjustment is made to equity over the remaining vesting period. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately. In addition the group has granted an equity-settled share-based payment to retailers in relation to the retailer element of the BBBEE scheme. A one-off charge has been recognised based on the fair value at the grant date with a corresponding adjustment to equity. The charge will not be adjusted in the future.

The charges are based on the fair value of the awards as at the date of grant, as calculated by various binomial model calculations and Monte Carlo simulations.

The charges are not reversed if the options and awards are not exercised because the market value of the shares is lower than the option price at the date of grant.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(v) Pension obligations

The group has both defined benefit and defined contribution plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full as they arise outside of the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise, with the exception of gains or losses arising from changes in the benefits regarding past services, which are recognised in the income statement.

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

The contributions to defined contribution plans are recognised as an expense as the costs become payable. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(vi) Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to qualifying employees. The expected costs of these benefits are assessed in accordance with the advice of qualified actuaries and contributions are made to the relevant funds over the expected service lives of the employees entitled to those funds. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in full as they arise outside the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(vii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

x) Derivative financial instruments – hedge accounting

Financial assets and financial liabilities at fair value through profit or loss include all derivative financial instruments. The derivative instruments used by the group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, cross currency swaps and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies. The group also has derivatives embedded in other contracts primarily cross border foreign currency supply contracts for raw materials.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging relationship.

In order to qualify for hedge accounting, the group is required to document at inception, the relationship between the hedged item and the hedging instrument as well as its risk management objectives and strategy for undertaking hedging transactions. The group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); hedges of highly probable forecast transactions or commitments (cash flow hedge); or hedges of net investments in foreign operations (net investment hedge).

(i) Fair value hedges

Fair value hedges comprise derivative financial instruments designated in a hedging relationship to manage the group's interest rate risk to which the fair value of certain assets and liabilities are exposed. Changes in the fair value of the derivative offset the relevant changes in the fair value of the underlying hedged item attributable to the hedged risk in the income statement in the period incurred.

Gains or losses on fair value hedges that are regarded as highly effective are recorded in the income statement together with the gain or loss on the hedged item attributable to the hedged risk.

Notes to the consolidated financial statements
continued

1. Accounting policies continued

(ii) Cash flow hedges
Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency and interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to the income statement in the period in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability.

(iii) Hedges of net investments in foreign operations
Hedges of net investments in foreign operations comprise either foreign currency borrowings or derivatives (typically forward exchange contracts and cross currency swaps) designated in a hedging relationship.

Gains or losses on hedging instruments that are regarded as highly effective are recognised in other comprehensive income. These largely offset foreign currency gains or losses arising on the translation of net investments that are recorded in equity, in the foreign currency translation reserve. The ineffective portion of gains or losses on hedging instruments is recognised immediately in the income statement. Amounts accumulated in equity are only reclassified to the income statement upon disposal of the net investment.

Where a derivative ceases to meet the criteria of being a hedging instrument or the underlying exposure which it is hedging is sold, matures or is extinguished, hedge accounting is discontinued and amounts previously recorded in equity are reclassified to the income statement. A similar treatment is applied where the hedge is of a future transaction and that transaction is no longer likely to occur. When the hedge is discontinued due to ineffectiveness, hedge accounting is discontinued prospectively.

Certain derivative instruments, whilst providing effective economic hedges under the group's policies, are not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in the income statement. The group does not hold or issue derivative financial instruments for speculative purposes.

y) Deposits by customers
Returnable containers in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for branded returnable containers are reflected in the balance sheet within current liabilities. Any estimated liability that may arise in respect of deposits for unbranded containers is shown in provisions.

z) Earnings per share
Basic earnings per share represents the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares in issue during the year, less the weighted average number of ordinary shares held in the group's employee benefit trust and in treasury during the year.

Diluted earnings per share represents the profit on ordinary activities after taxation attributable to the equity shareholders, divided by the weighted average number of ordinary shares in issue during the year, less the weighted average number of ordinary shares held in the group's employee benefit trust and in treasury during the year, plus the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the year.

2. Segmental analysis

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

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

Income statement

	Group revenue 2011 US$m	EBITA 2011 US$m	Group revenue 2010 US$m	EBITA 2010 US$m
Latin America	**6,335**	**1,620**	5,905	1,386
Europe	**5,394**	**887**	5,577	872
North America	**5,223**	**741**	5,228	619
Africa	**3,254**	**647**	2,716	565
Asia	**2,026**	**92**	1,741	71
South Africa:	**6,079**	**1,204**	5,183	1,007
– Beverages	**5,598**	**1,067**	4,777	885
– Hotels and Gaming	**481**	**137**	406	122
Corporate	**–**	**(147)**	–	(139)
Group	**28,311**	**5,044**	26,350	4,381
Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures'		**(209)**		(199)
Exceptional items – group and share of associates' and joint ventures'		**(467)**		(507)
Net finance costs – group and share of associates' and joint ventures' (excluding exceptional items)		**(560)**		(586)
Share of associates' and joint ventures' taxation		**(139)**		(118)
Share of associates' and joint ventures' non-controlling interests		**(43)**		(42)
Profit before tax		**3,626**		2,929

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.

	Revenue 2011 US$m	Share of associates' and joint ventures' revenue 2011 US$m	Group revenue 2011 US$m	Revenue 2010 US$m	Share of associates' and joint ventures' revenue 2010 US$m	Group revenue 2010 US$m
Latin America	**6,324**	**11**	**6,335**	5,894	11	5,905
Europe	**5,379**	**15**	**5,394**	5,558	19	5,577
North America	**117**	**5,106**	**5,223**	107	5,121	5,228
Africa	**2,059**	**1,195**	**3,254**	1,774	942	2,716
Asia	**564**	**1,462**	**2,026**	473	1,268	1,741
South Africa:	**4,965**	**1,114**	**6,079**	4,214	969	5,183
– Beverages	**4,965**	**633**	**5,598**	4,214	563	4,777
– Hotels and Gaming	**–**	**481**	**481**	–	406	406
Group	**19,408**	**8,903**	**28,311**	18,020	8,330	26,350

Notes to the consolidated financial statements
continued

2. Segmental analysis continued

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

	Operating profit 2011 US$m	**Exceptional items 2011 US$m**	**Operating profit before exceptional items 2011 US$m**	Operating profit 2010 US$m	Exceptional items 2010 US$m	Operating profit before exceptional items 2010 US$m
Latin America	**1,391**	**106**	**1,497**	1,114	156	1,270
Europe	**596**	**261**	**857**	638	202	840
North America	**16**	**–**	**16**	12	–	12
Africa	**361**	**4**	**365**	313	3	316
Asia	**(22)**	**–**	**(22)**	(34)	–	(34)
South Africa: Beverages	**809**	**188**	**997**	773	53	826
Corporate	**(24)**	**(123)**	**(147)**	(197)	58	(139)
Group	**3,127**	**436**	**3,563**	2,619	472	3,091

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.

	Operating profit before exceptional items 2011 US$m	**Share of associates' and joint ventures' operating profit before exceptional items 2011 US$m**	**Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2011 US$m**	**EBITA 2011 US$m**	Operating profit before exceptional items 2010 US$m	Share of associates' and joint ventures' operating profit before exceptional items 2010 US$m	Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2010 US$m	EBITA 2010 US$m
Latin America	**1,497**	**–**	**123**	**1,620**	1,270	–	116	1,386
Europe	**857**	**2**	**28**	**887**	840	3	29	872
North America	**16**	**679**	**46**	**741**	12	562	45	619
Africa	**365**	**277**	**5**	**647**	316	248	1	565
Asia	**(22)**	**108**	**6**	**92**	(34)	98	7	71
South Africa:	**997**	**206**	**1**	**1,204**	826	180	1	1,007
– Beverages	**997**	**70**	**–**	**1,067**	826	59	–	885
– Hotels and Gaming	**–**	**136**	**1**	**137**	–	121	1	122
Corporate	**(147)**	**–**	**–**	**(147)**	(139)	–	–	(139)
Group	**3,563**	**1,272**	**209**	**5,044**	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.

	2011 US$m	2010 US$m
Share of associates' and joint ventures' operating profit (before exceptional items)	**1,272**	1,091
Share of associates' and joint ventures' exceptional items	**(31)**	(18)
Share of associates' and joint ventures' net finance costs	**(35)**	(40)
Share of associates' and joint ventures' taxation	**(139)**	(118)
Share of associates' and joint ventures' non-controlling interests	**(43)**	(42)
Share of post-tax results of associates and joint ventures	**1,024**	873

2. Segmental analysis continued

EBITDA

The following table provides a reconciliation of EBITDA (the net cash generated from operations before working capital movements) to adjusted EBITDA. A reconciliation of profit for the year for the group to EBITDA after cash exceptional items for the group can be found in note 28a.

	EBITDA 2011 US$m	Cash exceptional items 2011 US$m	Dividends received from MillerCoors 2011 US$m	Adjusted EBITDA 2011 US$m	EBITDA 2010 US$m	Cash exceptional items 2010 US$m	Dividends received from MillerCoors 2010 US$m	Adjusted EBITDA 2010 US$m
Latin America	1,853	103	–	1,956	1,618	92	–	1,710
Europe	1,021	125	–	1,146	1,059	144	–	1,203
North America	27	–	822	849	15	–	707	722
Africa	517	4	–	521	409	3	–	412
Asia	17	–	–	17	(3)	–	–	(3)
South Africa: Beverages	1,143	42	–	1,185	942	42	–	984
Corporate	(76)	19	–	(57)	(66)	58	–	(8)
Group	4,502	293	822	5,617	3,974	339	707	5,020

Other segmental information

	Capital expenditure excluding investment activity[1] 2011 US$m	Investment activity[2] 2011 US$m	Total 2011 US$m	Capital expenditure excluding investment activity[1] 2010 US$m	Investment activity[2] 2010 US$m	Total 2010 US$m
Latin America	438	55	493	357	(13)	344
Europe	265	(2)	263	346	8	354
North America	–	171	171	–	317	317
Africa	211	24	235	524	84	608
Asia	54	15	69	48	36	84
South Africa:	275	(68)	207	210	63	273
– Beverages	275	–	275	210	–	210
– Hotels and Gaming	–	(68)	(68)	–	63	63
Corporate	72	3	75	43	6	49
Group	1,315	198	1,513	1,528	501	2,029

[1] Capital expenditure includes additions of intangible assets (excluding goodwill) and property, plant and equipment.

[2] Investment activity includes acquisitions and disposals of businesses, net investments in associates and joint ventures, purchases of shares in non-controlling interests and purchases and disposals of available for sale investments.

	Depreciation and amortisation 2011 US$m	Depreciation and amortisation 2010 US$m
Latin America	461	444
Europe	309	330
Africa	126	94
Asia	29	28
South Africa: Beverages	176	169
Corporate	23	19
Group	1,124	1,084

Notes to the consolidated financial statements
continued

2. Segmental analysis continued

Geographical information
The UK is the group's country of domicile. Those countries which account for more than 10% of the group's total revenue and/or non-current assets are considered individually material and are reported separately below.

Revenue

	2011 US$m	2010 US$m
UK	**316**	270
Colombia	**3,145**	3,025
Peru	**1,565**	1,349
South Africa	**4,965**	4,214
USA	**108**	97
Rest of world	**9,309**	9,065
Group	**19,408**	18,020

Non-current assets

	2011 US$m	2010[1] US$m
UK	**333**	302
Colombia	**8,355**	8,233
Peru	**3,331**	3,326
South Africa	**2,939**	2,468
USA	**5,968**	6,002
Rest of world	**13,424**	12,700
Group	**34,350**	33,031

[1] As restated (see note 29).

Non-current assets by location exclude amounts relating to derivative financial instruments and deferred tax assets.

3. Net operating expenses

	2011 US$m	2010 US$m
Cost of inventories recognised as an expense	**4,640**	4,565
– Changes in inventories of finished goods and work in progress	**25**	34
– Raw materials and consumables used	**4,615**	4,531
Excise duties[1]	**4,263**	3,825
Employee costs (see note 6a)	**2,240**	1,985
Depreciation of property, plant and equipment	**904**	881
– Owned assets	**662**	649
– Under finance lease	**3**	6
– Containers	**239**	226
Profit on disposal of available for sale investments	**–**	(2)
Profit on partial disposal of investment in associate	**(159)**	–
(Profit)/loss on disposal of property, plant and equipment	**(5)**	39
Amortisation of intangible assets	**220**	203
– Intangible assets excluding software	**158**	150
– Software	**62**	53
Other expenses	**4,566**	4,184
– Selling, marketing and distribution costs	**2,249**	2,054
– Repairs and maintenance expenditure on property, plant and equipment	**315**	295
– Impairment of intangible assets	**14**	–
– Impairment of property, plant and equipment	**31**	45
– Impairment of trade and other receivables	**91**	43
– Operating lease rentals – land and buildings	**61**	57
– Operating lease rentals – plant, vehicles and systems	**78**	89
– Research and development expenditure	**7**	4
– Other operating expenses	**1,720**	1,597
Total net operating expenses by nature	**16,669**	15,680
Other income	**(388)**	(279)
– Revenue received from royalties	**(40)**	(35)
– Dividends received from investments	**(1)**	(2)
– Other operating income	**(347)**	(242)
Net operating expenses	**16,281**	15,401

[1] Excise duties of US$4,263 million (2010: US$3,825 million) have been incurred during the year as follows: Latin America US$1,639 million (2010: US$1,517 million); Europe US$1,160 million (2010: US$1,075 million); North America US$2 million (2010: US$2 million); Africa US$324 million (2010: US$282 million); Asia US$219 million (2010: US$181 million) and South Africa US$919 million (2010: US$768 million). The group's share of MillerCoors' excise duties incurred during the year was US$719 million (2010: US$737 million).

Foreign exchange differences recognised in the profit for the year, except for those arising on financial instruments measured at fair value under IAS 39, were a gain of US$4 million (2010: US$27 million).

Notes to the consolidated financial statements
continued

3. Net operating expenses continued

The following fees were paid to a number of different accounting firms as auditors of various parts of the group.

	2011 US$m	2010 US$m
Group auditors		
Fees payable to the group's auditor and its associates for:		
Auditing of subsidiaries, pursuant to legislation	**8**	8
Other services supplied pursuant to legislation	**1**	1
Other services relating to taxation	**3**	6
Services relating to information technology[1]	**1**	–
Services relating to corporate finance transactions	**–**	3
Other services[1]	**5**	6
Fees payable to the group's auditor for auditing of the parent company's annual accounts	**2**	2
	20	26
Other auditors		
Fees payable to other auditors for other services:		
Auditing of subsidiaries, pursuant to legislation	**2**	2
Other services relating to taxation	**3**	2
Services relating to information technology[1]	**5**	4
Other services[1]	**9**	15
	19	23

[1] Principally relating to the business capability programme.

4. Exceptional items

	2011 US$m	2010 US$m
Exceptional items included in operating profit:		
Business capability programme costs	**(296)**	(325)
Broad-Based Black Economic Empowerment scheme costs	**(149)**	(11)
Profit on partial disposal of investment in associate	**159**	–
Impairments	**(98)**	(45)
Integration and restructuring costs	**(52)**	(78)
Transaction costs	**–**	(13)
Net exceptional losses included within operating profit	**(436)**	(472)
Exceptional items included in net finance costs:		
Business capability programme costs	**–**	(17)
Net exceptional losses included within net finance costs	**–**	(17)
Share of associates' and joint ventures' exceptional items:		
Loss on transaction in associate	**(26)**	–
Integration and restructuring costs	**(5)**	(14)
Unwinding of fair value adjustments on inventory	**–**	(4)
Share of associates' and joint ventures' exceptional losses	**(31)**	(18)
Net taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items	**2**	64

4. Exceptional items continued

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$296 million have been incurred in the year (2010: US$325 million).

Broad-Based Black Economic Empowerment scheme costs

US$149 million (2010: US$11 million) of costs have been incurred in relation to the Broad-Based Black Economic Empowerment (BBBEE) scheme 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.

Profit on partial disposal of investment in associate

In February 2011, a profit of US$159 million arose on the partial disposal of the group's shareholding in Tsogo Sun Holdings (Pty) Ltd (Tsogo Sun) as part of the Tsogo Sun/Gold Reef Resorts Ltd (GRR) merger (see note 14 for further details).

Impairments

During 2011, impairment charges of US$98 million were incurred in Europe including charges following the classification of the in-house distribution business in Italy as held for sale and the closure of the Cluj brewery in Romania.

In 2010, an impairment charge of US$45 million was recorded in Latin America in relation to property, plant and equipment following the announcement of the closure of production facilities at the Bogota brewery in Colombia.

Integration and restructuring costs

During 2011, US$52 million of restructuring costs were incurred in Europe including the closure of the Cluj brewery and associated restructuring in Romania; retrenchments in the Netherlands; restructuring of distribution in the Canary Islands; and costs associated with the intended disposal of the in-house distribution business in Italy.

In 2010, in Europe US$64 million of integration and restructuring costs were incurred in Romania, Poland, Slovakia, Italy, the Netherlands and the Canary Islands; and US$14 million of restructuring costs were incurred in Colombia in Latin America.

Transaction costs

In 2010, costs of US$13 million were incurred in relation to transaction services and were treated as exceptional in the Corporate division.

Exceptional items included in net finance costs

Business capability programme costs

In 2010, a charge of US$17 million was incurred to reflect differences on the fair valuation of financial instruments as a result of the business capability programme and resultant changes in treasury systems used and their differing valuation methodologies.

Share of associates' and joint ventures' exceptional items

Loss on transaction in associate

During 2011, the group's share of the impairment loss on Tsogo Sun's existing holding in GRR as a result of the merger transaction between these two businesses and costs associated with the transaction was US$26 million.

Integration and restructuring costs

During 2011, the group's share of MillerCoors' integration and restructuring costs was US$5 million, primarily related to severance costs (2010: US$14 million primarily related to relocation and severance costs).

Unwinding of fair value adjustments on inventory

In 2010, the group's share of MillerCoors' charge to operating profit in the year relating to the unwind of the fair value adjustment to inventory was US$4 million.

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

Net taxation credits of US$2 million (2010: US$64 million) arose in relation to exceptional items during the year and include US$2 million (2010: US$7 million) in relation to MillerCoors although the tax credit is recognised in Miller Brewing Company (see note 7).

Notes to the consolidated financial statements
continued

5. Net finance costs

	2011 US$m	2010 US$m
a. Interest payable and similar charges		
Interest payable on bank loans and overdrafts	**123**	162
Interest payable on derivatives	**163**	216
Interest payable on corporate bonds	**408**	389
Interest element of finance leases payments	**1**	1
Net exchange gains on financing activities	**(14)**	(51)
Net exchange losses on dividends[1]	**9**	–
Fair value losses on financial instruments:		
– Fair value losses on dividend-related derivatives[1]	**–**	9
– Fair value losses on standalone derivative financial instruments	**153**	104
– Ineffectiveness of net investment hedges[1]	**4**	8
Change in valuation methodology of financial instruments[1]	**–**	17
Other finance charges	**36**	24
Total interest payable and similar charges	**883**	879
b. Interest receivable and similar income		
Interest receivable	**48**	60
Interest receivable on derivatives	**212**	217
Fair value gains on financial instruments:		
– Fair value gains on standalone derivative financial instruments	**92**	28
– Fair value gains on dividend-related derivatives[1]	**6**	–
Net exchange gains on dividends[1]	**–**	9
Other finance income	**–**	2
Total interest receivable and similar income	**358**	316
Net finance costs	**525**	563

[1] These items have been excluded from the determination of adjusted earnings per share. Adjusted net finance costs are therefore US$518 million (2010: US$538 million).

Refer to note 23 – Financial risk factors for interest rate risk information.

6. Employee and key management compensation costs

a. Employee costs

	2011 US$m	2010 US$m
Wages and salaries	**1,837**	1,631
Share-based payments	**130**	80
Social security costs	**172**	168
Pension costs	**114**	106
Post-retirement benefits other than pensions	**5**	13
	2,258	1,998

Of the US$2,258 million employee costs shown above, US$18 million (2010: US$13 million) has been capitalised within intangible assets and property, plant and equipment.

b. Employee numbers

The average monthly number of employees are shown on a full-time equivalent basis, excluding employees of associated and joint venture undertakings and including executive directors.

	2011 Number	2010 Number
Latin America	**25,691**	24,979
Europe	**14,239**	15,201
North America	**51**	50
Africa	**13,481**	12,182
Asia	**3,358**	4,494
South Africa	**11,897**	12,885
Corporate	**495**	340
Group	**69,212**	70,131

6. Employee and key management compensation costs continued

c. Key management compensation
The directors of the group and members of the executive committee (excom) are defined as key management. At 31 March 2011, there were 24 (2010: 25) key management.

	2011 US$m	2010 US$m
Salaries and short-term employee benefits	**26**	30
Post-employment benefits	**1**	2
Share-based payments	**31**	21
	58	53

The key management figures given above include the directors.

d. Directors

	2011 US$m	2010 US$m
Aggregate emoluments £6,559,226 (2010: £5,488,539)	**10**	9
Aggregate gains made on the exercise of share options or vesting of share awards	**2**	29
Company contributions to money purchase schemes £nil (2010: £549,600)	**–**	1
	12	39

At 31 March 2011, two directors (2010: two) had retirement benefits accruing under money purchase pension schemes.

Full details of individual directors' remuneration are given in the remuneration report on pages 65 to 75.

7. Taxation

	2011 US$m	2010 US$m
Current taxation	**808**	725
– Charge for the year (UK corporation tax: US$11 million (2010: US$6 million))	**817**	755
– Adjustments in respect of prior years	**(9)**	(30)
Withholding taxes and other remittance taxes	**101**	77
Total current taxation	**909**	802
Deferred taxation	**160**	46
– Charge for the year (UK corporation tax: US$nil (2010: US$nil))	**183**	71
– Adjustments in respect of prior years	**(16)**	(14)
– Rate change	**(7)**	(11)
Taxation expense	**1,069**	848
Tax (credit)/charge relating to components of other comprehensive income is as follows:		
Deferred tax credit on actuarial gains and losses	**(36)**	(10)
Deferred tax charge on financial instruments	**14**	46
	(22)	36
Total current tax	**909**	802
Total deferred tax	**138**	82
Total taxation	**1,047**	884
Effective tax rate (%)	**28.2**	28.5

See the financial definitions section for the definition of the effective tax rate. The calculation is on a basis consistent with that used in prior years and is also consistent with other group operating metrics. Tax on amortisation of intangible assets (excluding software) was US$58 million (2010: US$54 million).

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

Notes to the consolidated financial statements
continued

7. Taxation continued

Tax rate reconciliation

	2011 US$m	2010 US$m
Profit before taxation	**3,626**	2,929
Less: Share of post-tax results of associates and joint ventures	**(1,024)**	(873)
	2,602	2,056
Tax charge at standard UK rate of 28% (2010: 28%)	**729**	576
Exempt income	**(21)**	(30)
Other incentive allowances	**(20)**	(17)
Expenses not deductible for tax purposes	**131**	79
Deferred taxation on changes in tax legislation within Europe division countries	**(64)**	–
Deferred tax asset not recognised	**32**	28
Tax impact of MillerCoors joint venture	**198**	154
Withholding taxes and other remittance taxes	**101**	71
Other taxes	**36**	20
Adjustments in respect of foreign tax rates	**(22)**	14
Adjustments in respect of prior periods	**(25)**	(44)
Deferred taxation rate change	**(7)**	(11)
Deferred taxation on unremitted earnings of overseas subsidiaries	**1**	8
Total taxation expense	**1,069**	848

8. Earnings per share

	2011 US cents	2010 US cents
Basic earnings per share	**152.8**	122.6
Diluted earnings per share	**151.8**	122.1
Headline earnings per share	**150.8**	127.3
Adjusted basic earnings per share	**191.5**	161.1
Adjusted diluted earnings per share	**190.3**	160.4

The weighted average number of shares was:

	2011 Millions of shares	2010 Millions of shares
Ordinary shares	**1,656**	1,641
Treasury shares	**(72)**	(77)
EBT ordinary shares	**(8)**	(6)
Basic shares	**1,576**	1,558
Dilutive ordinary shares	**10**	6
Diluted shares	**1,586**	1,564

The calculation of diluted earnings per share excludes 9,045,847 (2010: 6,920,802) share options that were non-dilutive for the year because the exercise price of the option exceeded the fair value of the shares during the year, 12,842,609 (2010: 10,485,166) share awards that were non-dilutive for the year because the performance conditions attached to the share awards have not been met and 732,869 shares in relation to the employee component of the BBBEE scheme that were non-dilutive for the year. These share incentives could potentially dilute earnings per share in the future.

10,699,325 share incentives were granted after 31 March 2011 and before the date of signing of these financial statements.

8. Earnings per share continued

Adjusted and headline earnings

The group presents an adjusted earnings per share figure which excludes the impact of amortisation of intangible assets (excluding software), certain non-recurring items and post-tax exceptional items in order to present an additional measure of performance for the years shown in the consolidated financial statements. Adjusted earnings per share has been based on adjusted earnings for each financial year and on the same number of weighted average shares in issue as the basic earnings per share calculation. Headline earnings per share has been calculated in accordance with the 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.

	2011 US$m	2010 US$m
Profit for the year attributable to equity holders of the parent	2,408	1,910
Headline adjustments		
Impairment of business held for sale	53	–
Impairment of intangible assets	14	–
Impairment of property, plant and equipment	31	45
(Profit)/loss on disposal of property, plant and equipment	(5)	39
Profit on partial disposal of investment in associate	(159)	–
Profit on disposal of available for sale investments	–	(2)
Tax effects of the above items	14	(17)
Non-controlling interests' share of the above items	1	9
Share of joint ventures' and associates' headline adjustments, net of tax and non-controlling interests	20	–
Headline earnings	2,377	1,984
Business capability programme costs	296	342
Broad-Based Black Economic Empowerment scheme costs	149	11
Integration and restructuring costs	52	41
Transaction costs	–	13
Net loss on fair value movements on capital items[1]	7	8
Amortisation of intangible assets (excluding software)	158	150
Tax effects of the above items	(71)	(101)
Non-controlling interests' share of the above items	(10)	(6)
Share of joint ventures' and associates' other adjustments, net of tax and non-controlling interests	60	67
Adjusted earnings	3,018	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.

9. Dividends

	2011 US$m	2010 US$m
Equity		
2010 Final dividend paid: 51.0 US cents (2009: 42.0 US cents) per ordinary share	806	654
2011 Interim dividend paid: 19.5 US cents (2010: 17.0 US cents) per ordinary share	309	270
	1,115	924

In addition, the directors are proposing a final dividend of 61.5 US cents per share in respect of the financial year ended 31 March 2011, which will absorb an estimated US$971 million of shareholders' funds. If approved by shareholders, the dividend will be paid on 12 August 2011 to shareholders registered on the London and Johannesburg registers on 5 August 2011. The total dividend per share for the year is 81.0 US cents (2010: 68.0 US cents).

Treasury shares are not entitled to dividends and the employees' benefit trust (EBT) which holds shares for the various executive share incentive plans has waived its rights to dividends.

Notes to the consolidated financial statements
continued

10. Goodwill

	US$m
Cost	
At 1 April 2009	9,049
Exchange adjustments	1,677
Arising on increase in share of subsidiary undertakings	1,125
Acquisitions – through business combinations	67
At 31 March 2010[1]	11,918
Exchange adjustments	348
Acquisitions – through business combinations (provisional) (see note 30)	41
At 31 March 2011	**12,307**
Accumulated impairment	
At 1 April 2009	333
Exchange adjustments	6
At 31 March 2010	339
Exchange adjustments	16
At 31 March 2011	**355**
Net book amount	
At 1 April 2009	8,716
At 31 March 2010[1]	11,579
At 31 March 2011	**11,952**

[1] As restated (see note 29).

2011
Provisional goodwill arose on the acquisition through business combinations in the year of Cervecería Argentina S.A. Isenbeck (CASA Isenbeck) in Argentina and Crown Foods Ltd in Kenya (see note 30). The fair value exercises in respect of these business combinations have yet to be completed.

2010
Additional goodwill arose on the acquisition through business combinations of Ambo Mineral Water Share Company in Ethiopia, Rwenzori Bottling Company Ltd in Uganda, the maheu business in Zambia and Bere Azuga in Romania, together with goodwill which arose on the increase in the group's share of subsidiary undertakings primarily related to the buyout of non-controlling interests in Poland. The fair value exercises in respect of these business combinations are now complete.

Goodwill is monitored principally on an individual country basis and the net book value is allocated by cash generating unit (CGU) as follows.

	2011 US$m	2010[1] US$m
CGUs:		
Latin America:		
– Central America	**830**	830
– Colombia	**4,590**	4,474
– Peru	**1,667**	1,645
– Other Latin America	**240**	204
Europe:		
– Czech Republic	**1,046**	933
– Netherlands	**109**	104
– Italy	**457**	437
– Poland	**1,343**	1,331
– Other Europe	**126**	122
North America	**256**	256
Africa	**184**	190
Asia:		
– India	**392**	390
– Other Asia	**12**	13
South Africa	**700**	650
	11,952	11,579

[1] As restated (see note 29).

10. Goodwill continued

Assumptions
The recoverable amount for a CGU is determined based on value in use calculations. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the CGU using a post-tax discount rate, as this closely approximates to applying pre-tax discount rates to pre-tax cash flows. Where a potential impairment is identified using post-tax cash flows and post-tax discount rates, the impairment review is re-performed on a pre-tax basis in order to determine the impairment loss to be recorded. The key assumptions for the value in use calculations are as follows:

Expected volume growth rate – Cash flows are based on financial forecasts approved by management covering five-year periods and are dependent on the expected volume growth rates.

Discount rate – The discount rate (weighted average cost of capital) is calculated using a methodology which reflects the returns from United States Treasury notes with a maturity of 20 years, and an equity risk premium adjusted for specific industry and country risks. The group applies local post-tax discount rates to local post-tax cash flows.

Long-term growth rate – Cash flows after the first five-year period were extrapolated using a long-term growth rate, in order to calculate the terminal recoverable amount.

The following table presents the key assumptions used in the value in use calculations in each of the group's operating segments:

	Expected volume growth rates 2012-2016	Post-tax discount rates	Long-term growth rates
Latin America	3.3%–5.8%	8.2%–11.1%	2.0%–3.0%
Europe	1.2%–12.8%	7.9%–9.7%	2.0%–2.5%
North America	6.2%	7.4%	2.5%
Africa	1.7%–12.8%	8.2%–18.9%	3.0%–7.5%
Asia	6.3%–21.4%	8.4%–10.2%	3.0%–7.0%
South Africa	2.6%	8.7%	3.0%

Impairment reviews results
As a result of the annual impairment reviews, no impairment losses have been recognised in the year (2010: US$nil).

Sensitivities to assumptions
The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonably possible change in a single assumption will not cause an impairment loss in any of the group's CGUs.

Notes to the consolidated financial statements
continued

11. Intangible assets

	Brands US$m	Computer software US$m	Other US$m	Total US$m
Cost				
At 1 April 2009	3,974	269	65	4,308
Exchange adjustments	718	39	2	759
Additions – separately acquired	–	92	1	93
Acquisitions – through business combinations	32	–	1	33
Transfers from property, plant and equipment	–	30	2	32
At 31 March 2010	4,724	430	71	5,225
Exchange adjustments	106	21	4	131
Additions – separately acquired	20	102	4	126
Acquisitions – through business combinations (see note 30)	7	–	–	7
Transfers	–	3	(3)	–
Transfers from property, plant and equipment	–	8	–	8
Disposals	–	(23)	–	(23)
Transfers to disposal group classified as held for sale (see note 19)	–	(1)	(28)	(29)
At 31 March 2011	**4,857**	**540**	**48**	**5,445**
Accumulated amortisation and impairment				
At 1 April 2009	393	151	22	566
Exchange adjustments	80	19	3	102
Amortisation	144	53	6	203
At 31 March 2010	617	223	31	871
Exchange adjustments	14	13	3	30
Amortisation	151	62	7	220
Disposals	–	(22)	–	(22)
Impairment	–	–	14	14
Transfers to disposal group classified as held for sale (see note 19)	–	(1)	(28)	(29)
At 31 March 2011	**782**	**275**	**27**	**1,084**
Net book amount				
At 1 April 2009	3,581	118	43	3,742
At 31 March 2010	4,107	207	40	4,354
At 31 March 2011	**4,075**	**265**	**21**	**4,361**

The impairment charge of US$14 million in the year related to the impairment of intangible assets subsequently transferred to disposal group classified as held for sale (2010: US$nil).

At 31 March 2011, significant individual brands included within the carrying value of intangible assets are as follows.

	2011 US$m	2010 US$m	Amortisation period remaining (years)
Brand carrying value			
Aguila (Colombia)	**1,529**	1,533	34
Cristal (Peru)	**634**	643	34
Grolsch (Netherlands)	**492**	482	37

12. Property, plant and equipment

	Assets in course of construction US$m	Land and buildings US$m	Plant, vehicles and systems US$m	Returnable containers US$m	Total US$m
Cost					
At 1 April 2009	745	2,682	6,022	1,600	11,049
Exchange adjustments	59	460	1,135	291	1,945
Additions	520	139	513	268	1,440
Acquisitions – through business combinations	–	13	22	2	37
Breakages and shrinkage	–	–	–	(58)	(58)
Transfers	(748)	124	574	50	–
Transfers to intangible assets	(32)	–	–	–	(32)
Disposals	(1)	(31)	(258)	(48)	(338)
At 31 March 2010	543	3,387	8,008	2,105	14,043
Exchange adjustments	3	126	300	87	516
Additions	551	45	352	273	1,221
Acquisitions – through business combinations (see note 30)	–	11	11	–	22
Breakages and shrinkage	–	–	–	(172)	(172)
Transfers	(733)	222	462	49	–
Transfers to intangible assets	(6)	–	(2)	–	(8)
Transfers to disposal group classified as held for sale (see note 19)	–	(5)	(66)	–	(71)
Disposals	–	(46)	(276)	(97)	(419)
At 31 March 2011	**358**	**3,740**	**8,789**	**2,245**	**15,132**
Accumulated depreciation and impairment					
At 1 April 2009	–	402	2,552	689	3,643
Exchange adjustments	–	81	583	144	808
Provided during the year	–	72	583	226	881
Breakages and shrinkage	–	–	–	(18)	(18)
Impairment	–	–	45	–	45
Transfers	–	–	(3)	3	–
Disposals	–	(2)	(208)	(21)	(231)
At 31 March 2010	–	553	3,552	1,023	5,128
Exchange adjustments	–	33	175	50	258
Provided during the year	–	80	585	239	904
Breakages and shrinkage	–	–	–	(123)	(123)
Impairment	–	10	21	–	31
Transfers to disposal group classified as held for sale (see note 19)	–	(5)	(66)	–	(71)
Transfers	–	–	(3)	3	–
Disposals	–	(4)	(248)	(73)	(325)
At 31 March 2011	**–**	**667**	**4,016**	**1,119**	**5,802**
Net book amount					
At 1 April 2009	745	2,280	3,470	911	7,406
At 31 March 2010	543	2,834	4,456	1,082	8,915
At 31 March 2011	**358**	**3,073**	**4,773**	**1,126**	**9,330**

Included in land and buildings is freehold land with a cost of US$616 million (2010: US$624 million) which is not depreciated.

Notes to the consolidated financial statements
continued

12. Property, plant and equipment continued

Included in plant, vehicles and systems are the following amounts relating to assets held under finance leases.

	2011 US$m	2010 US$m
Net book amount	**13**	20

Included in the amounts above are the following amounts in respect of borrowing costs capitalised.

	2011 US$m	2010 US$m
At 1 April	**58**	31
Exchange adjustments	**2**	5
Amortised during the year	**(6)**	(3)
Capitalised during the year	**2**	25
At 31 March	**56**	58

Borrowing costs of US$2 million (2010: US$25 million) were capitalised during the year at an effective rate of 8.00% (2010: 9.93%). It is anticipated that of the borrowing costs capitalised during the year, potentially US$2 million (2010: US$9 million) will be available for tax relief.

Borrowings are secured by various of the group's property, plant and equipment with an aggregate net book value of US$161 million (2010: US$207 million).

13. Investments in joint ventures

A list of the group's significant investments in joint ventures, including the name, country of incorporation and proportion of ownership interest is given in note 35 to the consolidated financial statements.

	US$m
At 1 April 2009	5,495
Exchange adjustments	11
Investments in joint ventures	353
Share of results retained	536
Share of gains recognised in other comprehensive income	134
Dividends received	(707)
At 31 March 2010	5,822
Exchange adjustments	12
Investments in joint ventures	186
Share of results retained	667
Share of losses recognised in other comprehensive income	(52)
Dividends received	(822)
At 31 March 2011	**5,813**

Summarised financial information for the group's interest in joint ventures is shown below.

	2011 US$m	2010 US$m
Revenue	**5,157**	5,168
Expenses	**(4,489)**	(4,631)
Profit after tax	**668**	537
Non-current assets	**5,837**	5,842
Current assets	**675**	649
Current liabilities	**(531)**	(564)
Non-current liabilities	**(783)**	(722)

14. Investments in associates

A list of the group's significant investments in associates, including the name, country of incorporation and proportion of ownership interest is given in note 35 to the consolidated financial statements.

	US$m
At 1 April 2009	1,787
Exchange adjustments	90
Investments in associates	76
Repayment of investments by associates	(3)
Share of results retained	337
Share of gains recognised in other comprehensive income	2
Dividends receivable	(109)
Transfer from other assets	33
At 31 March 2010	2,213
Exchange adjustments	136
Investments in associates	168
Repayment of investments by associates	(68)
Share of results retained	357
Share of gains recognised in other comprehensive income	2
Dividends receivable	(89)
At 31 March 2011	**2,719**

2011
On 24 February 2011, the Tsogo Sun Group merged with Gold Reef Resorts Ltd (GRR), a Johannesburg Stock Exchange listed business, through an all share merger. The transaction was effected through the acquisition by GRR of Tsogo Sun, and the group exchanged its entire 49% shareholding in Tsogo Sun for a 39.68% shareholding in the listed enlarged entity and resulted in a profit of US$159 million on the partial disposal of the group's shareholding in Tsogo Sun and a loss of US$26 million being the group's share of the associate's loss on the merger transaction. The increase in the investments in associates in the year includes US$159 million being the group's share of the fair value uplift on the investment in the enlarged entity.

On 4 November 2010, Tsogo Sun Gaming (Pty) Ltd, a wholly owned subsidiary of the group's associate, Tsogo Sun, repaid the R490 million (US$68 million) preference shares issued to SABSA Holdings (Pty) Ltd, a wholly owned subsidiary of the group.

2010
On 12 October 2009, SABSA Holdings (Pty) Ltd subscribed for R490 million (US$63 million) preference shares in Tsogo Sun Gaming (Pty) Ltd as the group's share of the funding for the 30% increase in the Tsogo Sun group's effective interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd, the licensee and operator of the Suncoast Casino in Durban.

The analysis of associated undertakings between listed and unlisted investments is shown below.

	2011 US$m	2010 US$m
Listed	**662**	189
Unlisted	**2,057**	2,024
	2,719	2,213
The market value of listed investments included above is:		
– Distell Group Ltd	**624**	547
– Delta Corporation Ltd	**188**	126
– Gold Reef Resorts Ltd	**1,028**	–

Summarised financial information for associates for total assets, total liabilities, revenue and profit or loss on a 100% basis is shown below.

	2011 US$m	2010 US$m
Total assets	**14,046**	10,020
Total liabilities	**(5,730)**	(3,745)
Revenue	**10,921**	9,363
Net profit	**1,276**	1,321

Delta Corporation Ltd, a listed associate undertaking of the group which operates in Zimbabwe, was included within the group's results with effect from 1 April 2010 following the effective 'dollarisation' of the economy in 2009, the end of hyperinflation and the stabilisation of the local economy. Some of the group's investments in associated undertakings which operate in African countries are also subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

Notes to the consolidated financial statements
continued

15. Available for sale investments

	US$m
At 1 April 2009	40
Exchange adjustments	5
Additions	6
Transfer to subsidiary undertaking	(11)
Disposals	(12)
Net gains transferred to other comprehensive income	4
At 31 March 2010	32
Exchange adjustments	1
Additions	3
Impairment	(1)
At 31 March 2011	**35**

	2011 US$m	2010 US$m
Analysed as:		
Non-current	**35**	31
Current	**–**	1
	35	32

The impairment during the year related to the full impairment of the available for sale investments subsequently transferred to disposal group classified as held for sale.

Available for sale investments are denominated in the following currencies.

	2011 US$m	2010 US$m
SA rand	**18**	14
US dollars	**9**	9
Peruvian nuevo sol	**3**	3
Other currencies	**5**	6
	35	32

An analysis of available for sale investments between listed and unlisted is shown below.

	2011 US$m	2010 US$m
Listed	**3**	4
Unlisted	**32**	28
	35	32

The fair values of unlisted investments are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to unlisted securities, or by reference to valuations provided by third party investment managers. The fair value of listed investments have been determined by reference to quoted stock exchanges.

The maximum exposure to credit risk at the reporting date is the fair value of the securities classified as available for sale.

16. Inventories

	2011 US$m	2010 US$m
Raw materials and consumables	**746**	760
Work in progress	**122**	146
Finished goods and goods for resale	**388**	389
	1,256	1,295

16. Inventories continued

The following amount of inventories are expected to be utilised after 12 months.

	2011 US$m	2010 US$m
Raw materials and consumables	**35**	22

There were no borrowings secured on the inventories of the group (2010: US$nil).

An impairment charge of US$20 million was recognised in respect of inventories during the year (2010: US$20 million).

17. Trade and other receivables

	2011 US$m	2010 US$m
Trade receivables	**1,380**	1,411
Less: provision for impairment	**(147)**	(156)
Trade receivables – net	**1,233**	1,255
Other receivables	**463**	406
Less: provision for impairment	**(14)**	(11)
Other receivables – net	**449**	395
Amounts owed by associates – trade	**12**	3
Amounts owed by joint ventures – trade	**5**	4
Prepayments and accrued income	**128**	125
Total trade and other receivables	**1,827**	1,782
Analysed as:		
Current		
Trade receivables – net	**1,219**	1,244
Other receivables – net	**326**	291
Amounts owed by associates – trade	**12**	3
Amounts owed by joint ventures – trade	**5**	4
Prepayments and accrued income	**125**	123
	1,687	1,665
Non-current		
Trade receivables – net	**14**	11
Other receivables – net	**123**	104
Prepayments and accrued income	**3**	2
	140	117

The net carrying values of trade and other receivables are considered a close approximation of their fair values.

At 31 March 2011, trade and other receivables of US$333 million (2010: US$405 million) were past due but not impaired. These relate to customers of whom there is no recent history of default. The ageing of these trade and other receivables is shown below.

		Past due				
	Fully performing US$m	Within 30 days US$m	30-60 days US$m	60-90 days US$m	90-180 days US$m	Over 180 days US$m
At 31 March 2011						
Trade receivables	**944**	**133**	**53**	**23**	**23**	**37**
Other receivables	**180**	**36**	**8**	**5**	**6**	**9**
Amounts owed by associates – trade	**12**	**–**	**–**	**–**	**–**	**–**
Amounts owed by joint ventures – trade	**5**	**–**	**–**	**–**	**–**	**–**
At 31 March 2010						
Trade receivables	875	183	51	33	37	47
Other receivables	192	21	10	9	3	11
Amounts owed by associates – trade	3	–	–	–	–	–
Amounts owed by joint ventures – trade	4	–	–	–	–	–

Notes to the consolidated financial statements
continued

17. Trade and other receivables continued

The group holds collateral as security for past due trade receivables to the value of US$33 million (2010: US$52 million) and for past due other receivables of US$1 million (2010: US$nil).

At 31 March 2011, trade receivables of US$167 million (2010: US$185 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2011 was US$147 million (2010: US$156 million) and reflects trade receivables from customers which are considered to be experiencing difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The group holds collateral as security against specifically impaired trade receivables with a fair value of US$4 million (2010: US$6 million).

At 31 March 2011, other receivables of US$15 million (2010: US$12 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2011 was US$14 million (2010: US$11 million) and reflects loans to customers which are considered to be experiencing difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The group did not hold collateral as security against specifically impaired other receivables at 31 March 2011 or 31 March 2010.

Collateral held primarily includes bank guarantees, charges over assets and concurrent amounts owing to associates.

The carrying amounts of trade and other receivables are denominated in the following currencies.

	2011 US$m	2010 US$m
SA rand	397	366
US dollars	175	189
Euro	229	342
Colombian peso	138	123
Czech koruna	97	95
British pound	87	42
Polish zloty	160	131
Other currencies	544	494
	1,827	1,782

Movements on the provisions for impairment of trade receivables and other receivables are as follows.

	Trade receivables		Other receivables	
	2011 US$m	2010 US$m	2011 US$m	2010 US$m
At 1 April	(156)	(121)	(11)	(10)
Provision for receivables impairment	(89)	(42)	(2)	(1)
Receivables written off during the year as uncollectible	35	21	–	2
Acquisitions – through business combinations	(1)	–	–	–
Transfers to disposal group classified as held for sale	73	–	–	–
Exchange adjustments	(9)	(14)	(1)	(2)
At 31 March	(147)	(156)	(14)	(11)

The creation of provisions for impaired receivables is included in net operating expenses in the income statement (see note 3).

18. Cash and cash equivalents

	2011 US$m	2010 US$m
Short-term deposits	551	278
Cash at bank and in hand	516	501
	1,067	779

Cash and short-term deposits of US$143 million (2010: US$105 million) are held in African countries (including South Africa) and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

The group operates notional cash pools. The structures facilitate interest and balance compensation of cash and bank overdrafts. These notional pooling arrangements meet the set-off rules under IFRS and, as a result, the cash and overdraft balances have been reported net on the balance sheet.

19. Disposal group held for sale

In line with the group's strategy to improve value in the Italian market the group is in discussions to dispose of its in-house distribution business. The assets and liabilities related to this business have been presented as held for sale. The disposal group is presented within Europe in accordance with IFRS 8 'Operating Segments'.

a. Assets of disposal group classified as held for sale

	2011 US$m	2010 US$m
Inventories	**19**	–
Trade and other receivables	**38**	–
Current tax assets	**5**	–
Cash and cash equivalents	**4**	–
	66	–

b. Liabilities of disposal group classified as held for sale

	2011 US$m	2010 US$m
Trade and other payables	**55**	–
Current tax liabilities	**1**	–
Provisions	**10**	–
	66	–

20. Trade and other payables

	2011 US$m	2010[1] US$m
Trade payables	**1,103**	1,058
Accruals	**760**	695
Deferred income	**20**	22
Containers in the hands of customers	**490**	455
Amounts owed to associates – trade	**24**	38
Amounts owed to joint ventures – trade	**16**	23
Deferred consideration for acquisitions	**3**	10
Excise duty payable	**365**	337
VAT and other taxes payable	**189**	181
Other payables	**612**	554
Total trade and other payables	**3,582**	3,373
Analysed as:		
Current		
Trade payables	**1,103**	1,058
Accruals	**760**	695
Deferred income	**6**	6
Containers in the hands of customers	**490**	455
Amounts owed to associates – trade	**24**	38
Amounts owed to joint ventures – trade	**16**	23
Deferred consideration for acquisitions	**1**	7
Excise duty payable	**365**	337
VAT and other taxes payable	**189**	181
Other payables	**530**	428
	3,484	3,228
Non-current		
Deferred income	**14**	16
Deferred consideration for acquisitions	**2**	3
Other payables	**82**	126
	98	145

[1] As restated (see note 29).

Notes to the consolidated financial statements
continued

21. Deferred taxation

The movement on the net deferred tax liability is shown below.

	2011 US$m	2010 US$m
At 1 April	**2,210**	1,869
Exchange adjustments	**45**	258
Acquisitions – through business combinations	**1**	1
Rate change	**(7)**	(11)
Charged to the income statement	**167**	57
Deferred tax on items credited/(charged) to other comprehensive income:		
– Financial instruments	**14**	46
– Actuarial gains and losses	**(36)**	(10)
At 31 March	**2,394**	2,210

The movements in deferred tax assets and liabilities (after offsetting of balances as permitted by IAS 12) during the year are shown below.

	Fixed asset allowances US$m	Pensions and post-retirement benefit provisions US$m	Intangibles US$m	Financial instruments US$m	Investment in MillerCoors joint venture US$m	Other timing differences US$m	Total US$m
Deferred tax liabilities							
At 1 April 2009	520	(10)	1,044	(55)	455	76	2,030
Exchange adjustments	101	(3)	204	(4)	–	(29)	269
Acquisitions – through business combinations	1	–	–	–	–	–	1
Rate change	(2)	–	–	–	–	(9)	(11)
Transfers from deferred tax assets	(11)	–	–	–	–	(2)	(13)
Charged/(credited) to the income statement	47	(2)	(38)	(26)	93	(17)	57
Deferred tax on items credited/(charged) to other comprehensive income:							
– Financial instruments	–	–	–	(12)	58	–	46
– Actuarial gains and losses	–	2	–	–	(7)	–	(5)
At 31 March 2010	656	(13)	1,210	(97)	599	19	2,374
Exchange adjustments	23	1	27	(1)	–	(4)	46
Acquisitions – through business combinations	–	–	–	–	–	1	1
Rate change	(2)	–	(9)	–	–	1	(10)
Transfers from deferred tax assets	(3)	(5)	–	–	27	(53)	(34)
Charged/(credited) to the income statement	37	10	(41)	43	142	32	223
Deferred tax on items credited/(charged) to other comprehensive income:							
– Financial instruments	–	–	–	7	7	–	14
– Actuarial gains and losses	–	(9)	–	–	(27)	–	(36)
At 31 March 2011	**711**	**(16)**	**1,187**	**(48)**	**748**	**(4)**	**2,578**

	Fixed asset allowances US$m	Pensions and post-retirement benefit provisions US$m	Provisions and accruals US$m	Other timing differences US$m	Total US$m
Deferred tax assets					
At 1 April 2009	15	2	41	103	161
Exchange adjustments	1	–	6	4	11
Transfers to deferred tax liabilities	(11)	–	–	(2)	(13)
(Charged)/credited to the income statement	(2)	–	20	(18)	–
Deferred tax on items credited to other comprehensive income:					
– Actuarial gains and losses	–	5	–	–	5
At 31 March 2010	3	7	67	87	164
Exchange adjustments	–	–	1	–	1
Rate change	–	–	–	(3)	(3)
Transfers to deferred tax liabilities	(3)	(5)	(21)	(5)	(34)
(Charged)/credited to the income statement	–	(2)	13	45	56
At 31 March 2011	**–**	**–**	**60**	**124**	**184**

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

21. Deferred taxation continued

The deferred tax asset arises due to timing differences in Europe, Africa, Asia and Latin America. Given both recent and forecast trading, the directors are of the opinion that the level of profits in the foreseeable future is more likely than not to be sufficient to recover these assets.

Deferred tax liabilities of US$2,568 million (2010: US$2,349 million) are expected to fall due after more than one year.

Deferred tax assets of US$103 million (2010: US$102 million) are expected to be recovered after more than one year.

	2011 US$m	2010 US$m
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	**144**	113
Tax credits	**40**	36
Capital allowances in excess of depreciation	**11**	13
Share-based payments	**29**	17
Other deductible temporary differences	**113**	1
	337	180

A significant part of the tax losses arise in the UK. The value of the losses have been calculated at the substantively enacted rate of 26%. It was announced that the rate will fall annually to 25%, 24% and 23% commencing 1 April 2012. The impact of these reductions is not anticipated to have a material impact on the financial statements.

The deferred tax assets will not expire, with the exception of US$40 million (2010: US$36 million) tax credits which will expire if conditions for utilisation are not met.

Deferred tax is recognised on the unremitted earnings of overseas subsidiaries where there is an intention to distribute those reserves. A deferred tax liability of US$31 million (2010: US$31 million) has been recognised. A deferred tax liability of US$75 million (2010: US$46 million) has also been recognised in respect of unremitted profits of associates where a dividend policy is not in place. No deferred tax has been recognised on temporary differences of US$6,900 million (2010: US$5,600 million) relating to unremitted earnings of overseas subsidiaries where either the overseas profits will not be distributed in the foreseeable future, or, where there are plans to remit overseas earnings of subsidiaries, it is not expected that such distributions will give rise to a tax liability. No deferred tax liability is recognised as the group is able to control the timing of the reversal of these differences and it is probable that they will not reverse in the foreseeable future.

As a result of UK legislation which largely exempts from UK tax the overseas dividends received, the temporary differences arising on unremitted profits are unlikely to lead to additional corporate taxes. However, remittance to the UK of those earnings may still result in a tax liability, principally as a result of withholding taxes levied by the overseas tax jurisdictions in which those subsidiaries operate.

22. Borrowings

	2011 US$m	2010 US$m
Current		
Secured		
Overdrafts	**21**	34
Obligations under finance leases	**4**	5
Other secured loans	**10**	46
	35	85
Unsecured		
US$600 million 6.2% Notes due 2011[1]	**609**	–
Botswana pula 60 million 11.35% fixed rate bond due 2011[2]	**–**	9
Commercial paper[3,4]	**–**	633
Other unsecured loans	**464**	722
Overdrafts	**237**	156
	1,310	1,520
Total current borrowings	**1,345**	1,605

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

[1] On 28 June 2006 SABMiller plc issued US$600 million, 6.2% Notes due July 2011. The notes are redeemable in whole or in part at any time at the option of the issuer at a redemption price equal to the make-whole amount. In addition, the notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

[2] On 28 July 2004 a 60 million Botswana pula, 11.35% unsecured private bond was placed in the Botswana debt capital market. This bond matured on 31 March 2011.

[3] In October 2006 SABMiller plc entered into a US$1,000 million commercial paper programme for general corporate purposes.

[4] On 17 July 2007 SABSA Holdings (Pty) Ltd and SABFIN (Pty) Ltd established a ZAR4,000 million Domestic Medium Term Note Programme under which commercial paper may be issued. On 24 December 2008 the programme was increased to ZAR6,000 million. Debt issued under the programme is guaranteed by SABMiller plc.

Notes to the consolidated financial statements
continued

22. Borrowings continued

	2011 US$m	2010 US$m
Non-current		
Secured		
Obligations under finance leases	**5**	7
Other secured loans	**152**	128
	157	135
Unsecured		
US$1,100 million 5.5% Notes due 2013[1,2,3]	**1,138**	1,142
€1,000 million 4.5% Notes due 2015[3,4]	**1,417**	1,365
US$300 million 6.625% Notes due 2033[2,3,5]	**361**	352
US$600 million 6.2% Notes due 2011[2,3,6]	**–**	608
US$850 million 6.5% Notes due 2016[2,3,6]	**943**	939
US$550 million 5.7% Notes due 2014[2,3,7]	**594**	591
US$700 million 6.5% Notes due 2018[2,3,7]	**759**	747
PEN150 million 6.75% Notes due 2015[3,8]	**53**	53
COP640 billion IPC + 7.3% Ordinary Bonds due 2014[9]	**387**	390
COP561.8 billion IPC + 6.52% Ordinary Bonds due 2015[9]	**335**	335
COP370 billion IPC + 8.18% Ordinary Bonds due 2012[9]	**213**	218
COP338.5 billion IPC + 7.5% Ordinary Bonds due 2013[9]	**199**	202
ZAR1,600 million 9.935% Notes due 2012[3,10]	**236**	219
US$600 million multi-currency revolving credit facility[11]	**–**	250
Other unsecured loans	**323**	263
	6,958	7,674
Total non-current borrowings	**7,115**	7,809
Total current and non-current borrowings	**8,460**	9,414
Analysed as:		
Borrowings	**8,193**	9,212
Obligations under finance leases	**9**	12
Overdrafts	**258**	190
	8,460	9,414

The fair value of non-current borrowings is US$7,587 million (2010: US$8,351 million). The fair values are based on cash flows discounted using prevailing interest rates.

1 On 7 August 2003 Miller Brewing Company issued US$1,100 million, 5.5% Notes due August 2013. Since 1 July 2008 SABMiller plc has been the sole obligor of the notes.

2 The notes are redeemable in whole or in part at any time at the option of the issuer at a redemption price equal to the make-whole amount.

3 The notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

4 On 17 July 2009 SABMiller plc issued €1,000 million, 4.5% Notes due January 2015. The notes were issued under the US$5,000 million Euro Medium Term Note Programme.

5 On 7 August 2003 SABMiller plc issued US$300 million, 6.625% Notes due August 2033. Since 10 September 2010 the principal and interest in respect of the notes has not been guaranteed.

6 On 28 June 2006 SABMiller plc issued US$600 million, 6.2% Notes due July 2011 and US$850 million, 6.5% Notes due July 2016.

7 On 17 July 2008 SABMiller plc issued US$550 million, 5.7% Notes due January 2014 and US$700 million, 6.5% Notes due August 2018.

8 On 12 March 2010 SABMiller plc issued PEN150 million, 6.75% Notes due March 2015.

9 With effect from 31 March 2011 85.5% of the 2014 bonds, 94.0% of the 2015 bonds, 98.7% of the 2012 bonds and 97.4% of the 2013 bonds, all issued by Bavaria SA, have been guaranteed by SABMiller plc.

10 On 19 July 2007 SABSA Holdings (Pty) Ltd issued ZAR1,600 million, 9.935% Guaranteed Notes due July 2012, guaranteed by SABMiller plc. The notes were issued under the ZAR4,000 million (increased to ZAR6,000 million on 24 December 2008) Domestic Medium Term Note Programme established on 17 July 2007.

11 On 30 May 2008 the group entered into a US$600 million revolving credit facility for general corporate purposes. The facility was voluntarily cancelled by the group in April 2011.

22. Borrowings continued

Undrawn borrowing facilities

The group had the following undrawn committed borrowing facilities available at 31 March in respect of which all conditions precedent had been met at that date.

	2011 US$m	2010 US$m
Amounts expiring:		
Within one year	967	441
Between one and two years	2,118	1,025
Between two and five years	79	2,112
In five years or more	–	1
	3,164	3,579

In April 2011, the group entered into a five-year US$2,500 million committed syndicated facility, with the option of two one-year extensions. This facility replaced the existing US$2,000 million and US$600 million committed syndicated facilities, which were both voluntarily cancelled and which are shown in the table above as expiring between one and two years and within one year, respectively.

Maturity of obligations under finance leases

Obligations under finance leases are as follows.

	2011 US$m	2010 US$m
The minimum lease payments under finance leases fall due as follows.		
Within one year	4	5
Between one and five years	5	5
In five years or more	–	3
	9	13
Future finance charges on finance leases	–	(1)
Present value of finance lease liabilities	9	12

Maturity of non-current financial liabilities

The maturity profile of the carrying amount of the group's non-current financial liabilities at 31 March was as follows.

	Borrowings and overdrafts US$m	Finance leases US$m	Net derivative financial assets[1] (note 24) US$m	2011 Total US$m	Borrowings and overdrafts US$m	Finance leases US$m	Net derivative financial assets[1] (note 24) US$m	2010 Total US$m
Amounts falling due:								
Between one and two years	593	–	(3)	590	1,048	4	–	1,052
Between two and five years	4,458	5	(80)	4,383	4,693	3	(135)	4,561
In five years or more	2,059	–	(228)	1,831	2,061	–	(218)	1,843
	7,110	5	(311)	6,804	7,802	7	(353)	7,456

[1] Net borrowings-related derivative financial instruments only.

Notes to the consolidated financial statements
continued

23. Financial risk factors

Financial risk management
Overview
In the normal course of business, the group is exposed to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

This note explains the group's exposure to each of the above risks, aided by quantitative disclosures included throughout these consolidated financial statements, and it summarises the policies and processes that are in place to measure and manage the risks arising, including those related to the management of capital.

The directors are ultimately responsible for the establishment and oversight of the group's risk management framework. An essential part of this framework is the role undertaken by the audit committee of the board, supported by the internal audit function, and by the chief financial officer, who in this regard is supported by the treasury committee and the group treasury function. Amongst other responsibilities, the audit committee reviews the internal control environment and risk management systems within the group and it reports its activities to the board. The board also receives a quarterly report on treasury activities, including confirmation of compliance with treasury risk management policies.

The group treasury function is responsible for the management of cash, borrowings and the financial risks arising in relation to interest rates and foreign exchange rates. The responsibility for the management of commodities exposures lies with the procurement functions within the group, including Trinity Procurement GmbH (Trinity), the group's centralised procurement function. The transition of risk management of key brewing and packaging materials has now been substantially transferred to Trinity. Some of the risk management strategies include the use of derivatives, principally in the form of forward foreign currency contracts, cross currency swaps, interest rate swaps and exchange-traded futures contracts, in order to manage the currency, interest rate and commodities exposures arising from the group's operations. The group also purchases call options where these provide a cost-effective hedging alternative and, where they form part of an option collar strategy, the group also sells put options to reduce or eliminate the cost of purchased options. It is the policy of the group that no trading in financial instruments be undertaken.

The group's treasury policies are established to identify and analyse the financial risks faced by the group, to set appropriate risk limits and controls and to monitor exposures and adherence to limits.

a. Market risk
(i) Foreign exchange risk
The group is subject to exposure on the translation of the foreign currency denominated net assets of subsidiaries, associates and joint ventures into the group's US dollar reporting currency. The group seeks to mitigate this exposure, where cost effective, by borrowing in the same currencies as the functional currencies of its main operating units or by achieving the same effect through the use of forward foreign exchange contracts and currency swaps. An approximate nominal value of US$1,836 million of US dollar borrowings and €254 million of euro borrowings have been swapped into currencies that match the currency of the underlying operations of the group, primarily South African rand, but also Peruvian nuevo sol, Czech koruna, Polish zloty, Russian rouble and euro. Of these financial derivatives, US$1,180 million and €150 million are accounted for as net investment hedges.

The group does not hedge currency exposures from the translation of profits earned in foreign currency subsidiaries, associates and joint ventures.

The group is also exposed to transactional currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of group entities. These exposures are presently managed locally by group entities which, subject to regulatory constraints or currency market limitations, hedge a proportion of their foreign currency exposure estimated to arise over a period of up to 18 months. Committed transactional exposures that are certain are hedged fully without limitation in time. The group principally uses forward exchange contracts to hedge currency risk.

23. Financial risk factors continued

The tables below set out the group's currency exposures from financial assets and liabilities held by group companies in currencies other than their functional currencies and resulting in exchange movements in the income statement and balance sheet.

	US dollars US$m	SA rand US$m	Euro US$m	Other European currencies US$m	Other African currencies US$m	Other US$m	Total US$m
Financial assets							
Trade and other receivables	34	216	42	2	62	92	448
Derivative financial instruments[1]	540	16	488	486	–	69	1,599
Cash and cash equivalents	45	10	121	7	13	14	210
Intragroup assets	143	–	1,338	539	–	29	2,049
At 31 March 2011	**762**	**242**	**1,989**	**1,034**	**75**	**204**	**4,306**
Potential impact on earnings – (loss)/gain							
20% increase in functional currency	(50)	(40)	(289)	(137)	(13)	(34)	(563)
20% decrease in functional currency	60	48	346	165	15	41	675
Potential impact on other comprehensive income – (loss)/gain							
20% increase in functional currency	(77)	–	(43)	(35)	–	–	(155)
20% decrease in functional currency	92	–	51	42	–	–	185
Financial liabilities							
Trade and other payables	(293)	(111)	(182)	(13)	(27)	(175)	(801)
Derivative financial instruments[1]	(93)	(668)	(355)	(1,195)	–	(117)	(2,428)
Borrowings	(40)	–	(1,515)	–	(43)	(147)	(1,745)
Intragroup liabilities	(12)	(146)	(314)	(306)	(1)	(43)	(822)
At 31 March 2011	**(438)**	**(925)**	**(2,366)**	**(1,514)**	**(71)**	**(482)**	**(5,796)**
Potential impact on earnings – gain/(loss)							
20% increase in functional currency	73	49	316	140	12	41	631
20% decrease in functional currency	(88)	(59)	(380)	(167)	(14)	(49)	(757)
Potential impact on other comprehensive income – gain/(loss)							
20% increase in functional currency	–	105	78	113	–	39	335
20% decrease in functional currency	–	(126)	(93)	(135)	–	(47)	(401)

[1] These represent the notional amounts of derivative financial instruments.

Notes to the consolidated financial statements
continued

23. Financial risk factors continued

	US dollars US$m	SA rand US$m	Euro US$m	Other European currencies US$m	Other African currencies US$m	Other US$m	Total US$m
Financial assets							
Trade and other receivables	36	179	147	3	52	58	475
Derivative financial instruments[1]	512	3	461	–	–	20	996
Cash and cash equivalents	30	–	27	71	1	38	167
Intragroup assets	254	–	1,688	267	–	52	2,261
At 31 March 2010	832	182	2,323	341	53	168	3,899
Potential impact on earnings – (loss)/gain							
20% increase in functional currency	(117)	(30)	(348)	(57)	(9)	(28)	(589)
20% decrease in functional currency	140	36	417	68	11	34	706
Potential impact on other comprehensive income – (loss)/gain							
20% increase in functional currency	(22)	–	(39)	–	–	–	(61)
20% decrease in functional currency	26	–	47	–	–	–	73
Financial liabilities							
Trade and other payables	(196)	(141)	(146)	(15)	(82)	(99)	(679)
Derivative financial instruments[1]	(205)	(617)	(619)	(892)	–	(245)	(2,578)
Borrowings	(310)	(2)	(1,499)	(7)	(58)	(190)	(2,066)
Intragroup liabilities	(62)	(62)	(166)	(99)	(1)	(1)	(391)
At 31 March 2010	(773)	(822)	(2,430)	(1,013)	(141)	(535)	(5,714)
Potential impact on earnings – gain/(loss)							
20% increase in functional currency	129	34	350	61	24	52	650
20% decrease in functional currency	(155)	(41)	(419)	(74)	(28)	(63)	(780)
Potential impact on other comprehensive income – gain/(loss)							
20% increase in functional currency	–	103	56	107	–	37	303
20% decrease in functional currency	–	(123)	(67)	(129)	–	(44)	(363)

[1] These represent the notional amounts of derivative financial instruments.

Foreign currency sensitivity analysis
Currency risks arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature.

The group holds foreign currency cash flow hedges totalling US$927 million at 31 March 2011 (2010: US$417 million). The foreign exchange gains or losses on these contracts are recorded in the cash flow hedging reserve until the hedged transactions occur, at which time the respective gains and losses are transferred to inventory, property, plant and equipment or to the income statement as appropriate.

The group holds net investment hedges totalling US$1,944 million at 31 March 2011 (2010: US$1,751 million). The foreign exchange gains or losses on these contracts are recorded in the net investment hedging reserve and partially offset the foreign currency translation risk on the group's foreign currency net assets.

(ii) Interest rate risk
As at 31 March 2011, 40% (2010: 34%) of consolidated gross borrowings were in fixed rates taking into account interest rate swaps and forward rate agreements.

The group's policy is to borrow (directly or synthetically) in floating rates, reflecting the fact that floating rates are generally lower than fixed rates in the medium term. However, a minimum of 25% of consolidated net borrowings is required to be in fixed rates for a minimum duration of 12 months and the extent to which group borrowings may be in floating rates is restricted to the lower of 75% of consolidated net borrowings and that amount of net borrowings in floating rates that with a 1% increase in interest rates would increase finance costs by an amount equal to (but not more than) 1.20% of adjusted EBITDA. The policy also excludes borrowings arising from recent acquisitions and any inflation-linked debt, where there will be a natural hedge within business operations.

Exposure to movements in interest rates in group borrowings is managed through interest rate swaps and forward rate agreements. As at 31 March 2011, on a policy adjusted basis, excluding borrowings from recent acquisitions and any inflation-linked debt, 44% (2010: 47%) of consolidated net borrowings were in fixed rates. The impact of a 1% rise in interest rates on borrowings in floating rates would be equivalent to 0.67% (2010: 0.78%) of adjusted EBITDA.

23. Financial risk factors continued

The cash flow interest rate risk sensitivities on variable debt and interest rate swaps were:

	US dollars US$m	SA rand US$m	Euro US$m	Other European currencies US$m	Colombian peso US$m	Other US$m	Total US$m
At 31 March 2011							
Net debt[1]	**4,011**	**263**	**1,416**	**(23)**	**1,106**	**616**	**7,389**
Less fixed rate debt	**(4,404)**	**(236)**	**(1,417)**	**–**	**–**	**(168)**	**(6,225)**
Variable rate debt	**(393)**	**27**	**(1)**	**(23)**	**1,106**	**448**	**1,164**
Adjust for:							
Financial derivatives	**1,380**	**202**	**705**	**564**	**–**	**–**	**2,851**
Net variable rate debt exposure	**987**	**229**	**704**	**541**	**1,106**	**448**	**4,015**
+/- 100 bps change							
Potential impact on earnings	**10**	**2**	**7**	**5**	**11**	**5**	**40**
+/- 100 bps change							
Potential impact on other comprehensive income	**–**	**–**	**3**	**–**	**–**	**–**	**3**
At 31 March 2010							
Net debt[1]	4,862	392	1,458	88	1,205	630	8,635
Less fixed rate debt	(4,379)	(219)	(1,365)	–	–	(62)	(6,025)
Variable rate debt	483	173	93	88	1,205	568	2,610
Adjust for:							
Financial derivatives	225	188	1,071	600	567	–	2,651
Net variable rate debt exposure	708	361	1,164	688	1,772	568	5,261
+/- 100 bps change							
Potential impact on earnings	9	4	12	7	18	6	56
+/- 100 bps change							
Potential impact on other comprehensive income	3	–	3	–	–	–	6

[1] Excluding net borrowings-related derivative instruments.

Fair value sensitivity analysis for fixed income instruments

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed rates of interest that are accounted for at amortised cost are not subject to interest rate risk as defined in IFRS 7.

The group holds derivative contracts with a nominal value of US$2,933 million as at 31 March 2011 (2010: US$2,901 million) which are designated as fair value hedges. In the case of these instruments and the underlying fixed rate bonds, changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements net off almost completely in the income statement in the same period.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bps in interest rates at the reporting date would have increased/(decreased) other comprehensive income and the income statement by the amounts shown above. This analysis assumes all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2010.

Notes to the consolidated financial statements
continued

23. Financial risk factors continued

Interest rate profiles of financial liabilities
The following table sets out the contractual repricing included within the underlying borrowings (excluding net borrowings-related derivatives) exposed to either fixed interest rates or floating interest rates and revises this for the repricing effect of interest rate and cross currency swaps.

	2011 Total borrowings US$m	2011 Effect of derivatives US$m	2011 Total exposure US$m	2010 Total borrowings US$m	2010 Effect of derivatives US$m	2010 Total exposure US$m
Financial liabilities						
Repricing due:						
Within one year	**2,959**	**2,834**	**5,793**	3,399	2,806	6,205
Between one and two years	**–**	**–**	**–**	609	–	609
Between two and five years	**3,438**	**(1,459)**	**1,979**	3,369	(1,431)	1,938
In five years or more	**2,063**	**(1,375)**	**688**	2,037	(1,375)	662
Total interest bearing	**8,460**	**–**	**8,460**	9,414	–	9,414
Analysed as:						
Fixed rate interest	**6,225**	**(2,834)**	**3,391**	6,025	(2,806)	3,219
Floating rate interest	**2,235**	**2,834**	**5,069**	3,389	2,806	6,195
Total interest bearing	**8,460**	**–**	**8,460**	9,414	–	9,414

(iii) Price risk

Commodity price risk
The group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as the price of malt, barley, sugar and aluminium. Commodity price risk is managed within minimum and maximum guard rails principally through multi-year fixed price contracts with suppliers and, where appropriate, derivative contracts. The group hedges a proportion of commodity supply and price risk for a period of up to five years. Where derivative contracts are used the group manages exposures principally through exchange-traded futures, forwards and swaps.

At 31 March 2011 the notional value of commodity derivatives amounted to US$21 million (2010: US$42 million). No sensitivity analysis has been provided on these outstanding contracts as the impact is considered to be immaterial.

Equity securities price risk
The group is exposed to equity securities price risk because of investments held by the group and classified on the balance sheet as available for sale investments. No sensitivity analysis has been provided on these outstanding contracts as the impact is considered to be immaterial.

b. Credit risk
Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments

The group limits its exposure to financial institutions by setting credit limits on a sliding scale based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB- by Standard & Poors and Baa3 from Moody's. For banks with a lower credit rating, or with no international credit rating, a maximum limit of US$3 million is applied, unless specific approval is obtained from either the chief financial officer or the audit committee of the board. The utilisation of credit limits is regularly monitored. To reduce credit exposures, the group has ISDA Master Agreements with most of its counterparties for financial derivatives, which permit net settlement of assets and liabilities in certain circumstances.

Trade and other receivables

There is no significant concentration of credit risk with respect to trade receivables as the group has a large number of customers which are internationally dispersed. The type of customers range from wholesalers and distributors to smaller retailers. The group has implemented policies that require appropriate credit checks on potential customers before sales commence. Credit risk is managed by limiting the aggregate amount of exposure to any one counterparty.

The group considers its maximum credit risk to be US$2,984 million (2010: US$2,749 million) which is the total of the group's financial assets.

c. Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group finances its operations through cash generated by the business and a mixture of short-term and medium-term bank credit facilities, bank loans, corporate bonds and commercial paper with a range of maturity dates. In this way, the group ensures that it is not overly reliant on any particular liquidity source or that maturities of borrowings sourced in this way are not overly concentrated.

Subsidiaries have access to local bank credit facilities, but are principally funded by the group.

At 31 March 2011 the group had the following core lines of credit that were available for general corporate purposes and which were maintained by SABMiller plc:

- US$2,000 million committed syndicated facility maturing in December 2012.
- US$600 million committed syndicated facility maturing in May 2011.

23. Financial risk factors continued

In April 2011 the group entered into a five-year US$2,500 million committed syndicated facility, with the option of two one-year extensions. This replaced the existing facilities, described above, which were both voluntarily cancelled.

Liquidity risk faced by the group is mitigated by having diverse sources of finance available to it and by maintaining substantial unutilised banking facilities and reserve borrowing capacity, as indicated by the level of undrawn facilities.

As at 31 March 2011, borrowing capacity under committed bank facilities amounted to US$3,164 million (2010: US$3,579 million).

The table below analyses the group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$m	Between 1 and 2 years US$m	Between 2 and 5 years US$m	Over 5 years US$m
At 31 March 2011				
Borrowings	**(1,689)**	**(1,096)**	**(4,380)**	**(2,003)**
Derivative financial instruments	**(124)**	**(18)**	**(21)**	**(2)**
Trade and other payables	**(2,924)**	**(73)**	**–**	**–**
Financial guarantee contracts	**(5)**	**(3)**	**–**	**–**
At 31 March 2010[1]				
Borrowings	(1,746)	(1,921)	(5,359)	(2,694)
Derivative financial instruments	(253)	(63)	(26)	–
Trade and other payables	(2,704)	(117)	(2)	–
Financial guarantee contracts	(16)	–	–	–

[1] As restated (see note 29).

The table below analyses the group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$m	Between 1 and 2 years US$m	Between 2 and 5 years US$m	Over 5 years US$m
At 31 March 2011				
Forward foreign exchange contracts				
Outflow	**(423)**	**(30)**	**–**	**–**
Inflow	**384**	**30**	**–**	**–**
Cross currency swaps				
Outflow	**(29)**	**(33)**	**(315)**	**(422)**
Inflow	**19**	**23**	**326**	**446**
At 31 March 2010				
Forward foreign exchange contracts				
Outflow	(488)	(74)	–	–
Inflow	434	67	–	–
Cross currency swaps				
Outflow	(152)	(239)	(607)	(583)
Inflow	145	241	694	653

Capital management

The capital structure of the group consists of net debt (see note 28c) and shareholders' equity.

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Besides the minimum capitalisation rules that may apply to subsidiaries in different countries, the group's only externally imposed capital requirement relates to the group's core lines of credit which include a net debt to EBITDA financial covenant which was complied with throughout the year.

The group monitors its financial capacity and credit ratings by reference to a number of key financial ratios and cash flow metrics including net debt to adjusted EBITDA and interest cover. These provide a framework within which the group's capital base is managed including dividend policy.

The group is currently rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services, both with a stable outlook.

Notes to the consolidated financial statements
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23. Financial risk factors continued

Fair value estimation
The following table presents the group's financial assets and liabilities that are measured at fair value.

	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
At 31 March 2011				
Assets				
Financial assets at fair value through profit or loss				
Derivative financial instruments	**–**	**346**	**–**	**346**
Available for sale investments	**1**	**19**	**15**	**35**
Total assets	**1**	**365**	**15**	**381**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	**–**	**(135)**	**–**	**(135)**
Total liabilities	**–**	**(135)**	**–**	**(135)**
At 31 March 2010				
Assets				
Financial assets at fair value through profit or loss				
Derivative financial instruments	–	429	–	429
Available for sale investments	1	16	15	32
Total assets	1	445	15	461
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	–	(321)	–	(321)
Total liabilities	–	(321)	–	(321)

The levels of the fair value hierarchy and its application to the group's financial assets and liabilities are described below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices):

The fair values of financial instruments that are not traded in an active market (for example, over the counter derivatives or infrequently traded listed investments) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data:

Specific valuation techniques, such as discounted cash flow analysis, are used to determine fair value of the remaining financial instruments.

The following table presents the changes in level 3 instruments for the years ended 31 March.

	Available for sale investments	
	2011 US$m	2010 US$m
At 1 April	**15**	15
Exchange adjustments	**–**	1
Additions	**1**	–
Disposals	**–**	(1)
Impairment	**(1)**	–
At 31 March	**15**	15

24. Derivative financial instruments

Current derivative financial instruments

	2011 Assets US$m	2011 Liabilities US$m	2010 Assets US$m	2010 Liabilities US$m
Embedded derivatives	–	–	–	(4)
Interest rate swaps designated as cash flow hedges[1]	–	–	–	(4)
Forward foreign currency contracts – on operating items	3	(12)	5	(12)
Forward foreign currency contracts – on borrowings[1]	1	(1)	–	(1)
Forward foreign currency contracts designated as net investment hedges	–	(13)	–	–
Forward foreign currency contracts designated as cash flow hedges	8	(11)	–	(26)
Cross currency swaps – on operating items	–	–	–	(1)
Cross currency swaps – on borrowings[1]	–	(13)	14	(125)
Commodity contracts designated as cash flow hedges	4	–	1	(1)
	16	(50)	20	(174)

[1] Borrowings-related derivative financial instruments amounting to a net liability of US$13 million (2010: US$116 million).

Non-current derivative financial instruments

	2011 Assets US$m	2011 Liabilities US$m	2010 Assets US$m	2010 Liabilities US$m
Interest rate swaps designated as fair value hedges[1]	269	(4)	252	–
Interest rate swaps designated as cash flow hedges[1]	–	(7)	–	(9)
Forward foreign currency contracts – on borrowings[1]	4	(1)	2	(1)
Forward foreign currency contracts designated as net investment hedges	1	(16)	2	(17)
Forward foreign currency contracts designated as cash flow hedges	–	–	–	(7)
Cross currency swaps – on borrowings[1]	50	–	123	(14)
Cross currency swaps designated as net investment hedges	6	(56)	30	(99)
Commodity contracts designated as cash flow hedges	–	(1)	–	–
	330	(85)	409	(147)

[1] Borrowings-related derivative financial instruments amounting to a net asset of US$311 million (2010: US$353 million).

Derivatives designated as hedging instruments

(i) Fair value hedges

The group has entered into several interest rate swaps to pay floating and receive fixed interest which have been designated as fair value hedges to hedge exposure to changes in the fair value of its US dollar and euro fixed rate borrowings. Non-current borrowings are designated as the hedged item as part of the fair value hedge. The borrowings and the interest rate swaps have the same critical terms.

As at 31 March 2011, the notional amount of the US dollar interest rate swaps was US$2,225 million (2010: US$2,225 million). The fixed interest rates received vary from 5.5% to 6.625% (2010: 5.5% to 6.625%) and the floating interest rates paid vary from LIBOR plus 71.6 bps to LIBOR plus 198.8 bps (2010: LIBOR plus 71.6 bps to LIBOR plus 198.8 bps) on the notional amount.

As at 31 March 2011, the notional amount of the euro interest rate swaps was €500 million (2010: €500 million). The fixed interest rates received are 4.5% (2010: 4.5%) and floating interest rates paid vary from EURIBOR plus 177 bps to EURIBOR plus 178 bps on the notional amount (2010: EURIBOR plus 177 bps to EURIBOR plus 178 bps on the notional amount).

As at 31 March 2011, the carrying value of the hedged borrowings was US$3,212 million (2010: US$3,152 million).

(ii) Cash flow hedges

The group has entered into interest rate swaps designated as cash flow hedges to manage the interest rate on borrowings. The notional amount of these interest rate swaps was US$99 million equivalent (2010: US$345 million). The fair value of these interest rate swaps was a liability of US$7 million (2010: US$13 million). The fixed interest rate paid is 4.7% (2010: 3.5% to 4.7%) and the floating rates received are EURIBOR plus zero bps (2010: LIBOR and EURIBOR plus zero bps). As at 31 March 2011, the carrying value of the hedged borrowings was US$99 million (2010: US$345 million).

The group has entered into forward exchange contracts designated as cash flow hedges to manage short-term foreign currency exposures to expected net operating costs including future trade imports and exports. As at 31 March 2011, the notional amounts of these contracts were €182 million, US$460 million, GBP120 million and Czech koruna (CZK) 299 million (2010: €195 million and US$153 million).

The group has entered into commodity contracts designated as cash flow hedges to manage the future price of commodities. As at 31 March 2011, the notional amount of forward contracts for the purchase price of corn was US$2 million (2010: US$8 million) and the notional amount of forward contracts for the purchase price of aluminium was US$19 million (2010: US$34 million).

Notes to the consolidated financial statements
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24. Derivative financial instruments continued

The following table indicates the period in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and impact the income statement.

	Carrying amount US$m	Expected cash flows US$m	Less than 1 year US$m	Between 1 and 2 years US$m	Between 2 and 5 years US$m	More than 5 years US$m
At 31 March 2011						
Interest rate swaps:						
Liabilities	**(7)**	**(7)**	**(2)**	**(2)**	**(3)**	**–**
Forward foreign currency contracts:						
Assets	**8**	**9**	**9**	**–**	**–**	**–**
Liabilities	**(11)**	**(12)**	**(12)**	**–**	**–**	**–**
Commodity contracts:						
Assets	**4**	**4**	**4**	**–**	**–**	**–**
Liabilities	**(1)**	**(1)**	**–**	**(1)**	**–**	**–**
	(7)	**(7)**	**(1)**	**(3)**	**(3)**	**–**
At 31 March 2010						
Interest rate swaps:						
Liabilities	(13)	(13)	(4)	(3)	(6)	–
Forward foreign currency contracts:						
Liabilities	(33)	(36)	(29)	(7)	–	–
Commodity contracts:						
Assets	1	1	1	–	–	–
Liabilities	(1)	(1)	(1)	–	–	–
	(46)	(49)	(33)	(10)	(6)	–

(iii) Hedges of net investments in foreign operations

The group has entered into several forward foreign currency contracts and cross currency swaps which it has designated as hedges of net investments in its foreign subsidiaries in South Africa, the Czech Republic, Poland, Italy and Peru to hedge the group's exposure to foreign exchange risk on these investments. Net losses relating to forward foreign currency contracts and cross currency swaps of US$137 million (2010: losses of US$310 million) have been recognised in other comprehensive income.

Analysis of notional amounts on financial instruments designated as net investment hedges:

	2011 m	2010 m
Forward foreign currency contracts:		
SA rand (ZAR)	**1,459**	1,703
Czech koruna (CZK)	**5,500**	5,500
Peruvian nuevo sol (PEN)	**328**	294
Cross currency swaps:		
SA rand (ZAR)	**2,799**	2,799
Polish zloty (PLN)	**649**	649
Czech koruna (CZK)	**2,258**	2,258
Euro (€)	**–**	38

Standalone derivative financial instruments

(i) Forward foreign currency contracts

The group has entered into forward foreign currency contracts to manage short-term foreign currency exposures to expected future trade imports and exports. These derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement. As at 31 March 2011 the notional amounts of these contracts were €83 million and US$136 million (2010: €53 million, US$35 million and ZAR22 million).

The group has entered into forward foreign currency contracts to manage foreign currency exposures on intercompany loan balances. These derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement. As at 31 March 2011 the notional amounts of these contracts were €21 million, GBP25 million, Russian rouble (RUB) 2,530 million, Romanian lei (RON) 319 million, Polish zloty (PLN) 230 million, Swiss franc (CHF) 15 million, SA rand (ZAR) 66 million and Czech koruna (CZK) 2,500 million (2010: US$205 million, RUB1,640 million and RON122 million).

24. Derivative financial instruments continued

(ii) Cross currency swaps

The group has entered into cross currency swaps to manage foreign currency exposures on intercompany loan balances. These derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement. As at 31 March 2011 the notional amounts of these contracts were €317 million, RUB1,400 million and PLN443 million (2010: €571 million, RUB2,900 million and PLN443 million).

Previously the group had entered into cross currency swaps to manage the fluctuation of the exchange rates over a portion of its US dollar debt. These derivatives were fair valued based on discounted future cash flows with gains and losses taken to the income statement. During the year these contracts matured. As at 31 March 2010 the notional amount of these contracts was US$300 million.

Previously the group had entered into a cross currency swap to hedge the exposure to foreign exchange risk on its investment in foreign subsidiaries in Colombia. This derivative was fair valued based on discounted future cash flows with gains and losses taken to the income statement. During the year this contract matured. As at 31 March 2010 the notional amount of this contract was COP272,220 million.

Fair value loss on financial instruments recognised in the income statement

	2011 US$m	2010 US$m
Derivative financial instruments:		
Interest rate swaps designated as fair value hedges	**12**	(116)
Forward foreign currency contracts	**(13)**	(7)
Forward foreign currency contracts designated as fair value hedges	**3**	(1)
Cross currency swaps	**(39)**	(99)
Cross currency swaps designated as net investment hedges	**(4)**	(8)
Change in valuation methodology of financial instruments	**–**	(17)
	(41)	(248)
Other financial instruments:		
Non-current borrowings designated as the hedged item in a fair value hedge	**(14)**	118
Total fair value loss on financial instruments recognised in the income statement	**(55)**	(130)

Fair value gains or losses on borrowings and derivative financial instruments held to hedge interest rate risk on borrowings are recognised as part of net finance costs. Fair value gains or losses on all other derivative financial instruments are recognised in operating profit.

Reconciliation of total financial instruments

The table below reconciles the group's accounting categorisation of financial assets and liabilities (based on initial recognition) to the classes of assets and liabilities as shown on the face of the balance sheet.

	Fair value through income statement US$m	Loans and receivables US$m	Available for sale US$m	Financial liabilities held at amortised cost US$m	Not categorised as a financial instrument US$m	Total US$m	Non-current US$m	Current US$m
At 31 March 2011								
Assets								
Available for sale investments	**–**	**–**	**35**	**–**	**–**	**35**	**35**	**–**
Derivative financial instruments	**346**	**–**	**–**	**–**	**–**	**346**	**330**	**16**
Trade and other receivables	**–**	**1,536**	**–**	**–**	**291**	**1,827**	**140**	**1,687**
Cash and cash equivalents	**–**	**1,067**	**–**	**–**	**–**	**1,067**	**–**	**1,067**
Liabilities								
Derivative financial instruments	**(135)**	**–**	**–**	**–**	**–**	**(135)**	**(85)**	**(50)**
Borrowings	**–**	**–**	**–**	**(8,460)**	**–**	**(8,460)**	**(7,115)**	**(1,345)**
Trade and other payables	**–**	**–**	**–**	**(3,008)**	**(574)**	**(3,582)**	**(98)**	**(3,484)**
At 31 March 2010[1]								
Assets								
Available for sale investments	–	–	32	–	–	32	31	1
Derivative financial instruments	429	–	–	–	–	429	409	20
Trade and other receivables	–	1,509	–	–	273	1,782	117	1,665
Cash and cash equivalents	–	779	–	–	–	779	–	779
Liabilities								
Derivative financial instruments	(321)	–	–	–	–	(321)	(147)	(174)
Borrowings	–	–	–	(9,414)	–	(9,414)	(7,809)	(1,605)
Trade and other payables	–	–	–	(2,832)	(541)	(3,373)	(145)	(3,228)

[1] As restated (see note 29).

Notes to the consolidated financial statements
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25. Provisions

	Litigation and demerged entities US$m	Post-retirement benefits US$m	Taxation-related US$m	Restructuring US$m	Payroll-related US$m	Other US$m	Total US$m
At 1 April 2009	69	217	276	30	33	47	672
Exchange adjustments	7	59	34	2	7	1	110
Acquisitions – through business combinations	1	–	–	–	–	4	5
Charged/(credited) to the income statement							
– Additional provision in year	8	36	20	10	18	16	108
– Unused amounts reversed	–	(3)	(13)	–	–	(1)	(17)
Utilised in the year							
– Existing	(3)	(34)	(5)	(10)	(9)	(16)	(77)
Actuarial losses recorded in other comprehensive income	–	15	–	–	–	–	15
Transfer to payables/receivables	(4)	–	(4)	–	3	(3)	(8)
At 31 March 2010	78	290	308	32	52	48	808
Exchange adjustments	4	10	7	3	2	1	27
Acquisitions – through business combinations	4	1	–	–	–	3	8
Charged/(credited) to the income statement							
– Additional provision in year	12	28	21	49	15	13	138
– Unused amounts reversed	–	(6)	(24)	–	(3)	–	(33)
Utilised in the year							
– Existing	(5)	(35)	(10)	(14)	(20)	(12)	(96)
Actuarial losses recorded in other comprehensive income	–	28	–	–	–	–	28
Transfers to disposal group classified as held for sale	(1)	(6)	–	–	–	(3)	(10)
At 31 March 2011	**92**	**310**	**302**	**70**	**46**	**50**	**870**
Analysed as:							
Current	48	2	254	58	11	37	410
Non-current	44	308	48	12	35	13	460
	92	**310**	**302**	**70**	**46**	**50**	**870**

Demerged entities and litigation
During the year ended 31 March 1998, the group recognised a provision of US$117 million for the disposal of certain demerged entities in relation to equity injections which were not regarded as recoverable, as well as potential liabilities arising on warranties and the sale agreements. During the year ended 31 March 2011, US$1 million (2010: US$nil) of this provision was utilised in regard to costs associated with SAB Ltd's previously disposed of remaining retail interests. The residual balance of US$16 million relates mainly to the disposal of OK Bazaars (1929) Ltd to Shoprite Holdings Ltd (Shoprite). As disclosed in previous annual reports, a number of claims were made by Shoprite in relation to the valuation of the net assets of OK Bazaars at the time of the sale and for alleged breaches by SAB Ltd of warranties contained in the sale agreements. These claims are being contested by SAB Ltd.

There are US$76 million (2010: US$62 million) of provisions in respect of outstanding litigation within various operations, based on management's expectation that the outcomes of these disputes are expected to be resolved within the forthcoming five years.

While a full provision for all claims has already been made, the actual outcome of the disputes and the timing of the resolution cannot be estimated by the directors at this time. The further information ordinarily required by IAS 37, 'Provisions, contingent liabilities and contingent assets' has not been disclosed on the grounds that it can be expected to seriously prejudice the outcome of the disputes.

Post-retirement benefits
The provision for post-retirement benefits represents the provision for medical benefits for retired employees and their dependants in South Africa, for post-retirement medical and life insurance benefits for eligible employees and their dependants in North America and Europe, medical and other benefits in Latin America, and pension provisions for employees in North America, Latin America, Europe and Africa. The principal assumptions on which these provisions are based are disclosed in note 32.

25. Provisions continued

Taxation-related
The group has recognised various provisions in relation to taxation exposures it believes may arise. The provisions principally relate to non-corporate taxation and interest and penalties on corporate taxation in respect of a number of group companies. Any settlement in respect of these amounts will occur as and when the assessments are finalised with the respective tax authorities.

Restructuring
This includes the remaining provision for restructuring costs related primarily to Europe which management expects to be utilised within four years.

Payroll-related
This includes US$20 million (2010: US$13 million) within South Africa relating to employee long service awards. These are expected to be utilised on an ongoing basis when service awards fall due.

Other provisions
Included within other provisions are environmental provisions, onerous contract provisions, insurance provisions and other provisions. These are expected to be utilised within five years.

26. Share capital

	2011 US$m	2010 US$m
Group and company		
Called up, allotted and fully paid share capital		
1,659,040,014 ordinary shares of 10 US cents each (2010: 1,654,749,852)	**166**	165
50,000 deferred shares of £1.00 each (2010: 50,000)	**–**	–
	166	165

	Ordinary shares of 10 US cents each	Deferred shares of £1 each	Nominal value US$m
At 1 April 2009	1,585,366,969	50,000	159
Issue of shares – share incentive plans	9,382,883	–	–
Issue of shares – Polish non-controlling interest buyout transaction	60,000,000	–	6
At 31 March 2010	1,654,749,852	50,000	165
Issue of shares – share incentive plans	4,290,162	–	1
At 31 March 2011	**1,659,040,014**	**50,000**	**166**

Changes to authorised share capital
With effect from 1 October 2009, the company adopted new articles of association which removed any previous limit on the authorised share capital. Directors are still limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

Changes to issued share capital
During the year, the company issued 4,290,162 (2010: 9,382,883) new ordinary shares of 10 US cents to satisfy the exercise of options granted under the various share incentive plans, for consideration of US$73 million (2010: US$114 million).

On 29 May 2009, 60 million new ordinary shares of 10 US cents were issued as consideration for the purchase of the remaining 28.1% non-controlling interest in the group's Polish subsidiary, Kompania Piwowarska SA.

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26. Share capital continued

Rights and restrictions relating to share capital

Convertible participating shares

Altria is entitled to require the company to convert its ordinary shares into convertible participating shares so as to ensure that Altria's voting shareholding does not exceed 24.99% of the total voting shareholding.

If such an event occurs, the convertible participating shares will rank pari passu with the ordinary shares in all respects and no action shall be taken by the company in relation to ordinary shares unless the same action is taken in respect of the convertible participating shares. On distribution of the profits (whether by cash dividend, dividend in specie, scrip dividend, capitalisation issue or otherwise), the convertible participating shares will rank pari passu with the ordinary shares. On a return of capital (whether winding-up or otherwise), the convertible participating shares will rank pari passu with the ordinary shares.

Altria is entitled to vote its convertible participating shares at general meetings of the company on a poll on the basis of one-tenth of a vote for every convertible participating share on all resolutions other than a resolution:

(i) proposed by any person other than Altria, to wind-up the company;

(ii) proposed by any person other than Altria, to appoint an administrator or to approve any arrangement with the company's creditors;

(iii) proposed by the board, to sell all or substantially all of the undertaking of the company; or

(iv) proposed by any person other than Altria, to alter any of the class rights attaching to the convertible participating shares or to approve the creation of any new class of shares,

in which case Altria shall be entitled on a poll to vote on the resolution on the basis of one vote for each convertible participating share, but, for the purposes of any resolution other than a resolution mentioned in (iv) above, the convertible participating shares shall be treated as being of the same class as the ordinary shares and no separate meeting or resolution of the holders of the convertible participating shares shall be required to be convened or passed.

Upon a transfer of convertible participating shares by Altria other than to an affiliate, such convertible participating shares shall convert into ordinary shares.

Altria is entitled to require the company to convert its convertible participating shares into ordinary shares if:

(i) a third party has made a takeover offer for the company and (if such offer becomes or is declared unconditional in all respects) it would result in the voting shareholding of the third party being more than 30% of the total voting shareholding; and

(ii) Altria has communicated to the company in writing its intention not itself to make an offer competing with such third party offer, provided that the conversion date shall be no earlier than the date on which the third party's offer becomes or is declared unconditional in all respects.

Altria is entitled to require the company to convert its convertible participating shares into ordinary shares if the voting shareholding of a third party should be more than 24.99%, provided that:

(i) the number of ordinary shares held by Altria following such conversion shall be limited to one ordinary share more than the number of ordinary shares held by the third party; and

(ii) such conversion shall at no time result in Altria's voting shareholding being equal to or greater than the voting shareholding which would require Altria to make a mandatory offer in terms of rule 9 of the City Code.

If Altria wishes to acquire additional ordinary shares (other than pursuant to a pre-emptive issue of new ordinary shares or with the prior approval of the board), Altria shall first convert into ordinary shares the lesser of:

(i) such number of convertible participating shares as would result in Altria's voting shareholding being such percentage as would, in the event of Altria subsequently acquiring one additional ordinary share, require Altria to make a mandatory offer in terms of rule 9 of the City Code; and

(ii) all of its remaining convertible participating shares.

26. Share capital continued

The company shall use its best endeavours to procure that the ordinary shares arising on conversion of the convertible participating shares are admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, admitted to listing and trading on the JSE Ltd, and admitted to listing and trading on any other stock exchange upon which the ordinary shares are from time to time listed and traded, but no admission to listing or trading shall be sought for the convertible participating shares whilst they remain convertible participating shares.

Deferred shares

The deferred shares do not carry any voting rights and do not entitle holders thereof to receive any dividends or other distributions. In the event of a winding up deferred shareholders would receive no more than the nominal value. Deferred shares represent the only non-equity share capital of the group.

Share-based payments

The group operates various equity-settled share incentive plans. The share incentives outstanding are summarised as follows.

Scheme	2011 Number	2010 Number
GBP share options	**15,088,057**	13,515,685
ZAR share options	**13,686,079**	13,447,779
GBP stock appreciation rights (SARs)	**3,575,370**	4,297,049
GBP performance share awards	**7,364,124**	6,915,855
GBP value share awards	**3,168,200**	–
Total share incentives outstanding[1]	**42,881,830**	38,176,368

[1] Total share incentives outstanding exclude shares relating to the BBBEE scheme.

Further details relating to all of the share incentive schemes can be found in the remuneration report on pages 65 to 75.

The exercise prices of incentives outstanding at 31 March 2011 ranged from £0 to £22.44 and ZAR43.09 to ZAR225.08 (2010: £0 to £17.14 and ZAR45.97 to ZAR215.31). The movement in share awards outstanding is summarised in the following tables.

GBP share options

GBP share options include share options granted under the Executive Share Option Plan 2008, the Approved Executive Share Option Plan 2008, the Executive Share Option (No.2) Scheme, the Approved Executive Share Option Scheme and the International Employee Share Scheme. No further grants can be made under the now closed Executive Share Option (No.2) Scheme, the Approved Executive Share Option Scheme, or the International Employee Share Scheme; although outstanding grants may still be exercised until they reach their expiry date.

	Number of options	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2009	16,016,731	9.61	–
Granted	3,847,500	12.36	4.29
Lapsed	(338,033)	12.19	–
Exercised	(6,010,513)	7.97	–
Outstanding at 31 March 2010	13,515,685	11.05	–
Granted	4,178,150	19.58	5.87
Lapsed	(521,316)	12.91	–
Exercised	(2,084,462)	10.27	–
Outstanding at 31 March 2011	**15,088,057**	**13.46**	**–**

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continued

26. Share capital continued

ZAR share options
Share options designated in ZAR include share options granted under the South African Executive Share Option Plan 2008 and the Mirror Executive Share Purchase Scheme (South Africa). No further grants can be made under the Mirror Executive Share Purchase Scheme (South Africa) although outstanding grants may still be exercised until they reach their expiry date.

	Number of options	Weighted average exercise price ZAR	Weighted average fair value at grant date ZAR
Outstanding at 1 April 2009	14,336,899	126.14	–
Granted	2,903,050	203.64	104.00
Lapsed	(419,800)	163.03	–
Exercised	(3,372,370)	88.21	–
Outstanding at 31 March 2010	13,447,779	151.23	–
Granted	2,943,850	222.55	88.63
Lapsed	(499,850)	176.93	–
Exercised	(2,205,700)	126.34	–
Outstanding at 31 March 2011	**13,686,079**	**169.64**	**–**

GBP SARs
GBP SARs include stock appreciation rights granted under the Stock Appreciation Rights Plan 2008 and the International Employee Stock Appreciation Rights Scheme. No further grants can be made under the now closed International Employee Stock Appreciation Rights Scheme, although outstanding grants may still be exercised until they reach their expiry date.

	Number of SARs	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2009	7,030,030	9.07	–
Granted	84,200	12.31	3.59
Lapsed	(309,053)	12.12	–
Exercised	(2,508,128)	8.03	–
Outstanding at 31 March 2010	4,297,049	9.54	–
Granted	49,900	19.51	5.85
Lapsed	(24,036)	10.81	–
Exercised	(747,543)	9.27	–
Outstanding at 31 March 2011	**3,575,370**	**9.72**	**–**

GBP performance share awards
GBP performance share awards include awards made under the Executive Share Award Plan 2008, the Performance Share Award Scheme and the International Performance Share Award Sub-Scheme. No further awards can be made under the Performance Share Award Scheme and the International Performance Share Award Sub-Scheme, although outstanding awards remain and will vest, subject to the achievement of their respective performance conditions on their vesting date.

	Number of awards	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2009	6,443,200	–	–
Granted	2,808,782	–	10.27
Lapsed	(725,995)	–	–
Released to participants	(1,610,132)	–	–
Outstanding at 31 March 2010	6,915,855	–	–
Granted	2,012,800	–	18.08
Lapsed	(734,088)	–	–
Released to participants	(830,443)	–	–
Outstanding at 31 March 2011	**7,364,124**	**–**	**–**

26. Share capital continued

GBP value share awards

The 3,317,000 value share awards granted represent the theoretical maximum number of awards that could possibly vest in the future, although in practice it is extremely unlikely that this number of awards would be released.

	Number of value shares (per £10 million of additional value)	Theoretical maximum shares at cap	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2010	–	–	–	–
Granted	1,070	3,317,000	–	7.61
Lapsed	(48)	(148,800)	–	–
Outstanding at 31 March 2011	**1,022**	**3,168,200**	**–**	**–**

Outstanding share incentives

The following table summarises information about share incentives outstanding at 31 March.

Range of exercise prices	Number 2011	Weighted average remaining contractual life in years 2011	Number 2010	Weighted average remaining contractual life in years 2010
GBP share options				
£4 – £5	**229,452**	**1.9**	439,159	2.5
£5 – £6	**161,070**	**1.9**	249,455	2.6
£6 – £7	**501,543**	**3.1**	702,543	4.1
£8 – £9	**687,427**	**4.1**	824,320	5.1
£9 – £10	**116,000**	**7.6**	116,000	8.6
£10 – £11	**1,345,838**	**5.5**	1,795,799	6.4
£11 – £12	**1,806,653**	**6.1**	2,737,885	7.1
£12 – £13	**6,213,927**	**7.7**	6,590,484	8.7
£13 – £14	**–**	**–**	25,840	7.6
£17 – £18	**34,200**	**8.6**	34,200	9.6
£19 – £20	**3,839,997**	**9.2**	–	–
£20 – £21	**71,950**	**9.7**	–	–
£22 – £23	**80,000**	**9.8**	–	–
	15,088,057	**7.2**	13,515,685	7.3

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26. Share capital continued

Range of exercise prices	Number 2011	Weighted average remaining contractual life in years 2011	Number 2010	Weighted average remaining contractual life in years 2010
ZAR share options				
R40 – R50	**–**	**–**	61,000	0.7
R50 – R60	**250,932**	**2.1**	271,132	3.1
R60 – R70	**518,900**	**1.8**	733,200	2.8
R70 – R80	**153,500**	**3.1**	236,000	4.1
R80 – R90	**18,000**	**1.2**	23,000	2.2
R90 – R100	**775,857**	**4.0**	1,181,657	5.0
R110 – R120	**40,000**	**4.4**	245,000	5.4
R120 – R130	**1,070,940**	**4.9**	1,507,740	5.8
R140 – R150	**2,355,500**	**7.3**	2,639,500	8.3
R150 – R160	**651,750**	**8.0**	665,750	9.0
R160 – R170	**620,350**	**6.1**	841,750	7.1
R170 – R180	**12,500**	**6.3**	37,500	7.3
R180 – R190	**2,246,300**	**6.9**	2,760,750	7.8
R210 – R220	**2,618,150**	**8.8**	2,243,800	7.7
R220 – R230	**2,353,400**	**9.7**	–	–
	13,686,079	**6.0**	13,447,779	6.9
GBP SARs				
£4 – £5	**377,468**	**1.8**	505,969	2.8
£6 – £7	**457,018**	**3.1**	570,585	4.1
£8 – £9	**590,884**	**4.1**	677,660	5.1
£9 – £10	**9,100**	**7.6**	9,100	8.6
£10 – £11	**654,634**	**5.1**	730,594	6.1
£11 – £12	**812,017**	**6.1**	1,066,989	7.1
£12 – £13	**607,649**	**7.3**	709,852	8.2
£13 – £14	**16,700**	**6.6**	26,300	7.6
£19 – £20	**49,900**	**9.2**	–	–
	3,575,370	**5.0**	4,297,049	5.9
GBP performance share awards				
£0	**7,364,124**	**2.4**	6,915,855	1.3
GBP value share awards				
£0	**3,168,200**	**3.2**	–	–
Total share incentives outstanding	**42,881,830**	**5.5**	38,176,368	5.9

Exerciseable share incentives
The following table summarises information about exerciseable share incentives outstanding at 31 March.

	Number 2011	Weighted average exercise price 2011	Number 2010	Weighted average exercise price 2010
GBP share options	**4,335,349**	**9.75**	4,882,195	9.11
ZAR share options	**4,914,079**	**128.71**	2,838,272	97.61
GBP SARs	**3,525,470**	**9.59**	4,203,749	9.48

26. Share capital continued

Share incentives exercised or vested

The weighted average market price of the group's shares at the date of exercise or vesting for share incentives exercised or vested during the year were:

	Number 2011	Weighted average market price 2011	Number 2010	Weighted average market price 2010
Share incentives designated in GBP	**3,662,448**	**20.15**	10,128,773	14.98
Share incentives designated in ZAR	**2,205,700**	**225.73**	3,372,370	196.44
Total share incentives exercised or vested during the year	**5,868,148**		13,501,143	

Broad-Based Black Economic Empowerment (BBBEE) scheme

On 9 June 2010 the initial allocation of participation rights was made in relation to the BBBEE scheme in South Africa. 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, were issued. The shares in SAB will be exchanged at the end of the estimated ten-year scheme term for shares in SABMiller plc based on a repurchase formula linked, inter alia, to the operating performance of SAB. No performance conditions and exercise prices are attached to these shares, although the employee component has a four-year vesting period. The weighted average fair value of each SAB share at the grant date was ZAR40.

Weighted average fair value assumptions

The fair value of services received in return for share awards granted is measured by reference to the fair value of share awards granted. The estimate of the fair value of the services received is measured based on a binomial model approach except for the awards under Performance Share Award schemes, the Executive Share Award Plan 2008 (including value share awards) and the BBBEE scheme which have been valued using Monte Carlo simulations.

The Monte Carlo simulation methodology is necessary for valuing share-based payments with TSR performance hurdles. This is achieved by projecting SABMiller plc's share price forwards, together with those of companies in the same comparator group, over the vesting period and/or life of the awards after considering their respective volatilities.

The following weighted average assumptions were used in these option pricing models during the year.

	2011	2010
Share price[1]		
– South African share option scheme (ZAR)	**226.66**	204.19
– BBBEE scheme – SAB share price (ZAR)	**162.68**	–
– All other schemes (£)	**19.49**	12.23
Exercise price[1]		
– South African share option scheme (ZAR)	**222.55**	203.64
– All other schemes (£)	**8.80**	7.21
Expected volatility[2]		
– BBBEE scheme	**27.1%**	–
– All other schemes	**29.2%**	30.6%
Dividend yield		
– BBBEE scheme	**4.9%**	–
– All other schemes	**2.5%**	4.0%
Annual forfeiture rate		
– South African share option scheme	**5.0%**	5.0%
– All other schemes	**3.0%**	3.0%
Risk-free interest rate		
– South African share option scheme	**8.7%**	9.0%
– BBBEE scheme	**8.3%**	–
– All other schemes	**2.9%**	2.9%

[1] The calculation is based on the weighted fair value of issues made during the year.

[2] Expected volatility is calculated by assessing the historical share price data in the United Kingdom and South Africa since May 2002.

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27. Retained earnings and other reserves

a. Retained earnings

	Treasury and EBT shares US$m	Retained earnings US$m	Total US$m
At 1 April 2009	(722)	7,218	6,496
Profit for the year	–	1,910	1,910
Other comprehensive income	–	(29)	(29)
Actuarial losses taken to other comprehensive income	–	(15)	(15)
Share of associates' and joint ventures' losses recognised in other comprehensive income	–	(17)	(17)
Deferred tax credit on items taken to other comprehensive income	–	3	3
Dividends paid	–	(924)	(924)
Payment for purchase of own shares for share trusts	(8)	–	(8)
Utilisation of EBT shares	57	(57)	–
Credit entry relating to share-based payments	–	80	80
At 31 March 2010	(673)	8,198	7,525
Profit for the year	–	2,408	2,408
Other comprehensive income	–	(63)	(63)
Actuarial losses taken to other comprehensive income	–	(28)	(28)
Share of associates' and joint ventures' losses recognised in other comprehensive income	–	(71)	(71)
Deferred tax credit on items taken to other comprehensive income	–	36	36
Dividends paid	–	(1,115)	(1,115)
Buyout of non-controlling interests	–	(10)	(10)
Utilisation of EBT shares	16	(16)	–
Credit entry relating to share-based payments	–	246	246
At 31 March 2011	**(657)**	**9,648**	**8,991**

The group's retained earnings include amounts of US$693 million (2010: US$678 million), the distribution of which is limited by statutory or other restrictions.

Treasury and EBT shares reserve
On 26 February 2009, 77,368,338 SABMiller plc non-voting convertible shares were converted into ordinary shares and then acquired by the company to be held as treasury shares. While the purchase price for each share was £10.54, the whole amount of the consideration was paid between group companies. On 15 February 2010, 5,300,000 of these treasury shares were transferred to the EBT for nil consideration. These shares will be used to satisfy awards outstanding under the various share incentive plans. As at 31 March 2011, a total of 72,068,338 shares (2010: 72,068,338) were held in treasury.

The EBT holds shares in SABMiller plc for the purposes of the various executive share incentive plans, further details of which are disclosed in the remuneration report. The shares currently rank pari passu with all other ordinary shares. At 31 March 2011 the EBT held 7,437,406 shares (2010: 8,672,331 shares) which cost US$94 million (2010: US$110 million) and had a market value of US$263 million (2010: US$255 million). These shares have been treated as a deduction in arriving at shareholders' funds. The EBT used funds provided by SABMiller plc to purchase such of the shares as were purchased in the market. The costs of funding and administering the scheme are charged to the income statement in the period to which they relate.

27. Retained earnings and other reserves continued

b. Other reserves
The analysis of other reserves is as follows.

	Foreign currency translation reserve US$m	Cash flow hedging reserve US$m	Net investment hedging reserve US$m	Available for sale reserve US$m	Total US$m
At 1 April 2009	(914)	(66)	107	1	(872)
Currency translation differences:					
– Subsidiaries	2,346	–	–	–	2,346
– Associates and joint ventures	101	–	–	–	101
Net investment hedges	–	–	(310)	–	(310)
Cash flow hedges	–	(59)	–	–	(59)
Available for sale investments	–	–	–	2	2
Deferred tax on items taken to other comprehensive income	–	(39)	–	–	(39)
Share of associates' and joint ventures' gains recognised in other comprehensive income	–	153	–	–	153
At 31 March 2010	1,533	(11)	(203)	3	1,322
Currency translation differences:					
– Subsidiaries	501	–	–	–	501
– Associates and joint ventures	149	–	–	–	149
Net investment hedges	–	–	(137)	–	(137)
Cash flow hedges	–	39	–	–	39
Deferred tax on items taken to other comprehensive income	–	(14)	–	–	(14)
Share of associates' and joint ventures' gains recognised in other comprehensive income	–	21	–	–	21
At 31 March 2011	**2,183**	**35**	**(340)**	**3**	**1,881**

Foreign currency translation reserve
The foreign currency translation reserve comprises all translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates.

28a. Reconciliation of profit for the year to net cash generated from operations

	2011 US$m	2010 US$m
Profit for the year	**2,557**	2,081
Taxation	**1,069**	848
Share of post-tax results of associates and joint ventures	**(1,024)**	(873)
Interest receivable and similar income	**(358)**	(316)
Interest payable and similar charges	**883**	879
Operating profit	**3,127**	2,619
Depreciation:		
– Property, plant and equipment	**665**	655
– Containers	**239**	226
Container breakages, shrinkages and write-offs	**24**	40
Profit on partial disposal of investment in associate	**(159)**	–
(Profit)/loss on disposal of property, plant and equipment	**(5)**	39
Profit on disposal of available for sale investments	**–**	(2)
Amortisation of intangible assets	**220**	203
Impairment of intangible assets	**14**	–
Impairment of property, plant and equipment	**31**	45
Impairment of working capital balances	**82**	34
Amortisation of advances to customers	**28**	28
Unrealised net loss from fair value hedges	**1**	1
Dividends received from other investments	**(1)**	(2)
Charge with respect to share options	**99**	80
Charge with respect to Broad-Based Black Economic Empowerment scheme	**147**	–
Other non-cash movements	**(10)**	8
Net cash generated from operations before working capital movements (EBITDA)	**4,502**	3,974
Decrease in inventories	**26**	78
(Increase)/decrease in receivables	**(147)**	48
Increase in payables	**161**	416
Increase in provisions	**18**	22
Increase/(decrease) in post-retirement benefit provisions	**8**	(1)
Net cash generated from operations	**4,568**	4,537

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continued

28a. Reconciliation of profit for the year to net cash generated from operations continued

Profit for the year and cash generated from operations before working capital movements includes cash flows relating to exceptional items of US$293 million (2010: US$339 million), comprising US$283 million (2010: US$301 million) in respect of business capability programme costs, US$8 million (2010: US$15 million) in respect of integration and restructuring costs, US$2 million (2010: US$11 million) in respect of Broad-Based Black Economic Empowerment scheme costs, and US$nil (2010: US$12 million) in respect of transaction costs.

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

	2011 US$m	2010 US$m
EBITDA	**4,502**	3,974
Cash exceptional items	**293**	339
Dividends received from MillerCoors	**822**	707
Adjusted EBITDA	**5,617**	5,020

28b. Reconciliation of net cash generated from operating activities to free cash flow

	2011 US$m	2010 US$m
Net cash generated from operating activities	**3,043**	3,277
Purchase of property, plant and equipment	**(1,189)**	(1,436)
Proceeds from sale of property, plant and equipment	**73**	37
Purchase of intangible assets	**(126)**	(92)
Investments in joint ventures	**(186)**	(353)
Investments in associates	**(4)**	(63)
Repayment of investments by associates	**68**	3
Dividends received from joint ventures	**822**	707
Dividends received from associates	**88**	106
Dividends received from other investments	**1**	2
Dividends paid to non-controlling interests	**(102)**	(160)
Free cash flow	**2,488**	2,028

28c. Analysis of net debt

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

	2011 US$m	2010 US$m
Cash and cash equivalents (balance sheet)	**1,067**	779
Cash and cash equivalents of disposal group classified as held for sale	**4**	–
	1,071	779
Overdrafts	**(258)**	(190)
Cash and cash equivalents (cash flow)	**813**	589

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 2009	422	(300)	(9,308)	487	(10)	(9,131)	(8,709)
Exchange adjustments	196	(106)	(665)	(8)	(2)	(781)	(585)
Cash flow	143	216	604	–	4	824	967
Acquisitions – through business combinations	18	–	(13)	–	(1)	(14)	4
Other movements	–	–	170	(242)	(3)	(75)	(75)
At 31 March 2010	779	(190)	(9,212)	237	(12)	(9,177)	(8,398)
Exchange adjustments	8	17	(174)	(3)	–	(160)	(152)
Cash flow	283	(72)	1,159	84	5	1,176	1,459
Acquisitions – through business combinations	1	(13)	–	–	(1)	(14)	(13)
Other movements	–	–	34	(20)	(1)	13	13
At 31 March 2011	**1,071**	**(258)**	**(8,193)**	**298**	**(9)**	**(8,162)**	**(7,091)**

28c. Analysis of net debt continued

The group's net debt is denominated in the following currencies.

	US dollars US$m	SA rand US$m	Euro US$m	Colombian peso US$m	Other currencies US$m	Total US$m
Total cash and cash equivalents	**609**	**30**	**111**	**96**	**225**	**1,071**
Total gross borrowings (including overdrafts)	**(4,334)**	**(290)**	**(1,482)**	**(1,202)**	**(854)**	**(8,162)**
	(3,725)	**(260)**	**(1,371)**	**(1,106)**	**(629)**	**(7,091)**
Cross currency swaps	**1,089**	**(413)**	**(116)**	**–**	**(560)**	**–**
Net debt at 31 March 2011	**(2,636)**	**(673)**	**(1,487)**	**(1,106)**	**(1,189)**	**(7,091)**
Total cash and cash equivalents	352	134	49	48	196	779
Total gross borrowings (including overdrafts)	(5,094)	(526)	(1,403)	(1,253)	(901)	(9,177)
	(4,742)	(392)	(1,354)	(1,205)	(705)	(8,398)
Cross currency swaps	2,124	(384)	(569)	(557)	(614)	–
Net debt at 31 March 2010	(2,618)	(776)	(1,923)	(1,762)	(1,319)	(8,398)

28d. Major non-cash transactions

2011
IFRS 2 share-based payment charges in relation to the retailer and employee components of the Broad-Based Black Economic Empowerment (BBBEE) scheme in South Africa were significant non-cash charges in the year.

The all-share merger of Tsogo Sun with GRR, a Johannesburg Stock Exchange listed business, on 24 February 2011 was a significant non-cash transaction in the year. The transaction was effected through the acquisition by GRR of Tsogo Sun, and the group exchanged its entire 49% shareholding in Tsogo Sun for a 39.68% shareholding in the listed enlarged entity.

Further details of both of these transactions are provided in note 4.

2010
The acquisition of the outstanding 28.1% non-controlling interest in the group's Polish subsidiary, Kompania Piwowarska SA, in exchange for the issue of 60 million ordinary shares in SABMiller plc was a significant non-cash transaction in the year.

29. Restatement of the balance sheet at 31 March 2010

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 year ended 31 March 2011 adjustments to provisional fair values in respect of these acquisitions were made which resulted in goodwill decreasing by US$5 million to US$11,579 million, current trade and other payables increasing by US$1 million to US$3,228 million and total equity decreasing by US$6 million to US$20,593 million. As a result comparative information for the year ended 31 March 2010 has been presented in the consolidated financial statements as if the adjustments to provisional fair values had been made from the respective transaction dates. The impact on the prior year income statement has been reviewed and no adjustments to the income statement are required as a result of the adjustments to provisional fair values.

30. Acquisitions and disposals

The following business combinations took effect during the year.

On 24 November 2010 the group acquired a 100% interest in Cervecería Argentina SA Isenbeck (CASA Isenbeck), the third largest brewer in Argentina, for cash consideration of US$38 million.

On 30 November 2010 the group acquired an 80% effective interest in Crown Foods Ltd, a mineral water and juice business in Kenya, for cash consideration of US$7 million.

Notes to the consolidated financial statements
continued

30. Acquisitions and disposals continued

All business combinations
All business combinations have been accounted for using the acquisition method. All assets were recognised at their respective fair values. The residual over the net assets acquired is recognised as goodwill in the financial statements. The following table represents the assets and liabilities acquired in respect of all business combinations entered into during the year ended 31 March 2011.

	Provisional fair value US$m
Intangible assets	7
Property, plant and equipment	22
Inventories	3
Trade and other receivables	5
Cash and cash equivalents	1
Overdrafts	(13)
Finance leases	(1)
Trade and other payables	(11)
Deferred tax liabilities	(1)
Provisions	(8)
Net assets acquired	4
Provisional goodwill	41
Consideration	**45**

Goodwill represents, amongst other things, tangible and intangible assets yet to be recognised separately from goodwill as the fair value valuations are still in progress, potential synergies and the value of the assembled workforce. None of the goodwill recognised is expected to be deductible for tax purposes.

The fair value of trade and other receivables was US$5 million and included trade receivables with a fair value of US$4 million. The gross contractual amount for trade receivables due was US$5 million, of which US$1 million is expected to be uncollectible.

Acquisition-related costs of US$3 million are included in administrative expenses in the consolidated income statement for the year ended 31 March 2011.

	US$m
Consideration satisfied by:	
Cash consideration	60
Cash and cash equivalents acquired	(12)
Deferred consideration paid relating to prior year acquisitions	(3)
	45

From the date of acquisition to 31 March 2011 the following amounts have been included in the group's income and cash flow statements for the year.

	US$m
Income statement	
Revenue	21
Operating loss	(3)
Loss before tax	(4)
Cash flow statement	
Cash utilised in operations	(2)
Net interest paid	(1)
Purchase of property, plant and equipment	(1)

If the date of the acquisitions made during the year had been 1 April 2010, then the group's revenue, operating profit and profit before tax for the year ended 31 March 2011 would have been as follows.

	US$m
Income statement	
Revenue	19,430
Operating profit	3,116
Profit before tax	3,614

30. Acquisitions and disposals continued

Non-controlling interests

The following non-controlling interests were acquired for cash consideration of US$12 million, generating additional equity of US$10 million.

Company	% acquired	Effective % holding after acquisition of non-controlling interest	Form of consideration	Country
Accra Brewery Ltd	27.2	60%	Cash	Ghana
Bavaria SA	0.1	99%	Cash	Colombia
Cervecería Nacional SA	0.1	97%	Cash	Panama

31. Commitments, contingencies and guarantees

a. Operating lease commitments

The minimum lease rentals to be paid under non-cancellable leases at 31 March 2011 are as follows.

	2011 US$m	2010 US$m
Land and buildings		
Within one year	**50**	50
Later than one year and less than five years	**106**	109
After five years	**26**	33
	182	192

	2011 US$m	2010 US$m
Plant, vehicles and systems		
Within one year	**50**	32
Later than one year and less than five years	**111**	54
After five years	**63**	37
	224	123

b. Other commitments

	2011 US$m	2010 US$m
Capital commitments not provided in the financial information		
Contracts placed for future expenditure for property, plant and equipment	**269**	261
Contracts placed for future expenditure for intangible assets	**1**	2
Share of capital commitments of joint ventures	**50**	37
Other commitments not provided in the financial information		
Contracts placed for future expenditure	**1,925**	2,086
Share of joint ventures' other commitments	**449**	482

Contracts placed for future expenditure in 2011 primarily relate to minimum purchase commitments for raw materials and packaging materials, which are principally due between 2011 and 2016. Additionally, as part of the business capability programme the group has entered into contracts for the provision of IT, communications and consultancy services and in relation to which the group had commitments of US$193 million at 31 March 2011 (2010: US$142 million).

The group's share of joint ventures' other commitments primarily relate to MillerCoors' various long-term non-cancellable advertising and promotion commitments.

Notes to the consolidated financial statements
continued

31. Commitments, contingencies and guarantees continued

c. Contingent liabilities and guarantees

	2011 US$m	2010 US$m
Guarantees to third parties provided in respect of trade loans[1]	**8**	16
Guarantees to third parties provided in respect of bank facilities	**3**	9
Share of joint ventures' contingent liabilities	**6**	8
Litigation[2]	**24**	14
Other contingent liabilities	**4**	–
	45	47

[1] **Guarantees to third parties provided in respect of trade loans**
These primarily relate to guarantees given by Grolsch to banks in relation to loans taken out by trade customers.

[2] **Litigation**
The group has a number of activities in a wide variety of geographic areas and is subject to certain legal claims incidental to its operations. In the opinion of the directors, after taking appropriate legal advice, these claims are not expected to have, either individually or in aggregate, a material adverse effect upon the group's financial position, except insofar as already provided in the consolidated financial statements. These include claims made by certain former employees in Ecuador arising out of events which took place before the group's investment in Ecuador in 2005, in respect of which, based on legal advice that they have no valid legal basis, the directors have determined that no provision is required and that they should continue to be contested.

Other
SABMiller and Altria entered into a tax matters agreement (the Agreement) on 30 May 2002, to regulate the conduct of tax matters between them with regard to the acquisition of Miller and to allocate responsibility for contingent tax costs. SABMiller has agreed to indemnify Altria against any taxes, losses, liabilities and costs that Altria incurs arising out of or in connection with a breach by SABMiller of any representation, agreement or covenant in the Agreement, subject to certain exceptions.

The group has exposures to various environmental risks. Although it is difficult to predict the group's liability with respect to these risks, future payments, if any, would be made over a period of time in amounts that would not be material to the group's financial position, except insofar as already provided in the consolidated financial statements.

32. Pensions and post-retirement benefits

The group operates a number of pension schemes throughout the world. These schemes have been designed and are administered in accordance with local conditions and practices in the countries concerned and include both defined contribution and defined benefit schemes. The majority of the schemes are funded and the schemes' assets are held independently of the group's finances. The assets of the schemes do not include any of the group's own financial instruments, nor any property occupied by or other assets used by the group. Pension and post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. Generally, the projected unit method is applied to measure the defined benefit scheme liabilities.

The group also provides medical benefits, which are mainly unfunded, for retired employees and their dependants in South Africa, The Netherlands and Latin America.

The total pension and post-retirement medical benefit costs recognised in the income statement, and related net liabilities on the balance sheet are as follows.

	2011 US$m	2010 US$m
Defined contribution scheme costs	**97**	83
Defined benefit pension plan costs	**17**	23
Post-retirement medical and other benefit costs	**5**	13
Accruals for defined contribution plans (balance sheet)	**3**	3
Provisions for defined benefit pension plans (balance sheet)	**196**	187
Provisions for other post-retirement benefits (balance sheet)	**114**	103

The group operates various defined contribution and defined benefit schemes. Details of the main defined benefit schemes are provided below.

Latin America pension schemes
The group operates a number of pension schemes throughout Latin America. Details of the major scheme are provided below.

The Colombian Labour Code Pension Plan is an unfunded scheme of the defined benefit type and covers all salaried and hourly employees in Colombia who are not covered by social security or who have at least 10 years of service prior to 1 January 1967. The plan is financed entirely through company reserves and there are no external assets. The most recent actuarial valuation of the Colombian Labour Code Pension Plan was carried out by independent professionally qualified actuaries at 28 February 2011 using the projected unit credit method. All salaried employees are now covered by social security or private pension fund provisions. The principal economic assumptions used in the preparation of the pension valuations are shown below and take into consideration changes in the Colombian economy.

32. Pensions and post-retirement benefits continued

Grolsch pension scheme
The Grolsch pension plan, named Stichting Pensioenfonds van de Grolsche Bierbrouwerij, is a funded scheme of the defined benefit type, based on average salary with assets held in separately administered funds. The latest valuation of the Grolsch pension fund was carried out at 31 March 2011 by an independent actuary using the projected unit credit method.

South Africa pension schemes
The group operates a number of pension schemes throughout South Africa. Details of the major schemes are provided below.

The ABI Pension Fund, Suncrush Pension Fund and Suncrush Retirement Fund are funded schemes of the defined benefit type based on average salary with assets held in separately administered funds. The surplus apportionment schemes for the ABI Pension Fund, the Suncrush Pension Fund and Suncrush Retirement Fund have been approved by the Financial Services Board.

The active and pensioner liabilities in respect of the ABI Pension Fund and the Suncrush Retirement Fund have been settled. The only liabilities are in respect of the surplus apportionment scheme and unclaimed benefits. Once the surplus liabilities have been settled, the Funds will be deregistered and liquidated. The trustees have resolved that any surplus remaining in the Suncrush Retirement Fund should be transferred to the Suncrush Pension Fund, although this has not yet been approved.

Principal actuarial assumptions at 31 March (expressed as weighted averages)

			Defined benefit pension plans			Medical and other post-retirement benefits	
			Latin America	Grolsch	Other	South Africa	Other
At 31 March 2011							
Discount rate (%)			8.4	5.3	5.2	8.8	8.4
Salary inflation (%)			4.0	2.0	2.4	–	–
Pension inflation (%)			4.0	2.0	3.0	–	–
Healthcare cost inflation (%)			–	–	–	7.3	4.0
Mortality rate assumptions							
– Retirement age:		Males	55	65	–	63	55
		Females	50	65	–	63	50
– Life expectations on retirement age:							
	Retiring today:	Males	27	21	–	16	27
		Females	36	24	–	20	36
	Retiring in 20 years:	Males	–	22	–	16	–
		Females	–	25	–	20	–
At 31 March 2010							
Discount rate (%)			8.8	5.0	4.9	9.5	8.8
Salary inflation (%)			4.0	2.5	3.6	–	–
Pension inflation (%)			4.0	2.5	3.1	–	–
Healthcare cost inflation (%)			–	–	–	8.0	4.0
Mortality rate assumptions							
– Retirement age:		Males	55	65	–	63	55
		Females	50	65	–	63	50
– Life expectations on retirement age:							
	Retiring today:	Males	20	21	–	16	20
		Females	25	22	–	20	25
	Retiring in 20 years:	Males	–	22	–	16	–
		Females	–	23	–	20	–

Notes to the consolidated financial statements
continued

32. Pensions and post-retirement benefits continued

The present value of defined benefit pension plan and post-employment medical benefit liabilities are as follows.

	Defined benefit pension plans				Medical and other post-retirement benefits		
	Latin America US$m	Grolsch US$m	Other US$m	Total US$m	South Africa US$m	Other US$m	Total US$m
Present value of scheme liabilities at 1 April 2009	109	241	69	419	38	42	80
– Portion of defined benefit obligation that is unfunded	107	–	21	128	38	42	80
– Portion of defined benefit obligation that is partly or wholly funded	2	241	48	291	–	–	–
Benefits paid	(14)	(10)	(21)	(45)	–	(7)	(7)
Contributions paid by plan participants	–	3	–	3	(2)	(2)	(4)
Current service cost	1	5	2	8	1	2	3
Interest costs	13	14	5	32	4	4	8
Actuarial losses/(gains)	5	43	(7)	41	4	(4)	–
Transfer (to)/from other provisions	(1)	–	1	–	–	–	–
Exchange adjustments	35	3	13	51	14	9	23
Present value of scheme liabilities at 31 March 2010	148	299	62	509	59	44	103
– Portion of defined benefit obligation that is unfunded	146	–	24	170	59	44	103
– Portion of defined benefit obligation that is partly or wholly funded	2	299	38	339	–	–	–
Benefits paid	(18)	(9)	(14)	(41)	–	(6)	(6)
Contributions paid by plan participants	–	3	–	3	(2)	–	(2)
Current service cost	1	5	3	9	2	–	2
Past service cost	–	–	–	–	–	(1)	(1)
Interest costs	11	14	4	29	6	4	10
Actuarial losses/(gains)	24	(18)	–	6	2	6	8
Settlements and curtailments	–	(3)	–	(3)	–	(6)	(6)
Transfer from/(to) other provisions	3	–	(3)	–	–	–	–
Acquisitions	1	–	–	1	–	–	–
Transfers to disposal group classified as held for sale	–	–	(6)	(6)	–	–	–
Exchange adjustments	5	14	2	21	4	2	6
Present value of scheme liabilities at 31 March 2011	**175**	**305**	**48**	**528**	**71**	**43**	**114**
– Portion of defined benefit obligation that is unfunded	**175**	**–**	**13**	**188**	**71**	**43**	**114**
– Portion of defined benefit obligation that is partly or wholly funded	**–**	**305**	**35**	**340**	**–**	**–**	**–**

32. Pensions and post-retirement benefits continued

The fair value reconciliations of opening plan assets to closing plan assets, on an aggregated basis, are as follows.

	Defined benefit pension plans		
	Grolsch US$m	Other US$m	Total US$m
Plan assets at 1 April 2009	242	57	299
Expected return on plan assets	14	5	19
Benefits paid	(10)	(18)	(28)
Employer contributions	8	(7)	1
Actuarial gains	33	–	33
Exchange adjustments	4	16	20
Plan assets at 31 March 2010	291	53	344
Expected return on plan assets	15	4	19
Benefits paid	(9)	(10)	(19)
Employer contributions	7	–	7
Actuarial gains	13	1	14
Exchange adjustments	16	4	20
Plan assets at 31 March 2011	**333**	**52**	**385**

The fair value of assets in pension schemes and the expected rates of return were:

	Latin America		Grolsch		Other		Total
	US$m	Long-term rate of return	US$m	Long-term rate of return	US$m	Long-term rate of return	US$m
At 31 March 2011							
Equities	**–**	**–**	**111**	**8.0**	**–**	**–**	**111**
Bonds	**–**	**–**	**202**	**4.0**	**4**	**9.0**	**206**
Cash	**–**	**–**	**–**	**–**	**48**	**8.0**	**48**
Property and other	**–**	**–**	**20**	**8.0**	**–**	**–**	**20**
Total fair value of assets	**–**		**333**		**52**		**385**
Present value of scheme liabilities	**(175)**		**(305)**		**(48)**		**(528)**
(Deficit)/surplus in the scheme	**(175)**		**28**		**4**		**(143)**
Unrecognised pension asset due to limit	**–**		**(28)**		**(25)**		**(53)**
Pension liability recognised	**(175)**		**–**		**(21)**		**(196)**
At 31 March 2010							
Equities	–	–	90	8.0	1	12.0	91
Bonds	–	–	180	4.0	1	9.0	181
Cash	–	–	1	–	51	7.0	52
Property and other	–	–	20	–	–	–	20
Total fair value of assets	–		291		53		344
Present value of scheme liabilities	(148)		(299)		(62)		(509)
Deficit in the scheme	(148)		(8)		(9)		(165)
Unrecognised pension asset due to limit	–		–		(22)		(22)
Pension liability recognised	(148)		(8)		(31)		(187)

Notes to the consolidated financial statements
continued

32. Pensions and post-retirement benefits continued

The amounts recognised in the balance sheet are as follows.

	Defined benefit pension plans				Medical and other post-retirement benefits		
	Latin America US$m	Grolsch US$m	Other US$m	Total US$m	South Africa US$m	Other US$m	Total US$m
At 31 March 2011							
Present value of scheme liabilities	**(175)**	**(305)**	**(48)**	**(528)**	**(71)**	**(43)**	**(114)**
Fair value of plan assets	**–**	**333**	**52**	**385**	**–**	**–**	**–**
	(175)	**28**	**4**	**(143)**	**(71)**	**(43)**	**(114)**
Unrecognised assets due to limit	**–**	**(28)**	**(25)**	**(53)**	**–**	**–**	**–**
Net liability recognised on balance sheet	**(175)**	**–**	**(21)**	**(196)**	**(71)**	**(43)**	**(114)**
At 31 March 2010							
Present value of scheme liabilities	(148)	(299)	(62)	(509)	(59)	(44)	(103)
Fair value of plan assets	–	291	53	344	–	–	–
	(148)	(8)	(9)	(165)	(59)	(44)	(103)
Unrecognised assets due to limit	–	–	(22)	(22)	–	–	–
Net liability recognised on balance sheet	(148)	(8)	(31)	(187)	(59)	(44)	(103)

In respect of defined benefit pensions plans in South Africa, which are included in 'Other', the pension asset recognised is limited to the extent that the employer is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. The limit has been set equal to nil as the surplus apportionment exercise required in terms of the South African legislation has not yet been completed. In addition, the net gain of US$1 million (2010: US$1 million) which would be taken to the income statement and net actuarial gain which would be taken directly to other comprehensive income of US$2 million (2010: US$7 million) are not recognised in the financial statements.

The pension asset recognised in respect of Grolsch is limited to the extent that the employer is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. The limit has been set equal to nil due to the terms of the pension agreement with the pension fund.

The amounts recognised in net operating expenses in the income statement are as follows.

	Defined benefit pension plans				Medical and other post-retirement benefits		
	Latin America US$m	Grolsch US$m	Other US$m	Total US$m	South Africa US$m	Other US$m	Total US$m
At 31 March 2011							
Current service cost	**(1)**	**(5)**	**(3)**	**(9)**	**(2)**	**–**	**(2)**
Past service cost	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Interest costs	**(11)**	**(14)**	**(4)**	**(29)**	**(6)**	**(4)**	**(10)**
Expected return on plan assets	**–**	**15**	**4**	**19**	**–**	**–**	**–**
Settlements and curtailments	**–**	**3**	**–**	**3**	**–**	**6**	**6**
Unrecognised gains due to limit	**–**	**–**	**(1)**	**(1)**	**–**	**–**	**–**
	(12)	**(1)**	**(4)**	**(17)**	**(8)**	**3**	**(5)**
At 31 March 2010							
Current service cost	(1)	(5)	(2)	(8)	(1)	(2)	(3)
Interest costs	(13)	(15)	(1)	(29)	(4)	(6)	(10)
Expected return on plan assets	–	14	–	14	–	–	–
	(14)	(6)	(3)	(23)	(5)	(8)	(13)

32. Pensions and post-retirement benefits continued

The amounts recognised in the statement of comprehensive income are as follows.

	Defined benefit pension plans				Medical and other post-retirement benefits		
	Latin America US$m	Grolsch US$m	Other US$m	Total US$m	South Africa US$m	Other US$m	Total US$m
At 31 March 2011							
Actual return on plan assets	**–**	**28**	**5**	**33**	**–**	**–**	**–**
Less: expected return on plan assets	**–**	**(15)**	**(4)**	**(19)**	**–**	**–**	**–**
Experience gains/(losses) arising on							
scheme assets	**–**	**13**	**1**	**14**	**–**	**–**	**–**
scheme liabilities	**–**	**18**	**–**	**18**	**(2)**	**–**	**(2)**
Changes in actuarial assumptions	**(23)**	**–**	**–**	**(23)**	**–**	**(6)**	**(6)**
Other actuarial losses	**(1)**	**–**	**–**	**(1)**	**–**	**–**	**–**
Unrecognised gains due to limit	**–**	**(26)**	**(2)**	**(28)**	**–**	**–**	**–**
	(24)	**5**	**(1)**	**(20)**	**(2)**	**(6)**	**(8)**
At 31 March 2010							
Actual return on plan assets	–	47	–	47	–	–	–
Less: expected return on plan assets	–	(14)	–	(14)	–	–	–
Experience gains/(losses) arising on							
scheme assets	–	33	–	33	–	–	–
scheme liabilities	–	(43)	–	(43)	(1)	–	(1)
Changes in actuarial assumptions	(6)	–	–	(6)	(3)	4	1
Other actuarial gains	1	–	–	1	–	–	–
	(5)	(10)	–	(15)	(4)	4	–

The cumulative amounts recognised in other comprehensive income are as follows.

	2011 US$m	2010 US$m
Cumulative actuarial losses recognised at beginning of year	**(175)**	(160)
Net actuarial losses recognised in the year	**(28)**	(15)
Cumulative actuarial losses recognised at end of year	**(203)**	(175)

History of actuarial gains and losses

	2011 US$m	2010 US$m	2009 US$m	2008 US$m	2007 US$m
Experience gains/(losses) of plan assets	**14**	33	(77)	(90)	28
Percentage of plan assets	**4%**	10%	26%	7%	3%
Experience gains/(losses) of scheme liabilities	**16**	(44)	28	2	(62)
Percentage of scheme liabilities	**2%**	7%	6%	0%	3%
Fair value of plan assets	**385**	344	299	1,348	1,112
Present value of scheme liabilities	**(642)**	(612)	(499)	(2,338)	(2,064)
Deficit in the schemes	**(257)**	(268)	(200)	(990)	(952)
Unrecognised assets due to limit	**(53)**	(22)	(17)	(27)	(47)
Net liability recognised in balance sheet	**(310)**	(290)	(217)	(1,017)	(999)

Contributions expected to be paid into the group's major defined benefit schemes during the annual period after 31 March 2011 are US$21 million.

A 1% increase and a 1% decrease in the assumed healthcare cost of inflation will have the following effect on the group's major post-employment medical benefits.

	2011	
	Increase US$m	Decrease US$m
Current service costs	**–**	**–**
Interest costs	**1**	**(1)**
Accumulated post-employment medical benefit costs	**12**	**(10)**

Notes to the consolidated financial statements
continued

33. Related party transactions

a. Parties with significant influence over the group: Altria Group, Inc. (Altria) and the Santo Domingo Group (SDG)
Altria is considered to be a related party of the group by virtue of its 27.1% equity shareholding. There were no transactions with Altria during the year.

SDG is considered to be a related party of the group by virtue of its 14.2% equity shareholding in SABMiller plc. During the year the group made a donation of US$32 million to the Fundación Mario Santo Domingo (2010: US$30 million), pursuant to the contractual arrangements entered into at the time of the Bavaria transaction in 2005, under which it was agreed that the proceeds of the sale of surplus non-operating property assets owned by Bavaria SA and its subsidiaries would be donated to various charities, including the Fundacion Mario Santo Domingo. At 31 March 2011, US$nil (2010: US$nil) was owing to the SDG.

b. Associates and joint ventures
Details relating to transactions with associates and joint ventures are analysed below.

	2011 US$m	2010 US$m
Purchases from associates[1]	**(211)**	(193)
Purchases from joint ventures[2]	**(75)**	(72)
Sales to associates[3]	**36**	28
Sales to joint ventures[4]	**31**	44
Dividends receivable from associates[5]	**89**	109
Dividends received from joint ventures[6]	**822**	707
Royalties received from associates[7]	**7**	–
Royalties received from joint ventures[8]	**2**	2
Management fees and other recoveries received from associates[9]	**10**	–
Management and guarantee fees paid to joint ventures[10]	**(2)**	(1)

[1] The group purchased canned Coca-Cola products for resale from Coca-Cola Canners of Southern Africa (Pty) Limited (Coca-Cola Canners); inventory from Distell Group Ltd (Distell) and Associated Fruit Processors (Pty) Ltd (AFP); and accommodation from Tsogo Sun Holdings (Pty) Ltd (Tsogo Sun), all in South Africa.

[2] The group purchased lager from MillerCoors LLC (MillerCoors).

[3] The group made sales of lager to Tsogo Sun, Empresa Cervejas De N'Gola SARL (ECN), Société des Brasseries et Glacières Internationales and Brasseries Internationales Holding Ltd (Castel), Delta Corporation Ltd (Delta) and Distell.

[4] The group made sales to MillerCoors and Pacific Beverages (Pty) Ltd.

[5] The group had dividends receivable from Castel of US$39 million (2010: US$40 million), Kenya Breweries Ltd US$14 million (2010: US$11 million), Coca-Cola Canners US$5 million (2010: US$5 million), Distell US$21 million (2010: US$19 million), Tsogo Sun US$3 million (2010: US$28 million), ECN US$3 million (2010: US$3 million), Delta US$2 million (2010: US$nil) and Grolsch (UK) Ltd of US$2 million (2010: US$3 million).

[6] The group received dividends from MillerCoors.

[7] The group received royalties from Kenya Breweries Ltd and Delta.

[8] The group received royalties from MillerCoors and Pacific Beverages (Pty) Ltd.

[9] The group received management fees from ECN and other recoveries from AFP.

[10] The group paid management and guarantee fees to MillerCoors.

At 31 March	2011 US$m	2010 US$m
Amounts owed by associates[1]	**12**	3
Amounts owed by joint ventures[2]	**5**	4
Amounts owed to associates[3]	**(24)**	(38)
Amounts owed to joint ventures[4]	**(16)**	(23)

[1] Amounts owed by AFP, Distell, GRR, Delta, ECN and Kenya Breweries Ltd.

[2] Amounts owed by MillerCoors and Pacific Beverages (Pty) Ltd.

[3] Amounts owed to Coca-Cola Canners and GRR.

[4] Amounts owed to MillerCoors.

c. Transactions with key management
The group has a related party relationship with the directors of the group and members of the excom as key management. At 31 March 2011, there were 24 (2010: 25) members of key management. Key management compensation is provided in note 6c.

34. Post balance sheet events

In April 2011, the group entered into a five-year US$2,500 million committed syndicated facility, with the option of two one-year extensions. This facility replaced the existing US$2,000 million and US$600 million committed syndicated facilities, which were both voluntarily cancelled.

On 27 May 2011 SpA Birra Peroni agreed to sell its in-house distribution business to the Tuo Group for cash consideration. Completion of the sale is subject to customary conditions precedent.

On 31 May 2011 SABMiller Africa BV agreed to sell its 20% shareholding in its associate, Kenya Breweries Limited (KBL), to East African Breweries Limited (EABL) for cash consideration of approximately US$225 million, subject to EABL disposing of its 20% shareholding in SABMiller Africa BV's subsidiary, Tanzania Breweries Limited, by way of a public offer through the Dar-es-Salaam Stock Exchange. SABMiller International BV also agreed to terminate a brewing and distribution agreement with KBL and KBL will cease to distribute SABMiller's brands in Kenya after a short transitional period.

35. Principal subsidiaries, associates and joint ventures

The principal subsidiary undertakings of the group as at 31 March were as follows.

Name	Country of incorporation	Principal activity	Effective interest 2011	Effective interest 2010
Corporate				
SABMiller Holdings Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller Finance BV[1]	Netherlands	Holding company	**100%**	100%
SABSA Holdings (Pty) Ltd	South Africa	Holding company	**100%**	100%
SABMiller Africa and Asia BV[1]	Netherlands	Holding company	**100%**	100%
SABMiller International BV	Netherlands	Trademark owner	**100%**	100%
SABMiller Latin America Ltd	United Kingdom	Holding company	**100%**	100%
Trinity Procurement GmbH	Switzerland	Procurement	**100%**	100%
Latin American operations				
Bavaria SA[2]	Colombia	Brewing/Soft drinks	**99%**	99%
Bevco Ltd	British Virgin Islands	Holding company	**100%**	100%
Cervecería Argentina SA Isenbeck	Argentina	Brewing	**100%**	–
Cervecería del Valle SA	Colombia	Brewing	**99%**	99%
Cervecería Hondureña, SA de CV	Honduras	Brewing/Soft drinks	**99%**	99%
Cervecería Nacional (CN) SA[2]	Ecuador	Brewing	**96%**	96%
Cervecería Nacional SA[2]	Panama	Brewing	**97%**	97%
Cervecería San Juan SA[2]	Peru	Brewing/Soft drinks	**92%**	86%
Cervecería Unión SA	Colombia	Brewing	**98%**	98%
Industrias La Constancia, SA de CV	El Salvador	Brewing/Soft drinks	**100%**	100%
Unión de Cervecerías Peruanas Backus y Johnston SAA[2]	Peru	Brewing	**94%**	93%
European operations				
SABMiller Europe BV[1]	Netherlands	Holding company	**100%**	100%
SABMiller Holdings Europe Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller Netherlands Cooperative WA	Netherlands	Holding company	**100%**	100%
Compañía Cervecera de Canarias SA	Spain	Brewing	**51%**	51%
Dreher Sörgyárak Zrt	Hungary	Brewing	**100%**	100%
Grolsche Bierbrouwerij Nederland BV	Netherlands	Brewing	**100%**	100%
Kompania Piwowarska SA[3]	Poland	Brewing	**100%**	100%
Miller Brands (UK) Ltd	United Kingdom	Sales and distribution	**100%**	100%
Pivovary Topvar as	Slovakia	Brewing	**100%**	100%
PJSC Miller Brands Ukraine[4]	Ukraine	Brewing	**100%**	100%
Plzeňský Prazdroj as	Czech Republic	Brewing	**100%**	100%
SABMiller RUS LLC	Russia	Brewing	**100%**	100%
S.p.A. Birra Peroni	Italy	Brewing	**100%**	100%
Ursus Breweries SA	Romania	Brewing	**99%**	99%
North American operations				
SABMiller Holdings Inc	USA	Holding company	**100%**	100%
Miller Brewing Company	USA	Holding company	**100%**	100%

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35. Principal subsidiaries, associates and joint ventures continued

Name	Country of incorporation	Principal activity	Effective interest 2011	2010
African operations				
SABMiller Africa BV	Netherlands	Holding company	**62%**	62%
SABMiller Botswana BV	Netherlands	Holding company	**62%**	62%
SABMiller (A&A) Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller Investments Ltd	Mauritius	Holding company	**80%**	80%
SABMiller Investments II BV	Netherlands	Holding company	**80%**	80%
SABMiller Zimbabwe BV	Netherlands	Holding company	**62%**	62%
Accra Brewery Ltd[5]	Ghana	Brewing	**60%**	43%
Ambo Mineral Water Share Company	Ethiopia	Soft drinks	**40%**	40%
Botswana Breweries (Pty) Ltd	Botswana	Sorghum brewing	**31%**	31%
Cervejas de Moçambique SARL[2]	Mozambique	Brewing	**49%**	49%
Chibuku Products Ltd	Malawi	Sorghum brewing	**31%**	31%
Coca-Cola Bottling Luanda SARL	Angola	Soft drinks	**28%**	28%
Coca-Cola Bottling Sul de Angola SARL	Angola	Soft drinks	**37%**	37%
Crown Foods Ltd	Kenya	Soft drinks	**80%**	–
Empresa De Cervejas N'Gola Norte SA	Angola	Brewing	**31%**	31%
Heinrich's Syndicate Ltd	Zambia	Soft drinks	**62%**	62%
Kgalagadi Breweries (Pty) Ltd	Botswana	Brewing/Soft drinks	**31%**	31%
Maluti Mountain Brewery (Pty) Ltd[6]	Lesotho	Brewing/Soft drinks	**24%**	24%
MUBEX	Mauritius	Procurement	**100%**	100%
National Breweries plc[2]	Zambia	Sorghum brewing	**43%**	43%
Nile Breweries Ltd	Uganda	Brewing	**60%**	60%
Pabod Breweries Ltd	Nigeria	Brewing	**59%**	57%
Rwenzori Bottling Company Ltd	Uganda	Soft drinks	**80%**	80%
Southern Sudan Beverages Ltd	Southern Sudan	Brewing	**80%**	80%
Swaziland Brewers Ltd	Swaziland	Brewing	**37%**	37%
Tanzania Breweries Ltd[2]	Tanzania	Brewing	**33%**	33%
Voltic (GH) Ltd	Ghana	Soft drinks	**80%**	80%
Voltic Nigeria Ltd	Nigeria	Soft drinks	**80%**	80%
Zambian Breweries plc[2]	Zambia	Brewing/Soft drinks	**54%**	54%
Asian operations				
SABMiller Asia BV	Netherlands	Holding company	**100%**	100%
SABMiller (Asia) Ltd	Hong Kong	Holding company	**100%**	100%
SABMiller (A&A 2) Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller India Ltd	India	Holding company	**100%**	100%
SABMiller Breweries Private Ltd	India	Brewing	**100%**	100%
SABMiller Vietnam Company Ltd	Vietnam	Brewing	**100%**	100%
Skol Breweries Ltd	India	Brewing	**99%**	99%
South African operations				
The South African Breweries Ltd	South Africa	Brewing/Soft drinks/ Holding company	**100%**	100%
The South African Breweries Hop Farms (Pty) Ltd	South Africa	Hop farming	**100%**	100%
The South African Breweries Maltings (Pty) Ltd	South Africa	Maltsters	**100%**	100%
Appletiser South Africa (Pty) Ltd	South Africa	Fruit juices	**100%**	100%

[1] Operates and resident for tax purposes in the United Kingdom.

[2] Listed in country of incorporation.

[3] SABMiller Poland BV, a wholly owned subsidiary of the group, held 100% of Kompania Piwowarska SA.

[4] Previously CJSC Sarmat.

[5] De-listed with effect from 18 March 2011.

[6] Previously Lesotho Brewing Company Pty (Ltd).

The group comprises a large number of companies. The list above includes those subsidiary undertakings which materially affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. With the exception of those noted above, the principal country in which each of the above subsidiary undertakings operates is the same as the country in which each is incorporated.

35. Principal subsidiaries, associates and joint ventures continued

Where the group's nominal interest in the equity share capital of an undertaking is less than 50%, the basis on which the undertaking is a subsidiary undertaking of the group is as follows.

African operations
The group's effective interest in the majority of its African operations was diluted as a result of the disposal of a 38% interest in SABMiller Africa BV and SABMiller Botswana BV on 1 April 2001, in exchange for a 20% interest in the Castel group's African beverage interests. Investments in new territories are generally being made with the Castel group's African beverage operations on an 80:20 basis. The operations continue to be consolidated due to SABMiller Africa BV's, SABMiller Botswana BV's and SABMiller Investments II BV's majority shareholdings, and ability to control the operations.

Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd
SABMiller Botswana BV holds a 40% interest in each of Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd with the remaining 60% interest in each held by Sechaba Brewery Holdings Ltd. SABMiller Botswana's shares entitle the holder to twice the voting rights of those shares held by Sechaba Brewery Holdings Ltd. SABMiller Africa BV's 10.1% indirect interest (2010: 10.1%) is held via a 16.8% interest (2010: 16.8%) in Sechaba Brewery Holdings Ltd.

Maluti Mountain Brewery (Pty) Ltd (Maluti)
SABMiller Africa BV holds a 39% interest in Maluti with the remaining interest held by a government authority, the Lesotho National Development Corporation (51%), and the Commonwealth Development Corporation (10%). Maluti is treated as a subsidiary undertaking based on the group's ability to control its operations through its board representation. The day to day business operations are managed in accordance with a management agreement with Bevman Services AG, a group company.

Coca-Cola Bottling Luanda SARL (CCBL)
SABMiller Africa BV is the largest shareholder in CCBL with a 45% holding. Management control is exercised through a contractual agreement with Bevman Services AG, a group company.

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35. Principal subsidiaries, associates and joint ventures continued

Associates and joint ventures

The principal associates and joint ventures of the group as at 31 March are set out below. Where the group's interest in an associate or a joint venture is held by a subsidiary undertaking which is not wholly owned by the group, the subsidiary undertaking is indicated in a note below.

Name	Country of incorporation	Nature of relationship	Principal activity	Effective interest 2011	Effective interest 2010
European operations					
Grolsch (UK) Ltd	United Kingdom	Associate	Brewing	**50%**	50%
North American operations					
MillerCoors LLC[1]	USA	Joint venture	Brewing	**58%**	58%
African operations					
Brasseries Internationales Holding Ltd[2]	Gibraltar	Associate	Holding company for subsidiaries principally located in Africa	**20%**	20%
Société des Brasseries et Glacières Internationales[2]	France	Associate	Holding company for subsidiaries principally located in Africa	**20%**	20%
Algerienne de Bavaroise[2,3]	Algeria	Associate	Brewing	**40%**	40%
Delta Corporation Ltd[4,5]	Zimbabwe	Associate	Brewing/Soft drinks	**23%**	23%
Empresa Cervejas De N'Gola SARL	Angola	Associate	Brewing	**28%**	28%
Kenya Breweries Ltd[5,6]	Kenya	Associate	Brewing	**12%**	12%
Marocaine d'Investissements et de Services[2,7]	Morocco	Associate	Brewing	**40%**	40%
Skikda Bottling Company[2,3]	Algeria	Associate	Soft drinks	**40%**	40%
Société de Boissons de l'Ouest, Algerien[2,3]	Algeria	Associate	Soft drinks	**40%**	40%
Société des Nouvelles Brasseries[2,3]	Algeria	Associate	Brewing	**40%**	40%
Asian operations					
China Resources Snow Breweries Ltd[2]	British Virgin Islands	Associate	Holding company for brewing subsidiaries located in China	**49%**	49%
Pacific Beverages (Pty) Ltd[2]	Australia	Joint venture	Sales and distribution	**50%**	50%
South African operations					
Coca-Cola Canners of Southern Africa (Pty) Ltd[2]	South Africa	Associate	Canning of beverages	**32%**	32%
Distell Group Ltd[4,6]	South Africa	Associate	Wines and spirits	**29%**	29%
Hotels and Gaming					
Tsogo Sun Holdings (Pty) Ltd[8]	South Africa	Associate	Holding company for Hotels and Gaming operations	**–**	49%
Gold Reef Resorts Ltd[4,8]	South Africa	Associate	Holding company for Hotels and Gaming operations	**40%**	–

[1] SABMiller shares joint control of MillerCoors with Molson Coors Brewing Company under a shareholders' agreement. Voting interests are shared equally between SABMiller and Molson Coors, and each of SABMiller and Molson Coors has equal board representation. Under the agreement SABMiller has a 58% economic interest in MillerCoors and Molson Coors has a 42% economic interest.

[2] These entities report their financial results for each 12 month period ending 31 December.

[3] Effective 18 March 2004, SABMiller acquired 25% of the Castel group's holding in these entities. Together with its 20% interest in the Castel group's African beverage interests, this gives SABMiller participation on a 40:60 basis with the Castel group.

[4] Listed in country of incorporation.

[5] Interests in these companies are held by SABMiller Africa BV which is held 62% by SABMiller Holdings Ltd.

[6] These entities report their financial results for each 12 month period ending 30 June.

[7] SABMiller acquired a 25% direct interest in this holding company on 18 March 2004 which has controlling interests in three breweries, a malting plant and a wet depot in Morocco. This 25% interest together with its 20% interest in the Castel group's African beverage interests, gives SABMiller an effective participation of 40% and the other 60% is held by the Castel group's Africa beverage interests.

[8] On 24 February 2011, the Tsogo Sun Group merged with Gold Reef Resorts Ltd (GRR), a Johannesburg Stock Exchange listed business, through an all share merger. The transaction was effected through the acquisition by GRR of Tsogo Sun, and the group exchanged its entire 49% shareholding in Tsogo Sun for a 39.68% shareholding in the listed enlarged entity.

The principal country in which each of the above associated undertakings operates is the same as the country in which each is incorporated. However, Société des Brasseries et Glacières Internationales and Brasseries Internationales Holding Ltd's (Castel) principal subsidiaries are in Africa and China Resources Snow Breweries Ltd's principal subsidiaries are in the People's Republic of China.

Independent auditors' report

to the members of SABMiller plc

We have audited the consolidated financial statements of SABMiller plc for the year ended 31 March 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities on page 68, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2010 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement in relation to going concern, as set out on page 68; and
- the part of the corporate governance report relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matter

We have reported separately on the company financial statements of SABMiller plc for the year ended 31 March 2010 and on the information in the remuneration report that is described as having been audited.

John Baker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

3 June 2010

Consolidated income statement

for the year ended 31 March

	Notes	2010 US$m	2009 US$m
Revenue	2	**18,020**	18,703
Net operating expenses	3	**(15,401)**	(15,555)
Operating profit	2	**2,619**	3,148
Operating profit before exceptional items	2	**3,091**	3,146
Exceptional items	4	**(472)**	2
Net finance costs	5	**(563)**	(706)
Interest payable and similar charges	5a	**(879)**	(1,301)
Interest receivable and similar income	5b	**316**	595
Share of post-tax results of associates and joint ventures	2	**873**	516
Profit before taxation		**2,929**	2,958
Taxation	7	**(848)**	(801)
Profit for the financial year	27a	**2,081**	2,157
Profit attributable to minority interests		**171**	276
Profit attributable to equity shareholders		**1,910**	1,881
		2,081	2,157
Basic earnings per share (US cents)	8	**122.6**	125.2
Diluted earnings per share (US cents)	8	**122.1**	124.6

All operations are continuing.

The notes on pages 75 to 142 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March

	Notes	2010 US$m	2009 US$m
Profit for the financial year		**2,081**	2,157
Other comprehensive income:			
Currency translation differences on foreign currency net investments		**2,431**	(3,385)
Actuarial losses on defined benefit plans	31	**(15)**	(18)
Available for sale investments:		**2**	(8)
– Fair value gains/(losses) arising during the year	15	**4**	(8)
– Fair value gains transferred to profit or loss		**(2)**	–
Net investment hedges:			
– Fair value (losses)/gains arising during the year	26b	**(310)**	337
Cash flow hedges:	26b	**(59)**	28
– Fair value (losses)/gains arising during the year		**(48)**	24
– Fair value gains transferred to inventory		**(17)**	–
– Fair value gains transferred to property, plant and equipment		**(1)**	–
– Fair value losses transferred to profit or loss		**7**	4
Tax on items included in other comprehensive income	7	**(36)**	125
Share of associates' and joint ventures' gains/(losses) included in other comprehensive income	13,14	**136**	(330)
Other comprehensive income for the year, net of tax		**2,149**	(3,251)
Total comprehensive income for the year		**4,230**	(1,094)
Attributable to:			
Equity shareholders		**4,075**	(1,345)
Minority interests		**155**	251
Total comprehensive income for the year		**4,230**	(1,094)

The notes on pages 75 to 142 are an integral part of these consolidated financial statements.

Consolidated balance sheet

at 31 March

	Notes	2010 US$m	2009[1] US$m
Assets			
Non-current assets			
Goodwill	10	**11,584**	8,716
Intangible assets	11	**4,354**	3,742
Property, plant and equipment	12	**8,915**	7,406
Investments in joint ventures	13	**5,822**	5,495
Investments in associates	14	**2,213**	1,787
Available for sale investments	15	**31**	29
Derivative financial instruments	23	**409**	695
Trade and other receivables	17	**117**	125
Deferred tax assets	20	**164**	161
		33,609	28,156
Current assets			
Inventories	16	**1,295**	1,241
Trade and other receivables	17	**1,665**	1,576
Current tax assets		**135**	168
Derivative financial instruments	23	**20**	54
Available for sale investments	15	**1**	11
Cash and cash equivalents	18	**779**	422
		3,895	3,472
Total assets		**37,504**	31,628
Liabilities			
Current liabilities			
Derivative financial instruments	23	**(174)**	(35)
Borrowings	21	**(1,605)**	(2,148)
Trade and other payables	19	**(3,227)**	(2,400)
Current tax liabilities		**(616)**	(463)
Provisions	24	**(355)**	(299)
		(5,977)	(5,345)
Non-current liabilities			
Derivative financial instruments	23	**(147)**	(107)
Borrowings	21	**(7,809)**	(7,470)
Trade and other payables	19	**(145)**	(186)
Deferred tax liabilities	20	**(2,374)**	(2,030)
Provisions	24	**(453)**	(373)
		(10,928)	(10,166)
Total liabilities		**(16,905)**	(15,511)
Net assets		**20,599**	16,117
Equity			
Share capital	25	**165**	159
Share premium		**6,312**	6,198
Merger relief reserve		**4,586**	3,395
Other reserves	26b	**1,322**	(872)
Retained earnings	26a	**7,525**	6,496
Total shareholders' equity		**19,910**	15,376
Minority interests in equity		**689**	741
Total equity		**20,599**	16,117

1 As restated (see note 28).

The balance sheet of SABMiller plc is shown on page 145.

The notes on pages 75 to 142 are an integral part of these consolidated financial statements.

The financial statements were authorised for issue by the board of directors on 3 June 2010 and were signed on its behalf by:

Graham Mackay
Chief Executive

Malcolm Wyman
Chief Financial Officer

Consolidated cash flow statement

for the year ended 31 March

	Notes	2010 US$m	2009[1] US$m
Cash flows from operating activities			
Cash generated from operations	27a	**4,537**	3,671
Interest received		**317**	275
Interest paid		**(957)**	(997)
Tax paid		**(620)**	(766)
Net cash generated from operating activities		**3,277**	2,183
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,436)**	(2,073)
Proceeds from sale of property, plant and equipment		**37**	75
Purchase of intangible assets		**(92)**	(74)
Purchase of available for sale investments		**(6)**	(14)
Proceeds from disposal of available for sale investments		**14**	4
Proceeds from disposal of businesses		**–**	119
Acquisition of businesses (net of cash acquired)		**(78)**	(252)
Overdraft disposed with businesses		**–**	2
Cash disposed with businesses		**–**	(4)
Purchase of shares from minorities		**(5)**	(5)
Investments in joint ventures		**(353)**	(397)
Investments in associates		**(76)**	(4)
Repayment of investments by associates		**3**	3
Dividends received from joint ventures	13	**707**	454
Dividends received from associates		**106**	151
Dividends received from other investments		**2**	1
Net cash used in investing activities		**(1,177)**	(2,014)
Cash flows from financing activities			
Proceeds from the issue of shares		**114**	23
Purchase of own shares for share trusts		**(8)**	(37)
Proceeds from borrowings		**5,110**	4,960
Repayment of borrowings		**(5,714)**	(4,096)
Capital element of finance lease payments		**(4)**	(1)
Net cash payments on net investment hedges		**(137)**	(12)
Dividends paid to shareholders of the parent		**(924)**	(877)
Dividends paid to minority interests		**(160)**	(217)
Net cash used in financing activities		**(1,723)**	(257)
Net cash inflow/(outflow) from operating, investing and financing activities		**377**	(88)
Effects of exchange rate changes		**90**	22
Net increase/(decrease) in cash and cash equivalents		**467**	(66)
Cash and cash equivalents at 1 April	27c	**122**	188
Cash and cash equivalents at 31 March	27c	**589**	122

1 As restated (see note 28).

The notes on pages 75 to 142 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity

for the year ended 31 March

	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	Minority interests US$m	Total equity US$m
At 1 April 2008	158	6,176	3,395	2,215	5,601	17,545	699	18,244
Total comprehensive income	–	–	–	(3,080)	1,735	(1,345)	251	(1,094)
Profit for the year	–	–	–	–	1,881	1,881	276	2,157
Other comprehensive income	–	–	–	(3,080)	(146)	(3,226)	(25)	(3,251)
Other movements	–	–	–	–	(5)	(5)	–	(5)
Contributed to joint ventures	–	–	–	(7)	–	(7)	(2)	(9)
Dividends paid	–	–	–	–	(877)	(877)	(221)	(1,098)
Issue of SABMiller plc ordinary shares	1	22	–	–	–	23	–	23
Payment for purchase of own shares for share trusts	–	–	–	–	(37)	(37)	–	(37)
Arising on business combinations	–	–	–	–	–	–	17	17
Buyout of minority interests	–	–	–	–	–	–	(3)	(3)
Credit entry relating to share-based payments	–	–	–	–	79	79	–	79
At 31 March 2009[1]	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 year	–	–	–	–	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	–	–	–	–	–	–	27	27
Buyout of minority interests	–	–	–	–	–	–	(72)	(72)
Credit entry relating to share-based payments	–	–	–	–	80	80	–	80
At 31 March 2010	**165**	**6,312**	**4,586**	**1,322**	**7,525**	**19,910**	**689**	**20,599**

1 As restated (see note 28).

The notes on pages 75 to 142 are an integral part of these consolidated financial statements.

Merger relief reserve

In accordance with section 131 of the Companies Act, 1985, the group recorded the US$3,395 million excess of value attributed to the shares issued as consideration for Miller Brewing Company over the nominal value of those shares as a merger relief reserve in the year ended 31 March 2003.

The US$1,191 million increase in the merger relief reserve in the year ended 31 March 2010 relates to the merger relief arising on the issue of SABMiller plc ordinary shares for the buyout of minority interests in the group's Polish business.

Notes to the consolidated financial statements

1. Accounting policies

The principal accounting policies adopted in the preparation of the group's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements of SABMiller plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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 as described in the accounting policies below. The accounts have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates.

b) Recent accounting developments

(i) Standards, amendments and interpretations of existing standards adopted by the group

The group has adopted the following as of 1 April 2009:

- IAS 1 (revised), 'Presentation of financial statements' requires the presentation of a statement of changes in equity as a primary statement, includes non-mandatory changes to the titles of primary statements and introduces a statement of comprehensive income, but allows the presentation of a two statement approach with a separate income statement and statement of comprehensive income. The group has chosen to maintain existing primary statement titles and to follow the two statement approach.
- Amendment to IFRS 7, 'Financial Instruments: Disclosures' requires additional disclosures about fair value measurement and liquidity risk.
- IFRS 8, 'Operating Segments' requires separate reporting of segmental information for operating segments. Operating segments reflect the management structure of the group and the way performance is evaluated and resources allocated based on group revenue and EBITA by the group's chief operating decision maker, defined as the executive directors. The group is focused geographically and as a result of the implementation of IFRS 8, Africa and Asia are now presented as separate segments. Comparative information has been restated accordingly. While not meeting the definition of reportable segments, the group reports separately as segments Asia, South Africa Hotels and Gaming and Corporate as this provides useful additional information.

  On 23 March 2010, the EU endorsed Annual Improvements to IFRSs (2009), which included an amendment to the disclosures required by IFRS 8, 'Operating Segments'. Although only mandatory for periods beginning on or after 1 January 2010, the group has chosen to adopt this amendment early. Following the implementation of IFRS 8 and the early adoption of the subsequent amendment, the group no longer discloses segment assets or liabilities, as these are not reported to the group's chief operating decision maker.

The following standards, interpretations and amendments have been adopted by the group since 1 April 2009 with no significant impact on its consolidated results or financial position:

- Annual improvements to IFRSs (2008).
- Amendment to IAS 23 (revised), 'Borrowing Costs'.
- Amendment to IFRS 2, 'Share-based Payments' – Vesting Conditions and Cancellations.
- Amendment to IFRS 1, 'First-time Adoption of IFRS' and IAS 27, 'Consolidated and Separate Financial Statements' on the 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.
- Amendment to IAS 32, 'Financial Instruments: Presentation' and IAS 1, 'Presentation of Financial Statements' – 'Puttable Financial Instruments and Obligations Arising on Liquidation'.
- IFRIC 12, 'Service Concession Arrangements'.
- IFRIC 13, 'Customer Loyalty Programmes'.
- Amendment to IFRIC 9 and IAS 39, 'Reassessment of Embedded Derivatives'.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group:

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 2010 or later periods, but which have not been early adopted by the group:

- IFRS 1 (revised), 'First-time Adoption', is effective from 1 July 2009.
- IFRS 3 (revised), 'Business Combinations', is effective from 1 July 2009.
- IAS 27 (revised), 'Consolidated and Separate Financial Statements', is effective from 1 July 2009.
- Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement' – Eligible Hedged Items, is effective from 1 July 2009.
- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation', is effective from 1 October 2008[1].
- IFRIC 17, 'Distribution of Non-cash Assets to Owners', is effective from 1 July 2009.
- IFRIC 18, 'Transfers of Assets from Customers', is effective from 31 October 2009.
- Amendment to IFRS 2, 'Group Cash-settled and Share-based Payment Transactions', effective from 1 January 2010[2].
- Amendment to IAS 32, 'Financial Instruments: Presentation' – Classification of Rights Issues, is effective from 1 February 2010.
- Annual improvements to IFRSs (2009), is effective from 1 January 2010.
- Amendment to IFRS 1 for additional exemptions, is effective from 1 January 2010[2].
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments', is effective from 1 July 2010[2].
- Annual improvements to IFRSs (2010), is effective from 1 January 2011[2].
- Amendment to IAS 24, 'Related Party Disclosures', is effective from 1 January 2011[2].
- Amendment to IFRIC 14, 'Pre-payments of a Minimum Funding Requirement', is effective January 2011[2].
- IFRS 9, 'Financial Instruments', effective from 1 January 2013[2].

1 EU endorsed for 1 July 2009.
2 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.

c) Significant judgements and estimates

In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported results or net position of the group, should it later be determined that a different choice be more appropriate.

Notes to the consolidated financial statements continued

1. Accounting policies continued

Management considers the following to be areas of significant judgement and estimation for the group due to greater complexity and/or particularly subject to the exercise of judgement:

(i) Impairment reviews
Goodwill arising on business combinations is allocated to the relevant cash generating unit (CGU). Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary. Impairment reviews are based on future cash flows discounted using the weighted average cost of capital for the relevant country with terminal values calculated applying the long-term growth rate. The future cash flows which are based on business forecasts, the long-term growth rates and the discount rates used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change with a consequent adverse impact on the results and net position of the group. Details of the estimates used in the impairment reviews for the year are set out in note 10.

(ii) Taxation
The group operates in many countries and is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the provision for taxes as the tax treatment is often by its nature complex, and cannot be finally determined until a formal resolution has been reached with the relevant tax authority which may take several years to conclude. Amounts provided are accrued based on management's interpretation of country specific tax laws and the likelihood of settlement. Actual liabilities could differ from the amount provided which could have a significant impact on the results and net position of the group.

(iii) Pension and post-retirement benefits
Pension accounting requires certain assumptions to be made in order to value the group's pension and post-retirement obligations in the balance sheet and to determine the amounts to be recognised in the income statement and in other comprehensive income in accordance with IAS 19. The calculations of these obligations and charges are based on assumptions determined by management which include discount rates, salary and pension inflation, healthcare cost inflation, mortality rates and expected long-term rates of return on assets. Details of the assumptions used are set out in note 31. The selection of different assumptions could affect the net position of the group and future results.

(iv) Property, plant and equipment
The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying values.

(v) Business combinations
On the acquisition of a company or business, a determination of the fair value and the useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the group to change which would have a significant impact on the results and net position of the group.

(vi) Exceptional items
Exceptional items are expense or income items recorded in a period which have been determined by management as being material by their size or incidence and are presented separately within the results of the group. The determination of which items are disclosed as exceptional items will affect the presentation of profit measures including EBITA and adjusted earnings per share, and requires a degree of judgement. Details relating to exceptional items reported during the year are set out in note 4.

(vii) MillerCoors joint venture
The determination of the valuation of the Coors business contributed to the MillerCoors joint venture was a specific area of judgement for the group during the previous financial year. The valuation was determined using recognised valuation techniques based upon specific assumptions. If alternative assumptions had been used then the value of the investment and gain recognised on disposal would have been different.

d) Segmental reporting

Operating segments reflect the management structure of the group and the way performance is evaluated and resources allocated based on group revenue and EBITA by the group's chief operating decision maker, defined as the executive directors. The group is focused geographically and as a result of the implementation of IFRS 8, Africa and Asia are now presented as separate segments. Comparative information has been restated accordingly. While not meeting the definition of reportable segments, the group reports separately as segments Asia, South Africa Hotels and Gaming and Corporate as this provides useful additional information.

e) Basis of consolidation

SABMiller plc (the company) is a public limited company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements include the financial information of the subsidiary, associate and joint venture entities owned by the company.

(i) Subsidiaries
Subsidiaries are entities controlled by the company, where control is the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities, regardless of whether this power is actually exercised. Where the company's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in minority interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Some of the company's subsidiaries have a local statutory accounting reference date of 31 December. These are consolidated using management prepared information on a basis coterminous with the company's accounting reference date.

(ii) Associates
Associates are entities in which the group has a long-term interest and over which the group has directly or indirectly significant influence, where significant influence is the ability to influence the financial and operating policies of the entity.

The associate, Distell Group Ltd, has a statutory accounting reference date of 30 June. In respect of each year ending 31 March, this company is included based on financial statements drawn up to the previous 31 December, but taking into account any changes in the subsequent period from 1 January to 31 March that would materially affect the results. All other associates are included on a coterminous basis.

(iii) Joint ventures
Joint ventures are contractual arrangements which the group has entered into with one or more parties to undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control.

1. Accounting policies continued

f) Foreign exchange

(i) Foreign exchange translation
Items included in the financial statements 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 statements are presented in US dollars which is the group's presentational currency. The exchange rates to the US dollar used in preparing the consolidated financial statements were as follows:

	Year ended 31 March 2010	Year ended 31 March 2009
Average rate		
South African rand (ZAR)	**7.78**	8.87
Colombian peso (COP)	**2,031**	2,061
Euro (€)	**0.71**	0.69
Czech koruna (CZK)	**18.45**	17.54
Peruvian nuevo sol (PEN)	**2.92**	3.01
Polish zloty (PLN)	**2.99**	2.51
Closing rate		
South African rand (ZAR)	**7.30**	9.61
Colombian peso (COP)	**1,929**	2,561
Euro (€)	**0.74**	0.76
Czech koruna (CZK)	**18.87**	20.57
Peruvian nuevo sol (PEN)	**2.84**	3.15
Polish zloty (PLN)	**2.86**	3.52

The average exchange rates have been calculated based on the average of the exchange rates during the relevant year which have been weighted according to the phasing of revenue of the group's businesses.

(ii) Transactions and balances
The financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being included in operating profit in the income statement other than those arising on financial assets and liabilities which are recorded within net finance costs and those which are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary assets such as equity investments classified as available for sale assets are included in other comprehensive income.

(iii) Overseas subsidiaries, associates and joint ventures
One-off items in the income and cash flow statements of overseas subsidiaries, associates and joint ventures expressed in currencies other than the US dollar are translated to US dollars at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each balance sheet date. All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of equity. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future. When a foreign operation is disposed of, any related exchange differences in equity are reclassified to the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

g) Business combinations

(i) Subsidiaries
The purchase method is used to account for the acquisition of subsidiaries. The identifiable net assets (including intangibles) are incorporated into the financial statements on the basis of their fair value from the effective date of control, and the results of subsidiary undertakings acquired during the financial year are included in the group's results from that date.

Control is presumed to exist when the group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists where the group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable assets (including intangibles), liabilities and contingent liabilities acquired. Fair values of these assets and liabilities are determined by reference to market values, where available, or by reference to the current price at which similar assets could be acquired or similar obligations entered into, or by discounting expected future cash flows to present value, using either market rates or the risk-free rates and risk-adjusted expected future cash flows.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition plus costs directly attributable to the acquisition. It also includes the group's estimate of any deferred consideration payable. Where the business combination agreement provides for an adjustment to the cost that is contingent on future events, contingent consideration is included in the cost of an acquisition if the adjustment is probable (that is, more likely than not) and can be measured reliably. The difference between the costs of acquisition and the share of the net assets acquired is capitalised as goodwill.

Where the group purchases additional shares in subsidiaries such purchases are reflected as separate acquisition processes and no revised fair valuation is required. The difference between the costs of acquisition and the share of the net assets acquired is capitalised as goodwill.

On the subsequent disposal or termination of a previously acquired business, the results of the business are included in the group's results up to the effective date of disposal. The profit or loss on disposal or termination is calculated after charging the amount of any related goodwill to the extent that it has not previously been taken to the income statement.

(ii) Associates and joint ventures
The group's share of the recognised income and expenses of associates and joint ventures are accounted for using the equity method from the date significant influence or joint control commences to the date it ceases based on present ownership interests. The date significant influence or joint control commences is not necessarily the same as the closing date or any other date named in the contract.

The group recognises its share of associates' and joint ventures' post-tax results as a one line entry before profit before tax in the income statement and its share of associates' and joint ventures' equity movements as a one line entry under other comprehensive income in the statement of comprehensive income.

When the group's interest in an associate or joint venture has been reduced to nil because the group's share of losses exceeds its interest in the associate or joint venture, the group only provides for additional losses to the extent that it has incurred legal or constructive obligations to fund such losses, or make payments on behalf of the associate or joint venture. Where the investment in an associate or joint venture is disposed, the investment ceases to be equity accounted.

Notes to the consolidated financial statements continued

1. Accounting policies continued

iii) Goodwill

Goodwill arising on consolidation represents the excess of the costs of acquisition over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recorded as negative goodwill. Negative goodwill arising on an acquisition is recognised immediately in the income statement.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in the income statement and is not reversed.

The carrying amount of goodwill in respect of associates and joint ventures is included in the carrying value of the investment in the associate or joint venture.

Where a business combination occurs in several stages, the goodwill associated with each stage is calculated using fair value information at the date of each additional share purchase.

h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination. Amortisation is included within net operating expenses in the income statement. Internally generated intangibles are not recognised except for software and applied development costs referred to under software and research and development below.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The group regularly reviews all of its amortisation rates and residual values to take account of any changes in circumstances. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable, it is probable that economic benefits will flow to the group and the fair value can be measured reliably.

(i) Brands recognised as part of a business combination

Brands are recognised as an intangible asset where the brand has a long-term value. Acquired brands are only recognised where title is clear or the brand could be sold separately from the rest of the business and the earnings attributable to it are separately identifiable. The group typically arrives at the cost of such brands on a relief from royalty basis.

Acquired brands are amortised. In respect of brands currently held the amortisation period is 10 to 40 years, being the period for which the group has exclusive rights to those brands.

(ii) Contract brewing and other licences recognised as part of a business combination

Contractual arrangements for contract brewing and competitor licensing arrangements are recognised as an intangible asset at a fair value representing the remaining contractual period with an assumption about the expectation that such a contract will be renewed, together with a valuation of this extension. Contractual arrangements and relationships with customers and distributors are also valued on a similar basis.

Acquired licences or contracts are amortised. In respect of licences or contracts currently held, the amortisation period is the period for which the group has exclusive rights to these assets or income streams.

(iii) Customer lists and distributor relationships recognised as part of a business combination

The fair value of businesses acquired may include customer lists and distributor relationships. These are recognised as intangible assets and are calculated by discounting the future revenue stream attributable to these lists or relationships.

Acquired customer lists or distributor relationships are amortised. In respect of contracts currently held, the amortisation period is the period for which the group has the benefit of these assets.

(iv) Software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the group that will probably generate economic benefits exceeding costs beyond one year are capitalised. Direct costs include software development employment costs (including those of contractors used), capitalised interest and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives of between three and eight years.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

(v) Research and development

Research and general development expenditure is written off in the period in which it is incurred.

Certain applied development costs are only capitalised as internally generated intangible assets where there is a clearly defined project, separately identifiable expenditure, an outcome assessed with reasonable certainty (in terms of feasibility and commerciality), expected revenues exceed expected costs and the group has the resources to complete the task. Such assets are amortised on a straight-line basis over their useful lives once the project is complete.

i) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

(i) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs as determined below. When these assets are ready for their intended use, they are transferred into the appropriate category. At this point, depreciation commences on the same basis as on other property, plant and equipment.

1. Accounting policies continued

(ii) Assets held under finance leases
Assets held under finance leases which result in the group bearing substantially all the risks and rewards incidental to ownership are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, then depreciated over the lower of the lease term or their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet classified, as appropriate, as a current or non-current liability. The interest element of the lease obligations is charged to the income statement over the period of the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each financial period.

(iii) Returnable containers
Returnable containers in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss.

Depreciation of returnable bottles and containers is recorded to write the containers off over the course of their economic life. This is typically undertaken in a two stage process;

- The excess over deposit value is written down over a period of 1 to 10 years.
- Provisions are made against the deposit values for breakages and loss in trade together with a design obsolescence provision held to write off the deposit value over the expected bottle design period – which is a period of no more than 14 years from the inception of a bottle design. This period is shortened where appropriate by reference to market dynamics and the ability of the entity to use bottles for different brands.

(iv) Depreciation
No depreciation is provided on freehold land or assets in the course of construction. In respect of all other plant, property and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost, less the estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	20 – 50 years
Leasehold buildings	Shorter of the lease term or 50 years
Plant, vehicles and systems	2 – 30 years
Returnable containers (non-returnable containers are recorded as inventory)	1 – 14 years
Assets held under finance leases	Lower of the lease term or life of the asset

The group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances. When setting useful economic lives, the principal factors the group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount.

(v) Capitalisation of borrowing costs
Financing costs incurred, before tax, on major capital projects during the period of development or construction that necessarily take a substantial period of time to be developed for their intended use, are capitalised up to the time of completion of the project.

j) Advance payments made to customers (principally hotels, restaurants, bars and clubs)
Advance payments made to customers are conditional on the achievement of contracted sales targets or marketing commitments. The group records such payments as prepayments initially at fair value and are amortised in the income statement over the relevant period to which the customer commitment is made (typically three to five years). These prepayments are recorded net of any impairment losses.

Where there is a volume target the amortised cost of the advance is included in sales discounts as a reduction to revenue and where there are specific marketing activities/commitments the cost is included as an operating expense. The amounts capitalised are reassessed annually for achievement of targets and are impaired where there is objective evidence that the targets will not be achieved.

Assets held at customer premises are included within plant, property and equipment and are depreciated in line with group policies on similar assets.

k) Inventories
Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

- Raw materials, consumables and goods for resale: Purchase cost net of discounts and rebates on a first-in first-out basis (FIFO).
- Finished goods and work in progress: Raw material cost plus direct costs and a proportion of manufacturing overhead expenses on a FIFO basis.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Costs of inventories include the transfer from equity of any gains or losses on matured qualifying cash flow hedges of purchases of raw materials.

l) Financial assets and financial liabilities
Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs, except in the case of those classified at fair value through profit or loss). For those financial instruments that are not subsequently held at fair value, the group assesses whether there is any objective evidence of impairment at each balance sheet date.

Financial assets are recognised when the group has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Interest costs are charged to the income statement in the year in which they accrue. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net finance costs over the life of the instrument.

Notes to the consolidated financial statements continued

1. Accounting policies continued

There are four categories of financial assets and financial liabilities. These are described as follows:

(i) Financial assets and financial liabilities at fair value through profit or loss
Financial assets and financial liabilities at fair value through profit or loss include derivative assets and derivative liabilities not designated as effective hedging instruments.

All gains or losses arising from changes in the fair value of financial assets or financial liabilities within this category are recognised in the income statement.

a. Derivative financial assets and financial liabilities
Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

These include derivatives embedded in host contracts. Such embedded derivatives need not be accounted for separately if the host contract is already fair valued; if it is not considered as a derivative if it was freestanding; or if it can be demonstrated that it is closely related to the host contract. There are certain currency exemptions which the group has applied to these rules which limit the need to account for certain potential embedded foreign exchange derivatives. These are: if a contract is denominated in the functional currency of either party; where that currency is commonly used in international trade of the good traded; or if it is commonly used for local transactions in an economic environment.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature.

For derivatives that have not been designated to a hedging relationship, all fair value movements are recognised immediately in the income statement. (See note x for the group's accounting policy on hedge accounting).

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less provision for impairment. Loans and receivables include trade receivables, amounts owed by associates – trade, amounts owed by joint ventures – trade, accrued income and cash and cash equivalents.

a. Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. This provision is recognised in the income statement.

b. Cash and cash equivalents
In the consolidated balance sheet, cash and cash equivalents includes cash in hand, bank deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less. In the consolidated cash flow statement, cash and cash equivalents also includes bank overdrafts which are shown within borrowings in current liabilities on the balance sheet.

(iii) Available for sale investments
Available for sale investments are non-derivative financial assets that are either designated in this category or not classified as financial assets at fair value through profit or loss, or loans and receivables. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They are initially recognised at fair value plus transaction costs and are subsequently remeasured at fair value and tested for impairment. Gains and losses arising from changes in fair value including any related foreign exchange movements are recognised in other comprehensive income. On disposal or impairment of available for sale investments, any gains or losses in other comprehensive income are reclassified to the income statement.

Purchases and sales of investments are recognised on the date on which the group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

(iv) Financial liabilities held at amortised cost
Financial liabilities held at amortised cost include trade payables, accruals, amounts owed to associates – trade, amounts owed to joint ventures – trade, other payables and borrowings.

a. Trade payables
Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will be realised.

b. Borrowings
Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date. Borrowings classified as hedged items are subject to hedge accounting requirements (see note x). Bank overdrafts are shown within borrowings in current liabilities and are included within cash and cash equivalents on the face of the cash flow statement as they form an integral part of the group's cash management.

m) Impairment

This policy covers all assets except inventories (see note k), financial assets (see note l), non-current assets classified as held for sale (see note n), and deferred tax assets (see note u).

Impairment reviews are performed by comparing the carrying value of the non-current asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the CGU using a post-tax discount rate, as this closely approximates to applying pre-tax discount rates to pre-tax cash flows. Where a potential impairment is identified using post-tax cash flows and post-tax discount rates, the impairment review is reperformed on a pre-tax basis in order to determine the impairment loss to be recorded.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. For the purpose of conducting impairment reviews, CGUs are considered to be groups of assets that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

1. Accounting policies continued

An impairment loss is held firstly against any specifically impaired assets. Where an impairment is recognised against a CGU, the impairment is first taken against goodwill balances and if there is a remaining loss it is set against the remaining intangible and tangible assets on a pro-rata basis.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in the income statement in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Goodwill is tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

n) Non-current assets (or disposal groups) held for sale

Non-current assets and all assets and liabilities classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Such assets are classified as held for resale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and when management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification.

o) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within net finance costs.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Investments in own shares (treasury and shares held by employee benefit trusts)

Shares held by employee share ownership plans, employee benefit trusts and in treasury are treated as a deduction from equity until the shares are cancelled, reissued, or disposed.

Purchases of such shares are classified in the cash flow statement as a purchase of own shares for share trusts or purchase of own shares for treasury within net cash from financing activities.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental costs and related tax effects, is included in equity attributable to the company's equity shareholders.

r) Revenue recognition

(i) Sale of goods and services

Revenue represents the fair value of consideration received or receivable for goods and services provided to third parties and is recognised when the risks and rewards of ownership are substantially transferred.

The group presents revenue gross of excise duties because unlike value added tax, excise is not directly related to the value of sales. It is not generally recognised as a separate item on invoices, increases in excise are not always directly passed on to customers, and the group cannot reclaim the excise where customers do not pay for product received. The group therefore considers excise as a cost to the group and reflects it as a production cost. Consequently, any excise that is recovered in the sale price is included in revenue.

Revenue excludes value added tax. It is stated net of price discounts, promotional discounts, settlement discounts and after an appropriate amount has been provided to cover the sales value of credit notes yet to be issued that relate to the current and prior periods.

The same recognition criteria also apply to the sale of by-products and waste (such as spent grain, malt dust and yeast) with the exception that these are included within other income.

(ii) Interest income

Interest income is recognised on an accruals basis using the effective interest method.

When a receivable is impaired the group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

(iii) Royalty income

Royalty income is recognised on an accruals basis in accordance with the relevant agreements and is included in other income.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

s) Operating leases

Rentals paid and incentives received on operating leases are charged or credited to the income statement on a straight-line basis over the lease term.

t) Exceptional items

Where certain expense or income items recorded in a period are material by their size or incidence, the group reflects such items as exceptional items within a separate line on the income statement except for those exceptional items that relate to associates, joint ventures, net finance costs and tax. (Associates, joint ventures, net finance costs and tax exceptional items are only referred to in the notes to the consolidated financial statements).

Exceptional items are also summarised in the segmental analyses, excluding those that relate to net finance costs and tax.

Where certain income statement items incurred are of a capital nature or are considered non-recurring or are exceptional items, the group presents alternative earnings per share calculations both on a headline (under the South African Circular 8/2007 definition) and on an adjusted basis.

u) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Notes to the consolidated financial statements continued

1. Accounting policies continued

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill (in the case of deferred tax liabilities) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. This includes taxation in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary. Deferred income tax is also recognised in respect of the unremitted retained earnings of overseas associates and joint ventures as the group is not able to determine when such earnings will be remitted and when such additional tax such as withholding taxes might be payable.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

v) Dividend distributions

Dividend distributions to equity holders of the parent are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid. Dividends declared after the balance sheet date are not recognised, as there is no present obligation at the balance sheet date.

w) Employee benefits

(i) Wages and salaries

Wages and salaries for current employees are recognised in the income statement as the employees' services are rendered.

(ii) Vacation and long-term service awards costs

The group recognises a liability and an expense for accrued vacation pay when such benefits are earned and not when these benefits are paid.

The group also recognises a liability and an expense for long-term service awards where cash is paid to the employee at certain milestone dates in a career with the group. Such accruals are appropriately discounted to reflect the future payment dates at discount rates determined by reference to local high-quality corporate bonds.

(iii) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments.

The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. At a mid-year point an accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year end.

(iv) Share-based compensation

The group operates a variety of equity-settled, share-based compensation plans. These comprise share option plans (with and without non-market performance conditions attached) and a performance share award plan (with market performance conditions attached). An expense is recognised to spread the fair value of each award granted after 7 November 2002 over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. A corresponding adjustment is made to equity over the remaining vesting period. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately. The charge is based on the fair value of the award as at the date of grant, as calculated by various binomial model calculations and Monte Carlo simulations.

The charge is not reversed if the options are not exercised because the market value of the shares is lower than the option price at the date of grant.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(v) Pension obligations

The group has both defined benefit and defined contribution plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full as they arise outside of the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise, with the exception of gains or losses arising from changes in the benefits regarding past services, which are recognised in the income statement.

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

The contributions to defined contribution plans are recognised as an expense as the costs become payable. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1. Accounting policies continued

(vi) Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to qualifying employees. The expected costs of these benefits are assessed in accordance with the advice of qualified actuaries and contributions are made to the relevant funds over the expected service lives of the employees entitled to those funds. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in full as they arise outside the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(vii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

x) Derivative financial instruments – hedge accounting

Financial assets and financial liabilities at fair value through profit or loss include all derivative financial instruments. The derivative instruments used by the group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, cross currency swaps and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies. The group also has derivatives embedded in other contracts primarily cross border foreign currency supply contracts for raw materials.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging relationship.

In order to qualify for hedge accounting, the group is required to document at inception, the relationship between the hedged item and the hedging instrument as well as its risk management objectives and strategy for undertaking hedging transactions. The group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); hedges of highly probable forecast transactions or commitments (cash flow hedge); or hedges of net investments in foreign operations (net investment hedge).

(i) Fair value hedges

Fair value hedges comprise derivative financial instruments designated in a hedging relationship to manage the group's interest rate risk to which the fair value of certain assets and liabilities are exposed. Changes in the fair value of the derivative offset the relevant changes in the fair value of the underlying hedged item attributable to the hedged risk in the income statement in the period incurred.

Gains or losses on fair value hedges that are regarded as highly effective are recorded in the income statement together with the gain or loss on the hedged item attributable to the hedged risk.

(ii) Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency and interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to the income statement in the period in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability.

(iii) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations comprise either foreign currency borrowings or derivatives (typically forward exchange contracts and cross currency swaps) designated in a hedging relationship.

Gains or losses on hedging instruments that are regarded as highly effective are recognised in other comprehensive income. These largely offset foreign currency gains or losses arising on the translation of net investments that are recorded in equity, in the foreign currency translation reserve. The ineffective portion of gains or losses on hedging instruments is recognised immediately in the income statement. Amounts accumulated in equity are only reclassified to the income statement upon disposal of the net investment.

Where a derivative ceases to meet the criteria of being a hedging instrument or the underlying exposure which it is hedging is sold, matures or is extinguished, hedge accounting is discontinued and amounts previously recorded in equity are reclassified to the income statement. A similar treatment is applied where the hedge is of a future transaction and that transaction is no longer likely to occur. When the hedge is discontinued due to ineffectiveness, hedge accounting is discontinued prospectively.

Certain derivative instruments, while providing effective economic hedges under the group's policies, are not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in the income statement. The group does not hold or issue derivative financial instruments for speculative purposes.

y) Deposits by customers

Returnable bottles and containers in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for branded returnable containers are reflected in the balance sheet within current liabilities. Any estimated liability that may arise in respect of deposits for unbranded containers and bottles is shown in provisions.

z) Earnings per share

Basic earnings per share represents the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares in issue during the year, less the weighted average number of ordinary shares held in the group's employee benefit trust and in treasury during the year.

Diluted earnings per share represents the profit on ordinary activities after taxation attributable to the equity shareholders, divided by the weighted average number of ordinary shares in issue during the year, less the weighted average number of ordinary shares held in the group's employee benefit trust and in treasury during the year, plus the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the year.

Notes to the consolidated financial statements continued

2. Segmental analysis

Operating segments reflect the management structure of the group and the way performance is evaluated and resources allocated based on group revenue and EBITA by the group's chief operating decision maker, defined as the executive directors. The group is focused geographically and, as a result of the implementation of IFRS 8, Africa and Asia are now presented as separate segments. Comparative information has been restated accordingly. While not meeting the definition of reportable segments, the group reports separately as segments Asia, South Africa Hotels and Gaming and Corporate as this provides useful additional information.

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

Income statement

	Group revenue 2010 US$m	EBITA 2010 US$m	Group revenue 2009 US$m	EBITA 2009 US$m
Latin America	5,905	1,386	5,495	1,173
Europe	5,577	872	6,145	944
North America	5,228	619	5,227	581
Africa	2,716	565	2,567	562
Asia	1,741	71	1,565	80
South Africa:	5,183	1,007	4,303	886
– Beverages	4,777	885	3,955	764
– Hotels and Gaming	406	122	348	122
Corporate	–	(139)	–	(97)
Group	26,350	4,381	25,302	4,129
Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures'		(199)		(200)
Exceptional items – group and share of associates' and joint ventures'		(507)		(69)
Net finance costs – group and share of associates' and joint ventures' (excluding exceptional items)		(586)		(751)
Share of associates' and joint ventures' taxation		(118)		(113)
Share of associates' and joint ventures' minority interests		(42)		(38)
Profit before tax		2,929		2,958

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.

	Revenue 2010 US$m	Share of associates' and joint ventures' revenue 2010 US$m	Group revenue 2010 US$m	Revenue 2009 US$m	Share of associates' and joint ventures' revenue 2009 US$m	Group revenue 2009 US$m
Latin America	5,894	11	5,905	5,484	11	5,495
Europe	5,558	19	5,577	6,118	27	6,145
North America	107	5,121	5,228	1,553	3,674	5,227
Africa	1,774	942	2,716	1,615	952	2,567
Asia	473	1,268	1,741	470	1,095	1,565
South Africa:	4,214	969	5,183	3,463	840	4,303
– Beverages	4,214	563	4,777	3,463	492	3,955
– Hotels and Gaming	–	406	406	–	348	348
Group	18,020	8,330	26,350	18,703	6,599	25,302

2. Segmental analysis continued

Operating profit

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

	Operating profit 2010 US$m	Exceptional items 2010 US$m	Operating profit before exceptional items 2010 US$m	Operating profit 2009 US$m	Exceptional items 2009 US$m	Operating profit before exceptional items 2009 US$m
Latin America	**1,114**	**156**	**1,270**	1,102	(45)	1,057
Europe	**638**	**202**	**840**	448	452	900
North America	**12**	**–**	**12**	639	(409)	230
Africa	**313**	**3**	**316**	354	–	354
Asia	**(34)**	**–**	**(34)**	(2)	–	(2)
South Africa: Beverages	**773**	**53**	**826**	704	–	704
Corporate	**(197)**	**58**	**(139)**	(97)	–	(97)
Group	**2,619**	**472**	**3,091**	3,148	(2)	3,146

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.

	Operating profit before exceptional items 2010 US$m	Share of associates' and joint ventures' operating profit before exceptional items 2010 US$m	Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2010 US$m	EBITA 2010 US$m	Operating profit before exceptional items 2009 US$m	Share of associates' and joint ventures' operating profit before exceptional items 2009 US$m	Amortisation of intangible assets (excluding software) – group and share of associates' and joint ventures' 2009 US$m	EBITA 2009 US$m
Latin America	**1,270**	**–**	**116**	**1,386**	1,057	1	115	1,173
Europe	**840**	**3**	**29**	**872**	900	4	40	944
North America	**12**	**562**	**45**	**619**	230	314	37	581
Africa	**316**	**248**	**1**	**565**	354	208	–	562
Asia	**(34)**	**98**	**7**	**71**	(2)	75	7	80
South Africa:	**826**	**180**	**1**	**1,007**	704	181	1	886
– Beverages	**826**	**59**	**–**	**885**	704	60	–	764
– Hotels and Gaming	**–**	**121**	**1**	**122**	–	121	1	122
Corporate	**(139)**	**–**	**–**	**(139)**	(97)	–	–	(97)
Group	**3,091**	**1,091**	**199**	**4,381**	3,146	783	200	4,129

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:

	2010 US$m	2009 US$m
Share of associates' and joint ventures' operating profit (before exceptional items)	**1,091**	783
Share of associates' and joint ventures' exceptional items	**(18)**	(91)
Share of associates' and joint ventures' net finance costs	**(40)**	(25)
Share of associates' and joint ventures' taxation	**(118)**	(113)
Share of associates' and joint ventures' minority interests	**(42)**	(38)
Share of post-tax results of associates and joint ventures	**873**	516

Notes to the consolidated financial statements continued

2. Segmental analysis 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 year for the group to EBITDA after cash exceptional items for the group can be found in note 27a.

	EBITDA before cash exceptional items 2010 US$m	Cash exceptional items 2010 US$m	EBITDA 2010 US$m	EBITDA before cash exceptional items 2009 US$m	Cash exceptional items 2009 US$m	EBITDA 2009 US$m
Latin America	1,710	(92)	1,618	1,418	(19)	1,399
Europe	1,203	(144)	1,059	1,239	(6)	1,233
North America[1]	15	–	15	244	(24)	220
Africa	412	(3)	409	415	–	415
Asia	(3)	–	(3)	26	–	26
South Africa: Beverages	984	(42)	942	883	–	883
Corporate	(8)	(58)	(66)	(12)	–	(12)
Group	**4,313**	**(339)**	**3,974**	4,213	(49)	4,164

1 EBITDA excludes the results of associates and joint ventures and hence the decline in EBITDA for North America is due to the US and Puerto Rico operations of the Miller business being contributed into the MillerCoors joint venture during the prior year.

Other segmental information

	Capital expenditure excluding investment activity[1] 2010 US$m	Investment activity[2] 2010 US$m	Total 2010 US$m	Capital expenditure excluding investment activity[1] 2009 US$m	Investment activity[2] 2009 US$m	Total 2009 US$m
Latin America	357	(13)	344	552	(113)	439
Europe	346	8	354	753	197	950
North America	–	317	317	38	378	416
Africa	524	84	608	416	49	465
Asia	48	36	84	86	37	123
South Africa:	210	63	273	285	–	285
– Beverages	210	–	210	285	–	285
– Hotels and Gaming	–	63	63	–	–	–
Corporate	43	6	49	17	–	17
Group	**1,528**	**501**	**2,029**	2,147	548	2,695

1 Capital expenditure includes additions of intangible assets (excluding goodwill) and property, plant and equipment.

2 Investment activity includes acquisitions and disposals of businesses, net investments in associates and joint ventures, purchases of shares in minorities and purchases and disposals of available for sale investments.

	Depreciation and amortisation	
	2010 US$m	2009 US$m
Latin America	444	406
Europe	330	349
North America	–	31
Africa	94	61
Asia	28	25
South Africa: Beverages	169	145
Corporate	19	16
Group	**1,084**	1,033

2. Segmental analysis continued

Geographical information

The UK is regarded as being the group's country of domicile. Those countries which account for more than 10% of the group's total revenue and/or non-current assets are considered individually material and are reported separately below.

Revenue

	2010 US$m	2009 US$m
UK	**270**	218
Colombia	**3,025**	2,781
Peru	**1,349**	1,288
South Africa	**4,214**	3,463
USA	**97**	1,544
Rest of world	**9,065**	9,409
Group	**18,020**	18,703

Non-current assets

	2010 US$m	2009[1] US$m
UK	**302**	237
Colombia	**8,233**	6,300
Peru	**3,326**	3,045
South Africa	**2,468**	1,775
USA	**6,002**	5,720
Rest of world	**12,705**	10,223
Group	**33,036**	27,300

1 As restated (see note 28).

Non-current assets by location exclude amounts relating to derivative financial instruments and deferred tax assets.

Notes to the consolidated financial statements continued

3. Net operating expenses

	2010 US$m	2009 US$m
Cost of inventories recognised as an expense	4,565	5,203
– Changes in inventories of finished goods and work in progress	34	69
– Raw materials and consumables used	4,531	5,134
Excise duties[1]	3,825	3,820
Employee benefits costs (see note 6a)	1,985	1,940
Depreciation of property, plant and equipment	881	829
– Owned assets	649	621
– Under finance lease	6	5
– Containers	226	203
Profit on disposal of available for sale investments	(2)	–
Profit on disposal of businesses	–	(526)
Loss on disposal of property, plant and equipment	39	10
Amortisation of intangible assets	203	204
– Intangible assets excluding software	150	164
– Software	53	40
Other expenses	4,184	4,352
– Selling, marketing and distribution costs	2,054	2,281
– Repairs and maintenance expenditure on property, plant and equipment	295	308
– Impairment of goodwill	–	364
– Impairment of intangible assets	–	14
– Impairment of property, plant and equipment	45	16
– Impairment of trade and other receivables	43	31
– Operating lease rentals – land and buildings	57	65
– Operating lease rentals – plant, vehicles and systems	89	91
– Research and development expenditure	4	7
– Other operating expenses	1,597	1,175
Total net operating expenses by nature	15,680	15,832
Other income	(279)	(277)
– Revenue received from royalties	(35)	(36)
– Dividends received from investments	(2)	(1)
– Other operating income	(242)	(240)
Net operating expenses	15,401	15,555

1 Excise duties of US$3,825 million (2009: US$3,820 million) have been incurred during the year as follows: Latin America US$1,517 million (2009: US$1,383 million); Europe US$1,075 million (2009: US$1,118 million); North America US$2 million (2009: US$239 million); Africa US$282 million (2009: US$270 million); Asia US$181 million (2009: US$184 million) and South Africa US$768 million (2009: US$626 million).

Foreign exchange differences recognised in the profit for the year, except for those arising on financial instruments measured at fair value under IAS 39, were a gain of US$27 million (2009: loss of US$34 million).

The following fees were paid to a number of different accounting firms as auditors of various parts of the group:

	2010 US$m	2009 US$m
Group auditors		
Fees payable to the group's auditor and its associates for:		
Auditing of subsidiaries, pursuant to legislation	8	6
Other services supplied pursuant to legislation	1	1
Other services relating to taxation	6	4
Services relating to corporate finance transactions	3	–
Other services[1]	6	4
Fees payable to the group's auditor for auditing of the parent company's annual accounts	2	1
	26	16

1 In 2010, principally relating to the business capability programme.

	2010 US$m	2009 US$m
Other auditors		
Fees payable to other auditors for other services:		
Auditing of subsidiaries, pursuant to legislation	2	1
Other services relating to taxation	2	2
Internal audit services	–	1
IT consulting services[1]	4	–
Other services[1]	15	3
	23	7

1 In 2010, principally relating to the business capability programme.

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4. Exceptional items

	2010 US$m	2009 US$m
Exceptional items included in operating profit:		
Business capability programme costs	**(325)**	–
Impairments	**(45)**	(392)
Integration and restructuring costs	**(78)**	(110)
Transaction costs	**(24)**	–
Profit on disposal of businesses	**–**	526
Unwinding of fair value adjustments on inventory	**–**	(9)
Litigation	**–**	(13)
Net exceptional (losses)/gains included within operating profit	**(472)**	2
Exceptional items included in net finance costs:		
Business capability programme costs	**(17)**	–
Gain on early termination of financial derivatives	**–**	20
Net exceptional (losses)/gains included within net finance costs	**(17)**	20
Share of associates' and joint ventures' exceptional items:		
Integration and restructuring costs	**(14)**	(33)
Unwinding of fair value adjustments on inventory	**(4)**	(13)
Impairment of intangible assets	**–**	(38)
Fair value losses on financial instruments	**–**	(7)
Share of associates' and joint ventures' exceptional losses	**(18)**	(91)
Taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items	**64**	56

Exceptional items included in operating profit

Business capability programme costs
Following the establishment of the business capability programme which will streamline finance, human resources and procurement activities through the deployment of global systems and, within regions, the introduction of common sales, distribution and supply chain management systems, costs of US$325 million have been incurred in the year (2009: US$nil).

Impairments
During 2010, an impairment charge of US$45 million was recorded in relation to property, plant and equipment following the announcement of the closure of production facilities at the Bogota brewery in Colombia.

In 2009, goodwill impairments were recorded in respect of the Grolsch business and Sarmat in Ukraine of US$350 million and US$14 million respectively. Other impairments principally related to intangible assets and property, plant and equipment in Ukraine of US$28 million.

Integration and restructuring costs
In Europe US$64 million of integration and restructuring costs were incurred in Romania following the acquisition of Bere Azuga, including the closure of a brewery; in Poland including the closure of the Kielce brewery; in Slovakia including the closure of the Topolcany brewery; and in Italy, The Netherlands and the Canary Islands primarily associated with retrenchments. In Latin America US$14 million was incurred in relation to restructuring following the announcement of the closure of the production facilities at the Bogota brewery in Colombia.

In 2009, US$51 million of integration and restructuring costs were incurred in Grolsch, Poland, the Czech Republic, Russia and Ukraine in Europe; US$31 million of restructuring costs were incurred in Latin America, principally in Colombia; and US$28 million of staff retention and certain integration costs were recorded in North America relating to MillerCoors.

Transaction costs
During 2010, US$11 million of costs have been incurred in relation to the Broad-Based Black Economic Empowerment transaction in South Africa.

Additionally, costs of US$13 million were incurred in relation to transaction services and have been treated as exceptional in the Corporate division.

Profit on disposal of businesses
In 2009, a profit of US$437 million arose in North America on the disposal of the US and Puerto Rico operations of the Miller business into the MillerCoors joint venture. In Latin America a net US$89 million profit on disposal was recorded on the disposal of the water business in Colombia and the soft drinks business in Bolivia.

Unwinding of fair value adjustments on inventory
On the acquisition of Grolsch inventory was fair valued to market value. The uplift was charged to the income statement as the inventory was sold. During 2009, US$9 million was charged to operating profit and treated as an exceptional item.

Litigation
During 2009, a provision was booked in Latin America relating to ongoing litigation amounting to US$13 million.

Notes to the consolidated financial statements continued

4. Exceptional items continued

Exceptional items included in net finance costs

Business capability programme costs
As a result of the business capability programme and resultant changes in treasury systems used and their differing valuation methodologies, a charge of US$17 million has been incurred to reflect differences on the fair valuation of financial instruments (2009: US$nil).

Early termination of financial derivatives
During 2009, a US$20 million gain arose on the early termination of financial derivatives.

Share of associates' and joint ventures' exceptional items

Integration and restructuring costs
During 2010, the group's share of MillerCoors' integration and restructuring costs was US$14 million, primarily related to relocation and severance costs (2009: US$33 million).

Unwinding of fair value adjustments on inventory
In 2010, the group's share of MillerCoors' charge to operating profit in the year relating to the unwind of the fair value adjustment to inventory was US$4 million (2009: US$13 million).

Impairment of intangible assets
In 2009, this related to the group's share of the impairment of the Sparks brand recorded in MillerCoors.

Fair value losses on financial instruments
In 2009, the group's share of losses related to fair value mark to market adjustments on financial instruments at Hotels and Gaming amounted to US$7 million.

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

Taxation credits of US$64 million (2009: US$56 million) arose in relation to exceptional items during the year and include US$7 million (2009: US$31 million) in relation to MillerCoors although the tax credit is recognised in Miller Brewing Company (see note 7).

5. Net finance costs

	2010 US$m	2009 US$m
a. Interest payable and similar charges		
Interest payable on bank loans and overdrafts	162	262
Interest payable on derivatives	216	253
Interest payable on corporate bonds	389	406
Interest element of finance lease payments	1	1
Net exchange (gains)/losses on financing activities	(51)	288
Fair value losses on financial instruments:		
– Fair value losses on dividend related derivatives[1]	9	12
– Fair value losses on standalone derivative financial instruments	104	27
– Ineffectiveness of net investment hedges[1]	8	22
Change in valuation methodology of financial instruments[1]	17	–
Other finance charges	24	30
Total interest payable and similar charges	879	1,301
b. Interest receivable and similar income		
Interest receivable	60	66
Interest receivable on derivatives	217	201
Fair value gains on financial instruments:		
– Fair value gains on standalone derivative financial instruments	28	291
– Ineffectiveness of fair value hedges	–	10
– Fair value gains on dividend related derivatives[1]	–	7
Gain on early termination of financial derivatives[1]	–	20
Net exchange gains on dividends[1]	9	–
Other finance income	2	–
Total interest receivable and similar income	316	595
Net finance costs	563	706

1 These items have been excluded from the determination of adjusted earnings per share. Adjusted net finance costs are therefore US$538 million (2009: US$699 million).

Refer to note 22 – Financial risk factors for interest rate risk information.

6. Employee and key management compensation costs

a. Employee costs

	2010 US$m	2009 US$m
Wages and salaries	**1,631**	1,580
Share-based payments	**80**	79
Social security costs	**168**	164
Pension costs	**106**	99
Post-retirement benefits other than pensions	**13**	19
	1,998	1,941

Of the US$1,998 million employee costs shown above, US$13 million has been capitalised within property, plant and equipment (2009: US$1 million).

b. Employee numbers

The average monthly number of employees are shown on a full-time equivalent basis, excluding employees of associated and joint venture undertakings and including executive directors:

	2010 Number	2009 Number
Latin America	**24,979**	24,793
Europe	**15,201**	15,987
North America	**50**	1,544
Africa	**12,182**	9,078
Asia	**4,494**	4,763
South Africa	**12,885**	12,184
Corporate	**340**	286
Group	**70,131**	68,635

c. Key management compensation

The directors of the group and members of the executive committee (excom) are defined as key management. At 31 March 2010, there were 25 (2009: 23) key management.

	2010 US$m	2009 US$m
Salaries and short-term employee benefits	**30**	23
Post-employment benefits	**2**	2
Share-based payments	**21**	14
	53	39

The key management figures given above include the directors.

d. Directors

	2010 US$m	2009 US$m
Aggregate emoluments £5,488,539 (2009: £4,251,478)	**9**	7
Aggregate gains made on the exercise of share options or vesting of share awards	**29**	2
Company contributions to money purchase schemes £549,600 (2009: £528,000)	**1**	1
	39	10

At 31 March 2010, two directors (2009: two) had retirement benefits accruing under money purchase pension schemes.

Full details of individual directors' remuneration are given in the remuneration report on pages 59 to 67.

Notes to the consolidated financial statements continued

7. Taxation

	2010 US$m	2009 US$m
Current taxation	725	670
– Charge for the year (UK corporation tax: US$6 million (2009: US$4 million))	755	693
– Adjustments in respect of prior years	(30)	(23)
Withholding taxes and other remittance taxes	77	67
Total current taxation	802	737
Deferred taxation	46	64
– Charge for the year (UK corporation tax: US$nil (2009: US$nil))	71	81
– Adjustments in respect of prior years	(14)	(14)
– Rate change	(11)	(3)
Taxation expense	**848**	801
Tax (credit)/charge relating to components of other comprehensive income is as follows:		
Deferred tax credit on actuarial gains and losses	(10)	(94)
Deferred tax charge/(credit) on financial instruments	46	(31)
	36	(125)
Total current tax	802	737
Total deferred tax	82	(61)
Total taxation	**884**	676
Effective tax rate (%)	28.5	30.2

See page 158 for the definition of the effective tax rate. This calculation is on a basis consistent with that used in prior years 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.

Tax rate reconciliation

	2010 US$m	2009 US$m
Profit before taxation	2,929	2,958
Less: Share of post-tax results of associates and joint ventures	(873)	(516)
	2,056	2,442
Tax charge at standard UK rate of 28% (2009: 28%)	576	684
Exempt income	(30)	(39)
Other incentive allowances	(17)	(21)
Expenses not deductible for tax purposes	79	62
Deferred tax asset not recognised	28	55
Tax impact of MillerCoors joint venture	154	64
Withholding taxes and other remittance taxes	71	67
Other taxes	20	30
Adjustments in respect of foreign tax rates	14	(74)
Adjustments in respect of prior periods	(44)	(37)
Deferred taxation rate change	(11)	(3)
Deferred taxation on unremitted earnings of overseas subsidiaries	8	13
Total taxation expense	**848**	801

8. Earnings per share

	2010 US cents	2009 US cents
Basic earnings per share	**122.6**	125.2
Diluted earnings per share	**122.1**	124.6
Headline earnings per share	**127.3**	119.0
Adjusted basic earnings per share	**161.1**	137.5
Adjusted diluted earnings per share	**160.4**	136.8

The weighted average number of shares was:

	2010 Millions of shares	2009 Millions of shares
Ordinary shares	**1,641**	1,514
Treasury shares (see note 25)	**(77)**	(7)
ESOP trust ordinary shares	**(6)**	(5)
Basic shares	**1,558**	1,502
Dilutive ordinary shares from share options	**6**	8
Diluted shares	**1,564**	1,510

The calculation of diluted earnings per share excludes 6,920,802 (2009: 12,793,912) share options that were non-dilutive for the year because the exercise price of the option exceeded the fair value of the shares during the year and 10,485,166 (2009: 8,912,780) share awards that were non-dilutive for the year 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.

9,932,750 share awards were granted after 31 March 2010 and before the date of signing of these financial statements.

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 years shown in the consolidated financial statements. Adjusted earnings per share has been based on adjusted earnings for each financial year and on the same number of weighted average shares in issue as the basic earnings per share calculation. Headline earnings per share has been calculated in accordance with the South African Circular 8/2007 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:

	2010 US$m	2009 US$m
Profit for the financial year attributable to equity holders of the parent	**1,910**	1,881
Headline adjustments		
Impairment of goodwill	**–**	364
Impairment of intangible assets	**–**	14
Impairment of property, plant and equipment	**45**	16
Loss on disposal of property, plant and equipment	**39**	10
Profit on disposal of businesses	**–**	(526)
Profit on disposal of available for sale investments	**(2)**	–
Tax effects of the above items	**(17)**	(4)
Minority interests' share of the above items	**9**	(1)
Share of joint ventures' and associates' headline adjustments, net of tax and minority interests	**–**	34
Headline earnings	**1,984**	1,788
Business capability programme costs	**342**	–
Integration and restructuring costs	**41**	108
Transaction costs	**24**	–
Net loss on fair value movements on capital items[1]	**8**	27
Unwind of fair value adjustments on inventory	**–**	9
Gain on early termination of financial derivatives	**–**	(20)
Litigation	**–**	13
Amortisation of intangible assets (excluding capitalised software)	**150**	164
Tax effects of the above items	**(101)**	(110)
Minority interests' share of the above items	**(6)**	(4)
Share of joint ventures' and associates' other adjustments, net of tax and minority interests	**67**	90
Adjusted earnings	**2,509**	2,065

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 consolidated financial statements continued

9. Dividends

	2010 US$m	2009 US$m
Equity		
2009 Final dividend paid: 42.0 US cents (2008: 42.0 US cents) per ordinary share	**654**	640
2010 Interim dividend paid: 17.0 US cents (2009: 16.0 US cents) per ordinary share	**270**	237
	924	877

In addition, the directors are proposing a final dividend of 51.0 US cents per share in respect of the financial year ended 31 March 2010, which will absorb an estimated US$812 million of shareholders' funds. If approved by shareholders, the dividend will be paid on 13 August 2010 to shareholders registered on the London and Johannesburg registers on 6 August 2010. The total dividend per share for the year is 68.0 US cents (2009: 58.0 US cents).

On 26 February 2009, the non-voting convertible shares held by Safari Ltd were converted into ordinary shares and then acquired by the company to be held as treasury shares. The treasury shares are not entitled to dividends. Safari Ltd previously waived its rights to interim dividends in respect of 2009 of US$12 million.

The employees' benefit trust (EBT) which holds shares for the various executive share incentive plans has waived its rights to dividends.

Dividends are paid between group companies out of profits available for distribution subject to, amongst other things (in the case of companies incorporated in the United Kingdom), the provisions of the companies' Articles of Association and the Companies Act 2006. There are restrictions over the distribution by a company incorporated in the United Kingdom of any profits which are not generated from external cash receipts as defined in Technical Release 1/09, issued by the Institute of Chartered Accountants in England and Wales. The final dividend of the company of US$654 million paid on 28 August 2009, relating to the year ended 31 March 2009 and the interim dividend of US$270 million paid on 11 December 2009, relating to the six months ended 30 September 2009, were paid out of profits available for distribution and the final dividend of the company of US$812 million proposed to be paid on 13 August 2010, relating to the year ended 31 March 2010, will be paid out of profits available for distribution.

10. Goodwill

	US$m
Cost	
At 1 April 2008	15,133
Exchange adjustments	(2,212)
Arising on increase in share of subsidiary undertakings	3
Acquisitions – through business combinations	123
Contributed to joint ventures	(3,998)
At 31 March 2009[1]	9,049
Exchange adjustments	1,677
Arising on increase in share of subsidiary undertakings (see note 29)	1,125
Acquisitions – through business combinations (provisional) (see note 29)	72
At 31 March 2010	**11,923**
Accumulated impairment	
At 1 April 2008	–
Exchange adjustments	(31)
Impairment	364
At 31 March 2009	333
Exchange adjustments	6
At 31 March 2010	**339**
Net book amount	
At 1 April 2008	15,133
At 31 March 2009[1]	8,716
At 31 March 2010	**11,584**

1 As restated (see note 28).

10. Goodwill continued

2010

Provisional goodwill arose on the acquisition through business combinations in the year of Ambo in Ethiopia, Rwenzori in Uganda, a maheu business in Zambia and Azuga in Romania, together with goodwill arising on the increase in the group's share of subsidiary undertakings primarily related to the buyout of minority interests in Poland (see note 29). The fair value exercises in respect of these business combinations have yet to be completed.

2009

Additional goodwill arose on the acquisitions of Vladpivo in Russia, Sarmat in Ukraine, Pabod in Nigeria, Voltic in Nigeria and Ghana and SABMiller Vietnam JV Company Limited in Vietnam, which occurred in the year. The fair value exercises in respect of these acquisitions are now complete.

Goodwill arising on the formation of the MillerCoors joint venture is recorded within the investment in joint ventures.

Goodwill impairments were recorded in respect of the Grolsch business and Sarmat in Ukraine of US$350 million and US$14 million respectively.

Goodwill is monitored principally on an individual country basis and the net book value is allocated by cash generating unit (CGU) as follows:

	2010 US$m	2009[1] US$m
CGUs:		
Latin America:		
– Central America	**830**	830
– Colombia	**4,474**	3,387
– Peru	**1,645**	1,482
– Other Latin America	**204**	201
Europe:		
– Czech	**933**	873
– Netherlands	**104**	103
– Italy	**437**	428
– Poland	**1,331**	58
– Other Europe	**122**	91
North America	**256**	256
Africa	**195**	148
Asia:		
– India	**390**	354
– Other Asia	**13**	11
South Africa	**650**	494
	11,584	8,716

1 As restated (see note 28).

Assumptions

The recoverable amount for a CGU is determined based on value in use calculations. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the CGU using a post-tax discount rate, as this closely approximates to applying pre-tax discount rates to pre-tax cash flows. Where a potential impairment is identified using post-tax cash flows and post-tax discount rates, the impairment review is re-performed on a pre-tax basis in order to determine the impairment loss to be recorded. The key assumptions for the value in use calculations are as follows:

Expected volume growth rate – Cash flows are based on financial forecasts approved by management covering five-year periods and are dependent on the expected volume growth rates.

Discount rate – The discount rate (weighted average cost of capital) is calculated using a methodology which reflects the returns from United States Treasury notes with a maturity of 20 years, and an equity risk premium adjusted for specific industry and country risks. The group applies local post-tax discount rates to local post-tax cash flows.

Long-term growth rate – Cash flows after the first five-year period were extrapolated using a long-term growth rate, in order to calculate the terminal recoverable amount.

The following table presents the key assumptions used in the value in use calculations in each of the group's operating segments:

	Expected volume growth rates 2011–2015	Post-tax discount rates	Long-term growth rates
Latin America	3.9%–5.7%	9.0%–13.9%	2.0%–3.0%
Europe	0.5%–11.0%	8.1%–10.6%	2.0%–2.5%
North America	4.7%	7.8%	2.5%
Africa	1.6%–14.9%	8.8%–25.1%	3.0%–7.5%
Asia	9.7%–12.7%	8.1%–9.9%	3.0%–7.0%
South Africa	4.1%	9.8%	3.0%

Notes to the consolidated financial statements continued

10. Goodwill continued

Impairment reviews results

As a result of the annual impairment reviews, no impairment losses have been recognised in the year.

In 2009 total impairment losses recognised in respect of CGUs were as follows:

	US$m
Netherlands	350
Ukraine	42
	392

Netherlands
The Grolsch business was acquired in February 2008 for total consideration of US$1,201 million. The impairment loss of US$350 million arose principally due to deterioration in forecast trading conditions in both The Netherlands, which was impacted by excise increases and the introduction of a smoking ban, and in export markets. The impairment loss was allocated to goodwill.

Ukraine
A total impairment loss of US$42 million was recognised in respect of CJSC Sarmat in Ukraine which was acquired in July 2008. Subsequent to the acquisition, the business did not perform as expected as the Ukrainian economy suffered a significant downturn from which it was expected to take a significant amount of time to recover. The impairment loss was allocated to goodwill, intangible assets and property, plant and equipment.

Sensitivities to assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonably possible change in a single assumption will not cause an impairment loss in any of the group's CGUs.

11. Intangible assets

	Brands US$m	Computer software US$m	Other US$m	Total US$m
Cost				
At 1 April 2008	5,148	417	71	5,636
Exchange adjustments	(1,019)	(51)	(2)	(1,072)
Additions – separately acquired	28	44	1	73
Acquisitions – through business combinations	41	1	–	42
Contributed to joint ventures	(215)	(149)	–	(364)
Transfers	–	7	(7)	–
Transfers from property, plant and equipment	–	13	2	15
Transfers to other assets	–	(13)	–	(13)
Disposals	(9)	–	–	(9)
At 31 March 2009[1]	3,974	269	65	4,308
Exchange adjustments	718	39	2	759
Additions – separately acquired	–	92	1	93
Acquisitions – through business combinations (see note 29)	32	–	1	33
Transfers from property, plant and equipment	–	30	2	32
At 31 March 2010	**4,724**	**430**	**71**	**5,225**
Aggregate amortisation and impairment				
At 1 April 2008	353	241	6	600
Exchange adjustments	(92)	(25)	–	(117)
Amortisation	148	40	16	204
Contributed to joint ventures	(27)	(105)	–	(132)
Impairment	14	–	–	14
Disposals	(3)	–	–	(3)
At 31 March 2009	393	151	22	566
Exchange adjustments	80	19	3	102
Amortisation	144	53	6	203
At 31 March 2010	**617**	**223**	**31**	**871**
Net book amount				
At 1 April 2008	4,795	176	65	5,036
At 31 March 2009[1]	3,581	118	43	3,742
At 31 March 2010	**4,107**	**207**	**40**	**4,354**

1 As restated (see note 28).

During 2010, no impairment charge in respect of intangible assets was incurred (2009: impairment charge of US$14 million was incurred in respect of intangible assets in Ukraine).

11. Intangible assets continued

At 31 March 2010, significant individual brands included within the carrying value of intangible assets are as follows:

	2010 US$m	2009 US$m	Amortisation period remaining (years)
Brand carrying value			
Aguila (Colombia)	**1,533**	1,187	35
Cristal (Peru)	**643**	596	35
Grolsch (Netherlands)	**482**	485	38

12. Property, plant and equipment

	Assets in course of construction US$m	Land and buildings US$m	Plant, vehicles and systems US$m	Returnable containers US$m	Total US$m
Cost					
At 1 April 2008	918	3,354	7,889	1,854	14,015
Exchange adjustments	(209)	(738)	(1,740)	(409)	(3,096)
Additions	1,116	101	481	376	2,074
Acquisitions – through business combinations	1	40	112	9	162
Contributed to joint ventures	(18)	(290)	(1,247)	(94)	(1,649)
Breakages and shrinkage	–	–	–	(63)	(63)
Transfers	(1,047)	240	735	72	–
Transfers to intangible assets	(15)	–	–	–	(15)
Disposals	(1)	(25)	(208)	(145)	(379)
At 31 March 2009[1]	745	2,682	6,022	1,600	11,049
Exchange adjustments	59	460	1,135	291	1,945
Additions	520	139	513	268	1,440
Acquisitions – through business combinations (see note 29)	–	13	22	2	37
Breakages and shrinkage	–	–	–	(58)	(58)
Transfers	(748)	124	574	50	–
Transfers to intangible assets	(32)	–	–	–	(32)
Disposals	(1)	(31)	(258)	(48)	(338)
At 31 March 2010	**543**	**3,387**	**8,008**	**2,105**	**14,043**
Accumulated depreciation and impairment					
At 1 April 2008	–	542	3,505	855	4,902
Exchange adjustments	–	(138)	(867)	(206)	(1,211)
Provided during the period	–	66	560	203	829
Contributed to joint ventures	–	(69)	(509)	(28)	(606)
Breakages and shrinkage	–	–	–	(9)	(9)
Impairment	–	4	11	1	16
Disposals	–	(3)	(148)	(127)	(278)
At 31 March 2009	–	402	2,552	689	3,643
Exchange adjustments	–	81	583	144	808
Provided during the period	–	72	583	226	881
Breakages and shrinkage	–	–	–	(18)	(18)
Impairment	–	–	45	–	45
Transfers	–	–	(3)	3	–
Disposals	–	(2)	(208)	(21)	(231)
At 31 March 2010	**–**	**553**	**3,552**	**1,023**	**5,128**
Net book amount					
At 1 April 2008	918	2,812	4,384	999	9,113
At 31 March 2009[1]	745	2,280	3,470	911	7,406
At 31 March 2010	**543**	**2,834**	**4,456**	**1,082**	**8,915**

1 As restated (see note 28).

Included in land and buildings is freehold land with a cost of US$624 million (2009: US$554 million) which is not depreciated.

Notes to the consolidated financial statements continued

12. Property, plant and equipment continued

Included in plant, vehicles and systems are the following amounts relating to assets held under finance leases:

	2010 US$m	2009 US$m
Net book amount	20	28

Included in the amounts above are the following amounts in respect of borrowing costs capitalised:

	2010 US$m	2009 US$m
At beginning of year	31	26
Exchange adjustments	5	(5)
Amortised during the year	(3)	(4)
Capitalised during the year	25	14
At end of year	58	31

Borrowing costs of US$25 million (2009: US$14 million) were capitalised during the year at an effective rate of 9.93% (2009: 13.47%). It is anticipated that of the borrowing costs capitalised during the year, potentially US$9 million (2009: US$3 million) will be available for tax relief.

Borrowings are secured by various of the group's property, plant and equipment with an aggregate net book value of US$207 million (2009: US$146 million).

13. Investments in joint ventures

A list of the group's significant investments in joint ventures, including the name, country of incorporation and proportion of ownership interest is given in note 33 to the consolidated financial statements.

	US$m
At 1 April 2008	–
Exchange adjustments	(10)
Reclassification from investments in associates[1]	30
Formation of the MillerCoors joint venture	5,804
Investments in joint ventures	235
Share of results retained	225
Share of losses recognised in other comprehensive income	(335)
Dividends received	(454)
At 31 March 2009	5,495
Exchange adjustments	11
Investments in joint ventures	353
Share of results retained	536
Share of gains recognised in other comprehensive income	134
Dividends received	(707)
At 31 March 2010	**5,822**

1 As a result of SABMiller entering the MillerCoors joint venture, joint ventures became a material item in the group's financial statements. This meant that investments in immaterial joint ventures previously classified as investments in associates were reclassified as investments in joint ventures.

The initial cost of investment for the MillerCoors joint venture included 58% of the carrying value of net assets of the US and Puerto Rico operations contributed by Miller and 58% of the fair value of the business contributed by Coors Brewing Company. See note 29 for further information relating to the net assets contributed to the joint venture by Miller in the prior year.

Summarised financial information for the group's interest in joint ventures is shown below:

	2010 US$m	2009 US$m
Revenue	5,168	3,708
Expenses	(4,631)	(3,483)
Profit after tax	537	225
Non-current assets	5,842	5,631
Current assets	649	625
Current liabilities	(564)	(639)
Non-current liabilities	(722)	(782)

14. Investments in associates

A list of the group's significant investments in associates, including the name, country of incorporation and proportion of ownership interest is given in note 33 to the consolidated financial statements.

	US$m
At 1 April 2008	1,826
Exchange adjustments	(142)
Reclassification to investments in joint ventures	(30)
Investments in associates	4
Repayment of investments by associates	(3)
Share of results retained	291
Share of gains recognised in other comprehensive income	5
Dividends received	(151)
Transfer to subsidiary undertaking	(13)
At 31 March 2009	1,787
Exchange adjustments	90
Investments in associates	76
Repayment of investments by associates	(3)
Share of results retained	337
Share of gains recognised in other comprehensive income	2
Dividends received	(109)
Transfer from other assets	33
At 31 March 2010	**2,213**

2010

On 12 October 2009, SABSA Holdings (Pty) Ltd, a wholly owned subsidiary of the group, subscribed for R490 million (US$63 million) preference shares in Tsogo Sun Gaming (Pty) Ltd, a wholly owned subsidiary of the group's associate, Tsogo Sun Holdings Ltd (TSH), as the group's share of the funding for the 30% increase in the TSH group's effective interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd, the licensee and operator of the Suncoast Casino in Durban.

2009

The group's interest in Pacific Beverages (Pty) Ltd in Australia was classified as a joint venture, following the formation of the MillerCoors joint venture.

On 20 March 2009, the remaining 50% equity investment in SABMiller Vietnam JV Company Limited (Vietnam) was purchased and from this date the company has been accounted for as a subsidiary.

The analysis of associated undertakings between listed and unlisted investments is shown below:

	2010 US$m	2009 US$m
Listed	**189**	121
Unlisted	**2,024**	1,666
	2,213	1,787
The market value of listed investments included above is:		
– Distell Group Ltd	**547**	318
– Delta Corporation Limited	**126**	–

Summarised financial information for associates for total assets, total liabilities, revenue and profit or loss on a 100% basis is shown below:

	2010 US$m	2009 US$m
Total assets	**10,020**	8,518
Total liabilities	**(3,745)**	(2,873)
Revenue	**9,363**	8,370
Net profit	**1,321**	1,084

Delta Corporation Limited, a listed associate undertaking of the group which operates in Zimbabwe, was restricted from paying dividends or exporting capital due to foreign currency shortages, and as such the market value of its listed shares was not included above in the prior year. Following the easing of certain of the restrictions during the year, the market value at 31 March 2010 has been included above. Some of the group's investments in associated undertakings which operate in African countries are also subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

Notes to the consolidated financial statements continued

15. Available for sale investments

	US$m
At 1 April 2008	53
Exchange adjustments	(5)
Additions	14
Contributed to joint ventures	(10)
Disposals	(4)
Net losses transferred to other comprehensive income	(8)
At 31 March 2009	40
Exchange adjustments	5
Additions	6
Transfer to subsidiary undertaking (see note 29)	(11)
Disposals	(12)
Net gains transferred to other comprehensive income	4
At 31 March 2010	**32**

	2010 US$m	2009 US$m
Analysed as:		
Non-current	**31**	29
Current	**1**	11
	32	40

None of the available for sale investments are past due or impaired.

Available for sale investments are denominated in the following currencies:

	2010 US$m	2009 US$m
SA rand	**14**	6
US dollars	**9**	12
Peruvian nuevo sol	**3**	8
Other currencies	**6**	14
	32	40

An analysis of available for sale investments between listed and unlisted is shown below:

	2010 US$m	2009 US$m
Listed	**4**	19
Unlisted	**28**	21
	32	40

The fair values of unlisted investments are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to unlisted securities, or by reference to valuations provided by third party investment managers. The fair value of listed investments have been determined by reference to quoted stock exchanges.

The maximum exposure to credit risk at the reporting date is the fair value of the securities classified as available for sale.

16. Inventories

	2010 US$m	2009[1] US$m
Raw materials and consumables	**760**	672
Work in progress	**146**	135
Finished goods and goods for resale	**389**	434
	1,295	1,241

1 As restated (see note 28).

The following amount of inventories are expected to be utilised after 12 months:

	2010 US$m	2009 US$m
Raw materials and consumables	**22**	34
Work in progress	**–**	1
Finished goods and goods for resale	**–**	6
	22	41

There were no borrowings secured on the inventories of the group (2009: US$nil).

An impairment charge of US$20 million was recognised in respect of inventories during the year (2009: US$nil).

17. Trade and other receivables

	2010 US$m	2009 US$m
Trade receivables	**1,411**	1,177
Less: provision for impairment	**(156)**	(121)
Trade receivables – net	**1,255**	1,056
Other receivables	**406**	499
Less: provision for impairment	**(11)**	(10)
Other receivables – net	**395**	489
Amounts owed by associates – trade	**3**	27
Amounts owed by joint ventures – trade	**4**	2
Prepayments and accrued income	**125**	127
Total trade and other receivables	**1,782**	1,701

	2010 US$m	2009 US$m
Analysed as:		
Current		
Trade receivables – net	**1,244**	1,053
Other receivables – net	**291**	386
Amounts owed by associates – trade	**3**	27
Amounts owed by joint ventures – trade	**4**	2
Prepayments and accrued income	**123**	108
	1,665	1,576
Non-current		
Trade receivables – net	**11**	3
Other receivables – net	**104**	103
Prepayments and accrued income	**2**	19
	117	125

The net carrying values of trade and other receivables are considered a close approximation of their fair values.

At 31 March 2010, trade and other receivables of US$405 million (2009: US$356 million) were past due but not impaired. These relate to customers of whom there is no recent history of default. The ageing of these trade and other receivables is shown below:

		Past due				
	Fully performing 2010 US$m	Within 30 days 2010 US$m	30-60 days 2010 US$m	60-90 days 2010 US$m	90-180 days 2010 US$m	Over 180 days 2010 US$m
Trade receivables	**875**	**183**	**51**	**33**	**37**	**47**
Other receivables	**192**	**21**	**10**	**9**	**3**	**11**
Amounts owed by associates – trade	**3**	**–**	**–**	**–**	**–**	**–**
Amounts owed by joint ventures – trade	**4**	**–**	**–**	**–**	**–**	**–**

		Past due				
	Fully performing 2009 US$m	Within 30 days 2009 US$m	30-60 days 2009 US$m	60-90 days 2009 US$m	90-180 days 2009 US$m	Over 180 days 2009 US$m
Trade receivables	674	154	41	26	34	35
Other receivables	163	33	6	11	1	15
Amounts owed by associates – trade	27	–	–	–	–	–
Amounts owed by joint ventures – trade	2	–	–	–	–	–

The group holds collateral as security for past due trade receivables to the value of US$52 million (2009: US$49 million) and for past due other receivables of US$nil (2009: US$16 million).

At 31 March 2010, trade receivables of US$185 million (2009: US$213 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2010 was US$156 million (2009: US$121 million) and reflects trade receivables from customers which are considered to be experiencing difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The group holds collateral as security against specifically impaired trade receivables with a fair value of US$6 million (2009: US$1 million).

At 31 March 2010, other receivables of US$12 million (2009: US$13 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2010 was US$11 million (2009: US$10 million) and reflects loans to customers who are considered to be experiencing difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The group did not hold collateral as security against specifically impaired other receivables at 31 March 2010 or 31 March 2009.

Collateral held primarily includes bank guarantees, charges over assets and concurrent amounts owing to associates.

Notes to the consolidated financial statements continued

17. Trade and other receivables continued

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2010 US$m	2009 US$m
SA rand	366	217
US dollars	189	212
Euro	342	370
Colombian peso	123	93
British pound	42	93
Other currencies	720	716
	1,782	1,701

Movements on the provision for impairment of trade receivables and other receivables are as follows:

	Trade receivables		Other receivables	
	2010 US$m	2009 US$m	2010 US$m	2009 US$m
At 1 April	(121)	(148)	(10)	(42)
Provision for receivables impairment	(42)	(28)	(1)	(3)
Receivables written off during the year as uncollectible	21	26	2	1
Contributed to joint ventures	–	–	–	42
Transfers	–	–	–	(9)
Exchange adjustments	(14)	29	(2)	1
At 31 March	(156)	(121)	(11)	(10)

The creation of provisions for impaired receivables is included in net operating expenses in the income statement (see note 3).

18. Cash and cash equivalents

	2010 US$m	2009[1] US$m
Short-term deposits	278	46
Cash at bank and in hand	501	376
	779	422

1 As restated (see note 28).

Cash and short-term deposits of US$105 million (2009: US$118 million) are held in African countries (including South Africa) and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

The group operates notional cash pools. The structures facilitate interest and balance compensation of cash and bank overdrafts. These notional pooling arrangements meet the set-off rules under IFRS and, as a result, the cash and overdraft balances have been reported net on the balance sheet as at 31 March 2010.

As at 31 March 2009 the pooling arrangement did not meet the set-off rules under IFRS, and as a result, the cash and bank overdraft balances were reported gross on the balance sheet. On a netted pro forma basis, cash and cash equivalents and overdraft balances would have been US$9 million lower, resulting in US$413 million cash and cash equivalents and US$291 million overdraft balances.

19. Trade and other payables

	2010 US$m	2009[1] US$m
Trade payables	**1,058**	789
Accruals	**695**	506
Deferred income	**22**	37
Containers in the hands of customers	**455**	353
Amounts owed to associates – trade	**38**	25
Amounts owed to joint ventures – trade	**23**	29
Deferred consideration for acquisitions	**7**	9
Excise duty payable	**337**	225
VAT and other taxes payable	**181**	110
Other payables	**556**	503
Total trade and other payables	**3,372**	2,586

	2010 US$m	2009[1] US$m
Analysed as:		
Current		
Trade payables	**1,058**	789
Accruals	**695**	506
Deferred income	**6**	–
Containers in the hands of customers	**455**	353
Amounts owed to associates – trade	**38**	25
Amounts owed to joint ventures – trade	**23**	29
Deferred consideration for acquisitions	**4**	6
Excise duty payable	**337**	225
VAT and other taxes payable	**181**	110
Other payables	**430**	357
	3,227	2,400
Non-current		
Deferred income	**16**	37
Deferred consideration for acquisitions	**3**	3
Other payables	**126**	146
	145	186

1 As restated (see note 28).

20. Deferred taxation

The movement on the net deferred tax liability is shown below:

	2010 US$m	2009[1] US$m
At 1 April	**1,869**	1,608
Exchange adjustments	**258**	(371)
Acquisitions – through business combinations	**1**	15
Formation of MillerCoors joint venture	**–**	678
Rate change	**(11)**	(3)
Charged to the income statement	**57**	67
Deferred tax on items credited/(charged) to other comprehensive income:		
– Financial instruments	**46**	(31)
– Actuarial gains and losses	**(10)**	(94)
At 31 March	**2,210**	1,869

1 As restated (see note 28).

Notes to the consolidated financial statements continued

20. Deferred taxation continued

The movements in deferred tax assets and liabilities (after offsetting of balances as permitted by IAS 12) during the year are shown below.

	Fixed asset allowances US$m	Pensions and post-retirement benefit provisions US$m	Intangibles US$m	Financial instruments US$m	Investment in MillerCoors joint venture US$m	Other timing differences US$m	Total US$m
Deferred tax liabilities							
At 1 April 2008	613	(30)	1,383	(139)	–	122	1,949
Exchange adjustments	(137)	7	(284)	26	–	(11)	(399)
Acquisitions – through business combinations	15	–	2	–	–	–	17
Formation of MillerCoors joint venture	–	–	–	–	569	–	569
Rate change	(2)	–	–	–	–	(3)	(5)
Transfers from deferred tax assets	–	–	–	–	–	(32)	(32)
Charged/(credited) to the income statement	31	8	(57)	52	24	–	58
Deferred tax on items credited/(charged) to other comprehensive income:							
– Financial instruments	–	–	–	6	(39)	–	(33)
– Actuarial gains and losses	–	5	–	–	(99)	–	(94)
At 31 March 2009[1]	520	(10)	1,044	(55)	455	76	2,030
Exchange adjustments	101	(3)	204	(4)	–	(29)	269
Acquisitions – through business combinations	1	–	–	–	–	–	1
Rate change	(2)	–	–	–	–	(9)	(11)
Transfers from deferred tax assets	(11)	–	–	–	–	(2)	(13)
Charged/(credited) to the income statement	47	(2)	(38)	(26)	93	(17)	57
Deferred tax on items credited/(charged) to other comprehensive income:							
– Financial instruments	–	–	–	(12)	58	–	46
– Actuarial gains and losses	–	2	–	–	(7)	–	(5)
At 31 March 2010	**656**	**(13)**	**1,210**	**(97)**	**599**	**19**	**2,374**

1 As restated (see note 28).

	Fixed asset allowances US$m	Pensions and post-retirement benefit provisions US$m	Provisions and accruals US$m	Financial instruments US$m	Other timing differences US$m	Total US$m
Deferred tax assets						
At 1 April 2008	(222)	268	158	2	135	341
Exchange adjustments	(4)	–	(15)	–	(9)	(28)
Acquisitions – through business combinations	–	–	–	–	2	2
Formation of MillerCoors joint venture	240	(266)	(106)	–	23	(109)
Rate change	–	–	–	–	(2)	(2)
Transfers to deferred tax liabilities	–	–	–	–	(32)	(32)
Credited/(charged) to the income statement	1	–	4	–	(14)	(9)
Deferred tax on items charged to other comprehensive income:						
– Financial instruments	–	–	–	(2)	–	(2)
At 31 March 2009	15	2	41	–	103	161
Exchange adjustments	1	–	6	–	4	11
Transfers to deferred tax liabilities	(11)	–	–	–	(2)	(13)
Credited/(charged) to the income statement	(2)	–	20	–	(18)	–
Deferred tax on items credited to other comprehensive income:						
– Actuarial gains and losses	–	5	–	–	–	5
At 31 March 2010	**3**	**7**	**67**	**–**	**87**	**164**

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The deferred tax asset arises due to timing differences in Europe, Africa, Asia and Latin America. Given both recent and forecast trading, the directors are of the opinion that the level of profits in the foreseeable future is more likely than not to be sufficient to recover these assets.

Deferred tax liabilities of US$2,349 million (2009: US$2,044 million) are expected to be recovered after more than one year.

Deferred tax assets of US$102 million (2009: US$126 million) are expected to be recovered after more than one year.

20. Deferred taxation continued

	2010 US$m	2009 US$m
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	**113**	65
Tax credits	**36**	64
Capital allowances in excess of depreciation	**13**	9
Share-based payments	**17**	11
Cash flow hedges	**1**	3
	180	152

These deferred tax assets will not expire, with the exception of US$36 million (2009: US$33 million) tax credits which will expire if conditions for utilisation are not met.

Deferred tax is recognised on the unremitted earnings of overseas subsidiaries where there is an intention to distribute those reserves. A deferred tax liability of US$31 million (2009: US$16 million) has been recognised. A deferred tax liability of US$46 million (2009: US$29 million) has also been recognised in respect of unremitted profits of associates where a dividend policy is not in place. No deferred tax has been recognised on temporary differences of US$5,600 million (2009: US$5,100 million) relating to unremitted earnings of overseas subsidiaries where either the overseas profits will not be distributed in the foreseeable future, or, where there are plans to remit overseas earnings of subsidiaries, it is not expected that such distributions will give rise to a tax liability. No deferred tax liability is recognised as the group is able to control the timing of the reversal of these differences and it is probable that they will not reverse in the foreseeable future.

As a result of a change in UK legislation which largely exempts overseas dividends received on or after 1 July 2009 from UK tax, the temporary differences are unlikely to lead to additional tax. Remittance to the UK of those earnings may still result in a tax liability, principally as a result of withholding taxes levied by the overseas tax jurisdictions in which those subsidiaries operate.

21. Borrowings

	2010 US$m	2009 US$m
Current		
Secured		
Overdrafts	**34**	76
Obligations under finance leases	**5**	4
Other secured loans	**46**	18
	85	98
Unsecured		
US$300 million LIBOR + 0.3% Notes due 2009[1]	**–**	301
COP40 billion DTF + 3.0% Ordinary Bonds due 2009	**–**	16
Botswana pula 60 million 11.35% fixed rate bond due 2011[2]	**9**	–
Commercial paper[3, 4]	**633**	773
Other unsecured loans	**722**	736
Overdrafts	**156**	224
	1,520	2,050
Total current borrowings	**1,605**	2,148

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

1 On 28 June 2006, SABMiller plc issued US$300 million LIBOR plus 0.3% Notes due July 2009 guaranteed by Miller Brewing Company, Miller Products Company, Miller Breweries West Limited Partnership, Miller Breweries East Inc., MBC1 LLC, MBC2 LLC (together the US Guarantors) and SABMiller Finance BV. Since 1 July 2008, the notes were not guaranteed. The notes were repaid on 1 July 2009.

2 On 28 July 2004, a 60 million Botswana pula 11.35% unsecured private bond was placed in the Botswana debt capital market. This bond matures on 31 March 2011. The bond is redeemable at any time at the option of the issuer, at a market value, in whole or in part. The bond is not guaranteed.

3 In October 2006, SABMiller plc entered into a US$1,000 million commercial paper programme for general corporate purposes. Debt issued under the programme was guaranteed by the US Guarantors and SABMiller Finance BV until 30 June 2008. Since 1 July 2008, debt issued under the programme is not guaranteed.

4 On 17 July 2007, SABSA Holdings (Pty) Ltd and SABFIN (Pty) Ltd established a ZAR4,000 million Domestic Medium Term Note Programme under which commercial paper may be issued. On 24 December 2008, the programme was increased to ZAR6,000 million. Debt issued under the programme is guaranteed by SABMiller plc.

Notes to the consolidated financial statements continued

21. Borrowings continued

	2010 US$m	2009 US$m
Non-current		
Secured		
Obligations under finance leases	7	6
Other secured loans	128	20
	135	26
Unsecured		
US$1,100 million 5.5% Notes due 2013[1]	1,142	1,152
€1,000 million 4.5% Notes due 2015[2]	1,365	–
US$300 million 6.625% Guaranteed Notes due 2033[3]	352	396
US$600 million 6.2% Notes due 2011[4]	608	608
US$850 million 6.5% Notes due 2016[4]	939	966
US$550 million 5.7% Notes due 2014[5]	591	598
US$700 million 6.5% Notes due 2018[5]	747	778
PEN150 million 6.75% Notes due 2015[6]	53	–
COP640 billion IPC + 7.3% Ordinary Bonds due 2014	390	333
COP561.8 billion IPC + 6.52% Ordinary Bonds due 2015	335	263
COP370 billion IPC + 8.18% Ordinary Bonds due 2012	218	183
COP338.5 billion IPC + 7.5% Ordinary Bonds due 2013	202	172
ZAR1,600 million 9.935% Guaranteed Notes due 2012[7]	219	167
US$2,000 million multi-currency revolving credit facility[8]	–	735
US$600 million multi-currency revolving credit facility[9]	250	600
Botswana pula 60 million 11.35% fixed rate bond due 2011	–	8
Other unsecured loans	263	485
	7,674	7,444
Total non-current borrowings	7,809	7,470
Total current and non-current borrowings	9,414	9,618
Analysed as:		
Borrowings	9,212	9,308
Obligations under finance leases	12	10
Overdrafts	190	300
	9,414	9,618

The fair value of non-current borrowings is US$8,351 million (2009: US$8,034 million). The fair values are based on cash flows discounted using prevailing interest rates.

1 On 7 August 2003, Miller Brewing Company issued US$1,100 million, 5.5% Guaranteed Notes due August 2013, guaranteed by SABMiller plc and SABMiller Finance BV until 30 June 2008. Since 1 July 2008, the notes are not guaranteed and SABMiller plc is the sole obligor of the notes. The notes are redeemable in whole or in part at any time at the option of the issuer at a redemption price equal to the make-whole amount. In addition, the notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

2 On 17 July 2009, SABMiller plc issued €1,000 million 4.5% Notes due January 2015. The notes were issued under the US$5,000 million Euro Medium Term Note Programme. The notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

3 On 7 August 2003, SABMiller plc issued US$300 million, 6.625% Guaranteed Notes due August 2033, guaranteed by Miller Brewing Company and SABMiller Finance BV until 30 June 2008. From 1 July 2008, MillerCoors LLC is the sole guarantor. The notes are redeemable in whole or in part at any time at the option of the issuer at a redemption price equal to the make-whole amount. In addition, the notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

4 On 28 June 2006, SABMiller plc issued US$600 million, 6.2% Notes due July 2011 and US$850 million, 6.5% Notes due July 2016, guaranteed by the US Guarantors and SABMiller Finance BV until 30 June 2008. Since 1 July 2008, the notes are not guaranteed. The notes are redeemable in whole or in part at any time at the option of the issuer at a redemption price equal to the make-whole amount. In addition, the notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

5 On 17 July 2008, SABMiller plc issued US$550 million, 5.7% Notes due January 2014 and US$700 million, 6.5% Notes due August 2018. The notes are redeemable in whole or in part at any time at the option of the issuer at a redemption price equal to the make-whole amount. The notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

6 On 12 March 2010, SABMiller plc issued PEN150 million, 6.75% Notes due March 2015. The notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

7 On 19 July 2007, SABSA Holdings (Pty) Ltd issued ZAR1,600 million, 9.935% Guaranteed Notes due 2012, guaranteed by SABMiller plc. The notes mature on 19 July 2012. The notes were issued under the ZAR4,000 million (increased to ZAR6,000 million on 24 December 2008) Domestic Medium Term Note Programme established on 17 July 2007. The notes are redeemable in whole or in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of the redemption.

8 On 12 December 2005, the group entered into a US$2,000 million multi-currency revolving credit facility for general corporate purposes. The facility matures in December 2012.

9 On 30 May 2008, the group entered into a US$600 million revolving credit facility for general corporate purposes. The facility matures in May 2011.

21. Borrowings continued

Undrawn borrowing facilities

The group had the following undrawn committed borrowing facilities available at 31 March in respect of which all conditions precedent had been met at that date:

	2010 US$m	2009 US$m
Amounts expiring:		
Within one year	**441**	716
Between one and two years	**1,025**	72
Between two and five years	**2,112**	1,272
In five years or more	**1**	33
	3,579	2,093

The facilities expiring within one year are annual facilities subject to review at various dates during the 2011 financial year.

Maturity of obligations under finance leases

Obligations under finance leases are as follows:

	2010 US$m	2009 US$m
The minimum lease payments under finance leases fall due as follows:		
Within one year	**5**	4
Between one and five years	**5**	5
In five years or more	**3**	2
	13	11
Future finance charges on finance leases	**(1)**	(1)
Present value of finance lease liabilities	**12**	10

Maturity of non-current financial liabilities

The maturity profile of the carrying amount of the group's non-current financial liabilities at 31 March was as follows:

	Borrowings and overdrafts US$m	Finance leases US$m	Net derivative financial assets[1] (note 23) US$m	2010 Total US$m	Borrowings and overdrafts US$m	Finance leases US$m	Net derivative financial assets[1] (note 23) US$m	2009 Total US$m
Amounts falling due:								
Between one and two years	**1,048**	**4**	**–**	**1,052**	115	4	(18)	101
Between two and five years	**4,693**	**3**	**(135)**	**4,561**	4,460	2	(138)	4,324
In five years or more	**2,061**	**–**	**(218)**	**1,843**	2,889	–	(339)	2,550
	7,802	**7**	**(353)**	**7,456**	7,464	6	(495)	6,975

1 Net borrowings-related derivative financial instruments only.

22. Financial risk factors

Financial risk management

Overview

In the normal course of business, the group is exposed to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

This note explains the group's exposure to each of the above risks, aided by quantitative disclosures included throughout these consolidated financial statements, and it summarises the policies and processes that are in place to measure and manage the risks arising, including those related to the management of capital.

The directors are ultimately responsible for the establishment and oversight of the group's risk management framework. An essential part of this framework is the role undertaken by the audit committee of the board, supported by the internal audit function, and by the Chief Financial Officer, who in this regard is supported by the treasury committee and the group treasury function. Amongst other responsibilities, the audit committee reviews the internal control environment and risk management systems within the group and it reports its activities to the board. The board also receives a quarterly report on treasury activities, including confirmation of compliance with treasury risk management policies.

Notes to the consolidated financial statements continued

22. Financial risk factors continued

The group treasury function is responsible for the management of cash, borrowings and the financial risks arising in relation to interest rates and foreign exchange rates. The responsibility for the management of commodities exposures lies with the procurement functions within the group. In relation to brewing materials, these activities are co-ordinated by a global sourcing council. Some of the risk management strategies include the use of derivatives, principally in the form of forward foreign currency contracts, cross currency swaps, interest rate swaps and exchange traded futures contracts, in order to manage the currency, interest rate and commodities exposures arising from the group's operations. The group also purchases call options where these provide a cost-effective hedging alternative and, where they form part of an option collar strategy, the group also sells put options to reduce or eliminate the cost of purchased options. It is the policy of the group that no trading in financial instruments be undertaken.

The group's treasury policies are established to identify and analyse the financial risks faced by the group, to set appropriate risk limits and controls and to monitor exposures and adherence to limits.

a. Market risk

(i) Foreign exchange risk

The group is subject to exposure on the translation of the foreign currency denominated net assets of subsidiaries, associates and joint ventures into the group's US dollar reporting currency. The group seeks to mitigate this exposure, where cost effective, by borrowing in the same currencies as the functional currencies of its main operating units or by achieving the same effect through the use of forward foreign exchange contracts and currency swaps. An approximate nominal value of US$2,329 million of US dollar borrowings and €254 million of euro borrowings have been swapped into currencies that match the currency of the underlying operations of the group, primarily South African rand, but also Colombian peso, Peruvian nuevo sol, Czech koruna, Polish zloty, Russian rouble and euro. Of these financial derivatives, US$1,161 million and €150 million are accounted for as net investment hedges.

The group does not hedge currency exposures from the translation of profits earned in foreign currency subsidiaries and associates.

The group is also exposed to transactional currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of group entities. These exposures are presently managed locally by group entities which, subject to regulatory constraints or currency market limitations, hedge a proportion of their foreign currency exposure estimated to arise over a period of up to 18 months. Committed transactional exposures that are certain are hedged fully without limitation in time. The group principally uses forward exchange contracts to hedge currency risk.

The tables below set out the group's currency exposures from financial assets and liabilities held by group companies in currencies other than their functional currencies and resulting in exchange movements in the income statement and balance sheet.

	US dollars US$m	SA rand US$m	Euro US$m	Other European currencies US$m	Other African currencies US$m	Other US$m	Total US$m
Financial assets							
Trade and other receivables	36	179	147	3	52	58	475
Derivative financial instruments[1]	512	3	461	–	–	20	996
Cash and cash equivalents	30	–	27	71	1	38	167
Intragroup assets	254	–	1,688	267	–	52	2,261
At 31 March 2010	832	182	2,323	341	53	168	3,899
Potential impact on earnings – (loss)/gain							
20% increase in functional currency	(117)	(30)	(348)	(57)	(9)	(28)	(589)
20% decrease in functional currency	140	36	417	68	11	34	706
Potential impact on other comprehensive income – (loss)/gain							
20% increase in functional currency	(22)	–	(39)	–	–	–	(61)
20% decrease in functional currency	26	–	47	–	–	–	73
Financial liabilities							
Trade and other payables	(196)	(141)	(146)	(15)	(82)	(99)	(679)
Derivative financial instruments[1]	(205)	(617)	(619)	(892)	–	(245)	(2,578)
Borrowings	(310)	(2)	(1,499)	(7)	(58)	(190)	(2,066)
Intragroup liabilities	(62)	(62)	(166)	(99)	(1)	(1)	(391)
At 31 March 2010	(773)	(822)	(2,430)	(1,013)	(141)	(535)	(5,714)
Potential impact on earnings – gain/(loss)							
20% increase in functional currency	129	34	350	61	24	52	650
20% decrease in functional currency	(155)	(41)	(419)	(74)	(28)	(63)	(780)
Potential impact on other comprehensive income – gain/(loss)							
20% increase in functional currency	–	103	56	107	–	37	303
20% decrease in functional currency	–	(123)	(67)	(129)	–	(44)	(363)

1 These represent the notional amounts of derivative financial instruments.

22. Financial risk factors continued

	US dollars US$m	SA rand US$m	Euro US$m	Other European currencies US$m	Other African currencies US$m	Other US$m	Total US$m
Financial assets							
Trade and other receivables	63	32	81	88	14	26	304
Derivative financial instruments[1]	148	322	1,326	324	–	10	2,130
Cash and cash equivalents	32	–	68	8	4	2	114
Intragroup assets	279	1	1,976	532	–	107	2,895
Available for sale investments	1	–	–	–	–	–	1
At 31 March 2009	523	355	3,451	952	18	145	5,444
Potential impact on earnings – (loss)/gain							
20% increase in functional currency	(61)	(7)	(502)	(110)	(2)	(21)	(703)
20% decrease in functional currency	91	11	754	164	3	32	1,055
Potential impact on other comprehensive income – (loss)/gain							
20% increase in functional currency	(1)	(54)	(60)	(30)	–	–	(145)
20% decrease in functional currency	2	82	90	46	–	–	220
Financial liabilities							
Trade and other payables	(148)	(27)	(147)	(5)	(1)	(3)	(331)
Derivative financial instruments[1]	(705)	(133)	(210)	(384)	–	(199)	(1,631)
Borrowings	(315)	–	(614)	(138)	(1)	(116)	(1,184)
Intragroup liabilities	(92)	(1)	(79)	(101)	(1)	(4)	(278)
At 31 March 2009	(1,260)	(161)	(1,050)	(628)	(3)	(322)	(3,424)
Potential impact on earnings – gain/(loss)							
20% increase in functional currency	153	6	287	41	–	20	507
20% decrease in functional currency	(229)	(10)	(431)	(60)	–	(30)	(760)
Potential impact on other comprehensive income – gain/(loss)							
20% increase in functional currency	3	26	–	64	–	33	126
20% decrease in functional currency	(5)	(38)	–	(96)	–	(50)	(189)

1 These represent the notional amounts of derivative financial instruments.

Foreign currency sensitivity analysis
Currency risks arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature.

The group holds foreign currency cash flow hedges totalling US$417 million at 31 March 2010 (2009: US$357 million). The foreign exchange gains or losses on these contracts are recorded in the cash flow hedging reserve until the hedged transactions occur, at which time the respective gains and losses are transferred to inventory, property, plant and equipment or to the income statement as appropriate.

The group holds net investment hedges totalling US$1,751 million at 31 March 2010 (2009: US$1,545 million). The foreign exchange gains or losses on these contracts are recorded in the net investment hedging reserve and partially offset the foreign currency translation risk on the group's foreign currency net assets.

(ii) Interest rate risk
As at 31 March 2010, 34% (2009: 29%) of consolidated gross borrowings were in fixed rates taking into account interest rate swaps and forward rate agreements.

The group's policy is to borrow (directly or synthetically) in floating rates, reflecting the fact that floating rates are generally lower than fixed rates in the medium term. However, a minimum of 25% of consolidated net borrowings is required to be in fixed rates for a minimum duration of 12 months and the extent to which group borrowings may be in floating rates is restricted to the lower of 75% of consolidated net borrowings and that amount of net borrowings in floating rates that with a 1% increase in interest rates would increase finance costs by an amount equal to (but not more than) 1.20% of normalised EBITDA adjusted to exclude cash exceptional items. The policy also excludes borrowings arising from recent acquisitions and any inflation linked debt, where there will be a natural hedge within business operations.

Exposure to movements in interest rates in group borrowings is managed through interest rate swaps and forward rate agreements. As at 31 March 2010, on a policy adjusted basis, excluding borrowings from recent acquisitions and any inflation linked debt, 47% (2009: 35%) of consolidated net borrowings were in fixed rates. The impact of a 1% rise in interest rates on borrowings in floating rates would be equivalent to 0.78% (2009: 1.08%) of normalised EBITDA adjusted to exclude cash exceptional items.

Notes to the consolidated financial statements continued

22. Financial risk factors continued

At 31 March 2010 the cash flow interest rate risk sensitivities on variable debt and interest rate swaps were:

	US dollars US$m	SA rand US$m	Euro US$m	Other European currencies US$m	Colombian peso US$m	Other US$m	Total US$m
Net debt[1]	4,862	392	1,458	88	1,205	630	8,635
Less fixed rate debt	(4,379)	(219)	(1,365)	–	–	(62)	(6,025)
Variable rate debt	483	173	93	88	1,205	568	2,610
Adjust for:							
Financial derivatives	225	188	1,071	600	567	–	2,651
Net variable rate debt exposure	708	361	1,164	688	1,772	568	5,261
+/- 100 bps change							
Potential impact on earnings	9	4	12	7	18	6	56
+/- 100 bps change							
Potential impact on other comprehensive income	3	–	3	–	–	–	6

At 31 March 2009 the cash flow interest rate risk sensitivities on variable debt and interest rate swaps were:

	US dollars US$m	SA rand US$m	Euro US$m	Other European currencies US$m	Colombian peso US$m	Other US$m	Total US$m
Net debt[1,2]	5,905	504	707	282	1,262	536	9,196
Less fixed rate debt	(4,506)	(164)	–	(60)	–	(120)	(4,850)
Variable rate debt	1,399	340	707	222	1,262	416	4,346
Adjust for:							
Financial derivatives	(169)	200	940	663	400	–	2,034
Net variable rate debt exposure	1,230	540	1,647	885	1,662	416	6,380
+/- 100 bps change							
Potential impact on earnings	17	6	17	10	20	4	74
+/- 100 bps change							
Potential impact on other comprehensive income	4	–	5	–	–	–	9

1 Excluding net borrowings-related derivative instruments.

2 As restated (see note 28).

Fair value sensitivity analysis for fixed income instruments

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed rates of interest that are accounted for at amortised cost are not subject to interest rate risk as defined in IFRS 7.

The group holds derivative contracts with a nominal value of US$2,901 million as at 31 March 2010 (2009: US$2,225 million) which are designated as fair value hedges. In the case of these instruments and the underlying fixed rate bonds, changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements net off almost completely in the income statement in the same period.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bps in interest rates at the reporting date would have increased/(decreased) other comprehensive income and the income statement by the amounts shown above. This analysis assumes all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2009.

Interest rate profiles of financial liabilities

The following table sets out the contractual repricing included within the underlying borrowings (excluding net borrowings-related derivatives) exposed to either fixed interest rates or floating interest rates and revises this for the repricing effect of interest rate and cross currency swaps.

			2010			2009
	Total borrowings US$m	Effect of derivatives US$m	Total exposure US$m	Total borrowings US$m	Effect of derivatives US$m	Total exposure US$m
Financial liabilities						
Repricing due:						
Within one year	3,399	2,806	6,205	4,836	2,184	7,020
Between one and two years	609	–	609	104	(50)	54
Between two and five years	3,369	(1,431)	1,938	2,538	(759)	1,779
In five years or more	2,037	(1,375)	662	2,140	(1,375)	765
Total interest bearing	9,414	–	9,414	9,618	–	9,618
Analysed as:						
Fixed rate interest	6,025	(2,806)	3,219	4,850	(2,034)	2,816
Floating rate interest	3,389	2,806	6,195	4,768	2,034	6,802
Total interest bearing	9,414	–	9,414	9,618	–	9,618

22. Financial risk factors continued

(iii) Price risk

Commodity price risk

The group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as the price of malt, barley, sugar and aluminium. These price risks are managed principally through multi year fixed price contracts with suppliers internationally.

At 31 March 2010 the notional value of commodity derivatives amounted to US$42 million (2009: US$55 million). No sensitivity analysis has been provided on these outstanding contracts as the impact is considered to be immaterial.

Equity securities price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the balance sheet as available for sale investments. No sensitivity analysis has been provided on these outstanding contracts as the impact is considered to be immaterial.

b. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments

The group limits its exposure to financial institutions by setting credit limits on a sliding scale based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB- by Standard & Poors and Baa3 from Moody's. For banks with a lower credit rating, or with no international credit rating, a maximum limit of US$3 million is applied, unless specific approval is obtained from either the Chief Financial Officer or the audit committee of the board. The utilisation of credit limits is regularly monitored. To reduce credit exposures, the group has ISDA Master Agreements with most of its counterparties for financial derivatives, which permit net settlement of assets and liabilities in certain circumstances.

Trade and other receivables

There is no significant concentration of credit risk with respect to trade receivables as the group has a large number of customers which are internationally dispersed. The type of customers range from wholesalers and distributors to smaller retailers. The group has implemented policies that require appropriate credit checks on potential customers before sales commence. Credit risk is managed by limiting the aggregate amount of exposure to any one counterparty.

The group considers its maximum credit risk to be US$2,749 million (2009: US$2,528 million (restated)) which is the total of the group's financial assets.

c. Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group finances its operations through cash generated by the business and a mixture of short-term and medium-term bank credit facilities, bank loans, corporate bonds and commercial paper with a range of maturity dates. In this way, the group ensures that it is not overly reliant on any particular liquidity source or that maturities of borrowings sourced in this way are not overly concentrated.

Subsidiaries have access to local bank credit facilities, but are principally funded by the group.

The group has the following core lines of credit that are available for general corporate purposes and which are maintained by SABMiller plc:

- US$2,000 million committed syndicated facility maturing in December 2012.
- US$515 million committed syndicated facility maturing in October 2010, including the right of the company to term out any amounts drawn for a maximum period of one year from the date of maturity of the facility.
- US$600 million committed syndicated facility maturing in May 2011.

Liquidity risk faced by the group is mitigated by having diverse sources of finance available to it and by maintaining substantial unutilised banking facilities and reserve borrowing capacity, as indicated by the level of undrawn facilities.

As at 31 March 2010, borrowing capacity under committed bank facilities amounted to US$3,579 million.

Notes to the consolidated financial statements continued

22. Financial risk factors continued

The table below analyses the group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$m	Between 1 and 2 years US$m	Between 2 and 5 years US$m	Over 5 years US$m
At 31 March 2010				
Borrowings	**(1,746)**	**(1,921)**	**(5,359)**	**(2,694)**
Derivative financial instruments	**(253)**	**(63)**	**(26)**	**–**
Trade and other payables	**(2,703)**	**(117)**	**(2)**	**–**
Financial guarantee contracts	**(16)**	**–**	**–**	**–**
At 31 March 2009[1]				
Borrowings	(2,613)	(573)	(5,182)	(3,271)
Derivative financial instruments	(113)	(97)	(16)	(1)
Trade and other payables	(2,070)	(129)	(10)	–

1 As restated (see note 28).

The table below analyses the group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$m	Between 1 and 2 years US$m	Between 2 and 5 years US$m	Over 5 years US$m
At 31 March 2010				
Forward foreign exchange contracts				
Outflow	**(488)**	**(74)**	**–**	**–**
Inflow	**434**	**67**	**–**	**–**
Cross currency swaps				
Outflow	**(152)**	**(239)**	**(607)**	**(583)**
Inflow	**145**	**241**	**694**	**653**
At 31 March 2009				
Forward foreign exchange contracts				
Outflow	(283)	(13)	–	–
Inflow	326	15	–	–
Cross currency swaps				
Outflow	(261)	(469)	(765)	(555)
Inflow	256	491	903	664

Capital management

The capital structure of the group consists of net debt (see note 27c) and shareholders' equity.

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Besides the minimum capitalisation rules that may apply to subsidiaries in different countries, the group's only externally imposed capital requirement relates to the group's core lines of credit which include a net debt to EBITDA financial covenant which was complied with throughout the year.

The group monitors its financial capacity and credit ratings by reference to a number of key financial ratios and cash flow metrics including net debt to EBITDA and interest cover. These provide a framework within which the group's capital base is managed including dividend policy.

The group is currently rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services, both with a stable outlook.

22. Financial risk factors continued

Fair value estimation

Effective 1 April 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 March 2010.

	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
Assets				
Financial assets at fair value through profit or loss				
Derivative financial instruments	–	429	–	429
Available for sale investments	1	16	15	32
Total assets	1	445	15	461
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	–	(321)	–	(321)
Total liabilities	–	(321)	–	(321)

The levels of the fair value hierarchy and its application to the group's financial assets and liabilities are described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices):

The fair values of financial instruments that are not traded in an active market (for example, over the counter derivatives or infrequently traded listed investments) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data.

Specific valuation techniques, such as discounted cash flow analysis, are used to determine fair value of the remaining financial instruments.

The following table presents the changes in level 3 instruments for the year ended 31 March 2010.

	Available for sale investments US$m
At 1 April	15
Exchange adjustments	1
Disposals	(1)
At 31 March	15

Notes to the consolidated financial statements continued

23. Derivative financial instruments

Current derivative financial instruments

	2010		2009	
	Assets US$m	Liabilities US$m	Assets US$m	Liabilities US$m
Embedded derivatives	–	(4)	–	(1)
Interest rate swaps designated as cash flow hedges[1]	–	(4)	–	(2)
Forward foreign currency contracts – on operating items	5	(12)	10	(2)
Forward foreign currency contracts – on borrowings[1]	–	(1)	1	(8)
Forward foreign currency contracts designated as net investment hedges	–	–	–	(1)
Forward foreign currency contracts designated as cash flow hedges	–	(26)	42	(4)
Forward foreign currency contracts designated as fair value hedges	–	–	–	(2)
Cross currency swaps – on operating items	–	(1)	–	–
Cross currency swaps – on borrowings[1]	14	(125)	1	–
Commodity contracts designated as cash flow hedges	1	(1)	–	(15)
	20	(174)	54	(35)

1 Borrowings-related derivative financial instruments amounting to a net liability of US$116 million (2009: US$8 million).

Non-current derivative financial instruments

	2010		2009	
	Assets US$m	Liabilities US$m	Assets US$m	Liabilities US$m
Interest rate swaps designated as fair value hedges[1]	252	–	379	–
Interest rate swaps designated as cash flow hedges[1]	–	(9)	–	(22)
Forward foreign currency contracts – on operating items	–	–	–	(1)
Forward foreign currency contracts – on borrowings[1]	2	(1)	–	–
Forward foreign currency contracts designated as net investment hedges	2	(17)	5	(5)
Forward foreign currency contracts designated as cash flow hedges	–	(7)	3	–
Cross currency swaps – on operating items	–	–	–	(1)
Cross currency swaps – on borrowings[1]	123	(14)	162	(24)
Cross currency swaps designated as net investment hedges	30	(99)	146	(54)
	409	(147)	695	(107)

1 Borrowings-related derivative financial instruments amounting to a net asset of US$353 million (2009: US$495 million).

Derivatives designated as hedging instruments

(i) Fair value hedges

The group has entered into several interest rate swaps to pay floating and receive fixed interest which have been designated as fair value hedges to hedge exposure to changes in the fair value of its US dollar and euro fixed rate borrowings. Non-current borrowings are designated as the hedged item as part of the fair value hedge. The borrowings and the interest rate swaps have the same critical terms.

As at 31 March 2010, the notional amount of the US dollar interest rate swaps was US$2,225 million (2009: US$2,225 million). The fixed interest rates received vary from 5.5% to 6.625% (2009: 5.5% to 6.625%) and the floating interest rates paid vary from LIBOR plus 71.6 bps to LIBOR plus 198.8 bps (2009: LIBOR plus 71.6 bps to LIBOR plus 198.8 bps) on the notional amount.

As at 31 March 2010, the notional amount of the euro interest rate swaps was €500 million (2009: €nil). The fixed interest rates received are 4.5% and floating interest rates paid vary from EURIBOR plus 177 bps to EURIBOR plus 178 bps on the notional amount.

As at 31 March 2010, the carrying value of the hedged borrowings was US$3,152 million (2009: US$2,576 million).

(ii) Cash flow hedges

The group has entered into interest rate swaps designated as cash flow hedges to manage the interest rate on borrowings. The notional amount of these interest rate swaps was US$345 million equivalent (2009: US$493 million). The fair value of these interest rate swaps was a liability of US$13 million (2009: US$24 million). The fixed interest rates paid vary from 3.5% to 4.7% (2009: 3.4% to 5.4%) and the floating rates received are LIBOR and EURIBOR plus zero bps (2009: LIBOR and EURIBOR plus zero bps). As at 31 March 2010, the carrying value of the hedged borrowings was US$345 million (2009: US$493 million).

The group has entered into forward exchange contracts designated as cash flow hedges to manage short-term foreign currency exposures to expected future trade imports and exports. As at 31 March 2010, the notional amounts of these contracts were €195 million (2009: €149 million) and US$153 million (2009: US$142 million).

The group has entered into commodity contracts designated as cash flow hedges to manage the future price of commodities. As at 31 March 2010, the notional amount of forward contracts for the purchase price of corn was US$8 million (2009: US$5 million) and the notional amount of forward contracts for the purchase price of aluminium was US$34 million (2009: US$50 million).

23. Derivative financial instruments continued

The following table indicates the period in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and impact the income statement:

	Carrying amount US$m	Expected cash flows US$m	Less than 1 year US$m	Between 1 and 2 years US$m	Between 2 and 5 years US$m	More than 5 years US$m
At 31 March 2010						
Interest rate swaps:						
Liabilities	**(13)**	**(13)**	**(4)**	**(3)**	**(6)**	**–**
Forward foreign currency contracts:						
Liabilities	**(33)**	**(36)**	**(29)**	**(7)**	**–**	**–**
Commodity contracts:						
Assets	**1**	**1**	**1**	**–**	**–**	**–**
Liabilities	**(1)**	**(1)**	**(1)**	**–**	**–**	**–**
	(46)	**(49)**	**(33)**	**(10)**	**(6)**	**–**
At 31 March 2009						
Interest rate swaps:						
Liabilities	(22)	(23)	(11)	(5)	(6)	(1)
Forward foreign currency contracts:						
Assets	45	45	42	3	–	–
Liabilities	(4)	(4)	(4)	–	–	–
Commodity contracts:						
Liabilities	(15)	(15)	(15)	–	–	–
	4	3	12	(2)	(6)	(1)

(iii) Hedges of net investments in foreign operations

The group has entered into several forward foreign currency contracts and cross currency swaps which it has designated as hedges of net investments in its foreign subsidiaries in South Africa, the Czech Republic, Poland, Italy, Peru and Colombia to hedge the group's exposure to foreign exchange risk on these investments. Net losses relating to forward foreign currency contracts and cross currency swaps of US$310 million (2009: gains of US$337 million) have been recognised in other comprehensive income.

Analysis of notional amounts on financial instruments designated as net investment hedges:

	2010 m	2009 m
Forward foreign currency contracts:		
SA rand (ZAR)	**1,703**	1,575
Czech koruna (CZK)	**5,500**	–
Peruvian nuevo sol (PEN)	**294**	294
Cross currency swaps:		
SA rand (ZAR)	**2,799**	2,799
Polish zloty (PLN)	**649**	636
Czech koruna (CZK)	**2,258**	7,788
Euro (€)	**38**	246
Colombian peso (COP)	**–**	272,220

Standalone derivative financial instruments

(i) Forward foreign currency contracts

The group has entered into forward foreign currency contracts to manage short-term foreign currency exposures to expected future trade imports and exports. These derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement. As at 31 March 2010, the notional amounts of these contracts were €53 million, US$35 million and ZAR22 million (2009: €54 million, US$128 million and PLN7 million).

The group has entered into forward foreign currency contracts to manage foreign currency exposures on intercompany loan balances. These derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement. As at 31 March 2010, the notional amounts of these contracts were US$205 million, Russian rouble (RUB) 1,640 million and Romanian lei (RON) 122 million (2009: US$219 million, €137 million, PLN70 million, CZK120 million, RON35 million and HUF5,000 million).

Notes to the consolidated financial statements continued

23. Derivative financial instruments continued

(ii) Cross currency swaps

The group has entered into cross currency swaps to manage foreign currency exposures on intercompany loan balances. These derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement. As at 31 March 2010, the notional amounts of these contracts were €571 million, RUB2,900 million and PLN443 million (2009: €571 million and RUB2,900 million).

The group has entered into cross currency swaps to manage the fluctuation of the exchange rates over a portion of its US dollar debt. These derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement. As at 31 March 2010, the notional amount of these contracts was US$300 million (2009: US$300 million).

The group has entered into a cross currency swap to hedge the exposure to foreign exchange risk on its investment in foreign subsidiaries in Colombia. This derivative is fair valued based on discounted future cash flows with gains and losses taken to the income statement. As at 31 March 2010, the notional amount of this contract was COP272,220 million.

Fair value (loss)/gain on financial instruments recognised in the income statement

	2010 US$m	2009 US$m
Derivative financial instruments:		
Interest rate swaps designated as fair value hedges	(116)	246
Forward foreign currency contracts	(7)	16
Forward foreign currency contracts designated as fair value hedges	(1)	(3)
Cross currency swaps	(99)	265
Cross currency swaps designated as net investment hedges	(8)	(22)
Gain on early termination of financial derivatives	–	20
Change in valuation methodology of financial instruments	(17)	–
	(248)	522
Other financial instruments:		
Non-current borrowings designated as the hedged item in a fair value hedge	118	(236)
Total fair value (loss)/gain on financial instruments recognised in the income statement	**(130)**	**286**

Fair value gains or losses on borrowings and derivative financial instruments held to hedge interest rate risk on borrowings are recognised as part of net finance costs. Fair value gains or losses on all other derivative financial instruments are recognised in operating profit.

Reconciliation of total financial instruments

The table below reconciles the group's accounting categorisation of financial assets and liabilities (based on initial recognition) to the classes of assets and liabilities as shown on the face of the balance sheet.

	Fair value through income statement US$m	Loans and receivables US$m	Available for sale US$m	Financial liabilities held at amortised cost US$m	Not categorised as a financial instrument US$m	Total US$m	Non current US$m	Current US$m
At 31 March 2010								
Assets								
Available for sale investments	–	–	32	–	–	32	31	1
Derivative financial instruments	429	–	–	–	–	429	409	20
Trade and other receivables	–	1,509	–	–	273	1,782	117	1,665
Cash and cash equivalents	–	779	–	–	–	779	–	779
Liabilities								
Derivative financial instruments	(321)	–	–	–	–	(321)	(147)	(174)
Borrowings	–	–	–	(9,414)	–	(9,414)	(7,809)	(1,605)
Trade and other payables	–	–	–	(2,831)	(541)	(3,372)	(145)	(3,227)
At 31 March 2009[1]								
Assets								
Available for sale investments	–	–	40	–	–	40	29	11
Derivative financial instruments	749	–	–	–	–	749	695	54
Trade and other receivables	–	1,317	–	–	384	1,701	125	1,576
Cash and cash equivalents	–	422	–	–	–	422	–	422
Liabilities								
Derivative financial instruments	(142)	–	–	–	–	(142)	(107)	(35)
Borrowings	–	–	–	(9,618)	–	(9,618)	(7,470)	(2,148)
Trade and other payables	–	–	–	(2,214)	(372)	(2,586)	(186)	(2,400)

1 As restated (see note 28).

24. Provisions

	Litigation and demerged entities US$m	Post-retirement benefits US$m	Taxation-related US$m	Onerous contracts US$m	Restructuring US$m	Other US$m	Total US$m
At 1 April 2008	80	1,017	326	2	16	74	1,515
Exchange adjustments	(11)	(74)	(42)	(1)	(5)	(9)	(142)
Acquisitions – through business combinations	–	–	3	–	–	1	4
Contributed to joint ventures	–	(715)	(5)	–	–	(29)	(749)
Charged/(credited) to the income statement							
– Additional provision in year	13	35	12	9	24	23	116
– Unused amounts reversed	(4)	–	(1)	–	(1)	–	(6)
Utilised in the year							
– Existing	(6)	(46)	(21)	(1)	(4)	(21)	(99)
Actuarial losses recorded in other comprehensive income	–	18	–	–	–	–	18
Reclassifications	–	(18)	–	(1)	–	19	–
Transfer from payables/receivables	(3)	–	4	–	–	14	15
At 31 March 2009	69	217	276	8	30	72	672
Exchange adjustments	7	59	34	–	2	8	110
Acquisitions – through business combinations	1	–	–	–	–	4	5
Charged/(credited) to the income statement							
– Additional provision in year	8	36	20	1	10	33	108
– Unused amounts reversed	–	(3)	(13)	(1)	–	–	(17)
Utilised in the year							
– Existing	(3)	(34)	(5)	(2)	(10)	(23)	(77)
Actuarial losses recorded in other comprehensive income	–	15	–	–	–	–	15
Transfer to payables/receivables	(4)	–	(4)	–	–	–	(8)
At 31 March 2010	**78**	**290**	**308**	**6**	**32**	**94**	**808**
Analysed as:							
Current	36	–	247	6	15	51	355
Non-current	42	290	61	–	17	43	453
	78	**290**	**308**	**6**	**32**	**94**	**808**

Demerged entities and litigation

During the year ended 31 March 1998, the group recognised a provision of US$117 million for the disposal of certain demerged entities in relation to equity injections which were not regarded as recoverable, as well as potential liabilities arising on warranties and the sale agreements. During the year ended 31 March 2010, US$nil (2009: US$1 million) of this provision was utilised in regard to costs associated with SAB Ltd's previously disposed of remaining retail interests. The residual balance of US$16 million relates mainly to the disposal of OK Bazaars (1929) Ltd to Shoprite Holdings Ltd (Shoprite). As disclosed in previous annual reports, a number of claims were made by Shoprite in relation to the valuation of the net assets of OK Bazaars at the time of the sale and for alleged breaches by SAB Ltd of warranties contained in the sale agreements. These claims are being contested by SAB Ltd.

There are US$62 million (2009: US$57 million) of provisions in respect of outstanding litigation within various operations, based on management's expectation that the outcomes of these disputes are expected to be resolved within the forthcoming five years.

While a full provision for all claims has already been made, the actual outcome of the disputes and the timing of the resolution cannot be estimated by the directors at this time. The further information ordinarily required by IAS 37, 'Provisions, contingent liabilities and contingent assets' has not been disclosed on the grounds that it can be expected to seriously prejudice the outcome of the disputes.

Post-retirement benefits

The provision for post-retirement benefits represents the provision for medical benefits for retired employees and their dependants in South Africa, for post-retirement medical and life insurance benefits for eligible employees and their dependants in North America and Europe, medical and other benefits in Latin America, and pension provisions for employees in North America, Latin America, Europe and Africa. Provisions for all post-retirement benefits in North America were contributed to the MillerCoors joint venture on 30 June 2008. The principal assumptions on which these provisions are based are disclosed in note 31.

Taxation-related

The group has recognised various provisions in relation to taxation exposures it believes may arise. The provisions principally relate to non-corporate taxation and interest and penalties on corporate taxation in respect of a number of group companies. Any settlement in respect of these amounts will occur as and when the assessments are finalised with the respective tax authorities.

Onerous contracts

The group has made provision for certain contracts which are deemed to be onerous. The provisions are expected to be utilised within one year.

Notes to the consolidated financial statements continued

24. Provisions continued

Restructuring

This includes the remaining provision for restructuring costs primarily related to Europe which management expects to be utilised within one year.

Other provisions

Included within other provisions are payroll related provisions of US$52 million (2009: US$33 million) which includes US$13 million (2009: US$9 million) within South Africa relating to employee long service awards. These are expected be utilised on an ongoing basis when the service awards fall due.

25. Share capital

	2010 US$m	2009 US$m
Group and company		
Called up, allotted and fully paid share capital		
1,654,749,852 ordinary shares of 10 US cents each (2009: 1,585,366,969)	**165**	159
50,000 deferred shares of £1.00 each (2009: 50,000)	**–**	–
	165	159

	Ordinary shares of 10 US cents each	Non-voting convertible shares of 10 US cents each	Deferred shares of £1 each	Nominal value US$m
At 1 April 2008	1,505,779,276	77,368,338	50,000	158
Issue of shares – share incentive plans	2,219,355	–	–	1
Conversion of the non-voting convertible shares into ordinary shares	77,368,338	(77,368,338)	–	–
At 31 March 2009	1,585,366,969	–	50,000	159
Issue of shares – share incentive plans	9,382,883	–	–	–
Issue of shares – Polish minority buyout transaction	60,000,000	–	–	6
At 31 March 2010	**1,654,749,852**	**–**	**50,000**	**165**

Changes to authorised share capital

With effect from 1 October 2009, the company adopted new articles of association which removed any previous limit on the authorised share capital. Directors are still limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes. During the year ended 31 March 2009, 77,368,338 non-voting convertible shares of 10 US cents were converted into ordinary shares.

Changes to issued share capital

During the year, the company issued 9,382,883 (2009: 2,219,355) new ordinary shares of 10 US cents to satisfy the exercise of options granted under the various share incentive plans, for consideration of US$114 million (2009: US$23 million).

On 29 May 2009, 60 million new ordinary shares of 10 US cents were issued as consideration for the purchase of the remaining 28.1% minority interest in the group's Polish subsidiary, Kompania Piwowarska SA.

On 26 February 2009, 77,368,338 non-voting convertible shares were converted into ordinary shares and then acquired by SABMiller plc to be held as treasury shares. While the purchase price for each share was £10.54, the whole amount of the consideration was paid between group companies. Following this transaction, no further non-voting convertible shares remain in the issued or authorised share capital of SABMiller plc.

Rights and restrictions relating to share capital

Convertible participating shares

Altria shall be entitled to require the company to convert its ordinary shares into convertible participating shares so as to ensure that Altria's voting shareholding does not exceed 24.99% of the total voting shareholding.

If such an event occurs, the convertible participating shares will rank pari passu with the ordinary shares in all respects and no action shall be taken by the company in relation to ordinary shares unless the same action is taken in respect of the convertible participating shares. On distribution of the profits (whether by cash dividend, dividend in specie, scrip dividend, capitalisation issue or otherwise), the convertible participating shares will rank pari passu with the ordinary shares. On a return of capital (whether winding-up or otherwise), the convertible participating shares will rank pari passu with the ordinary shares.

25. Share capital continued

Altria shall be entitled to vote its convertible participating shares at general meetings of the company on a poll on the basis of one-tenth of a vote for every convertible participating share on all resolutions other than a resolution:

(i) proposed by any person other than Altria, to wind-up the company;

(ii) proposed by any person other than Altria, to appoint an administrator or to approve any arrangement with the company's creditors;

(iii) proposed by the board, to sell all or substantially all of the undertaking of the company; or

(iv) proposed by any person other than Altria, to alter any of the class rights attaching to the convertible participating shares or to approve the creation of any new class of shares, in which case Altria shall be entitled on a poll to vote on the resolution on the basis of one vote for each convertible participating share, but, for the purposes of any resolution other than a resolution mentioned in (iv) above, the convertible participating shares shall be treated as being of the same class as the ordinary shares and no separate meeting or resolution of the holders of the convertible participating shares shall be required to be convened or passed.

Upon a transfer of convertible participating shares by Altria other than to an affiliate, such convertible participating shares shall convert into ordinary shares.

Altria shall be entitled to require the company to convert its convertible participating shares into ordinary shares if:

(i) a third party has made a takeover offer for the company and (if such offer becomes or is declared unconditional in all respects) it would result in the voting shareholding of the third party being more than 30% of the total voting shareholding; and

(ii) Altria has communicated to the company in writing its intention not itself to make an offer competing with such third party offer, provided that the conversion date shall be no earlier than the date on which the third party's offer becomes or is declared unconditional in all respects.

Altria shall be entitled to require the company to convert its convertible participating shares into ordinary shares if the voting shareholding of a third party should be more than 24.99%, provided that:

(i) the number of ordinary shares held by Altria following such conversion shall be limited to one ordinary share more than the number of ordinary shares held by the third party; and

(ii) such conversion shall at no time result in Altria's voting shareholding being equal to or greater than the voting shareholding which would require Altria to make a mandatory offer in terms of rule 9 of the City Code.

If Altria wishes to acquire additional ordinary shares (other than pursuant to a pre-emptive issue of new ordinary shares or with the prior approval of the board), Altria shall first convert into ordinary shares the lesser of:

(i) such number of convertible participating shares as would result in Altria's voting shareholding being such percentage as would, in the event of Altria subsequently acquiring one additional ordinary share, require Altria to make a mandatory offer in terms of rule 9 of the City Code; and

(ii) all of its remaining convertible participating shares.

The company shall use its best endeavours to procure that the ordinary shares arising on conversion of the convertible participating shares are admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, admitted to listing and trading on the JSE Securities Exchange South Africa, and admitted to listing and trading on any other stock exchange upon which the ordinary shares are from time to time listed and traded, but no admission to listing or trading shall be sought for the convertible participating shares whilst they remain convertible participating shares.

Non-voting convertible shares

At 1 April 2008, Safari, a special purpose vehicle established and financed by a wholly owned subsidiary of SABMiller plc, held 77,368,338 non-voting convertible shares of US$0.10 each in the capital of the company. On 26 February 2009, these non-voting convertible shares were converted into ordinary shares and then acquired by the company to be held as treasury shares. While the purchase price for each share was £10.54, the whole amount of the consideration was paid between group companies. Following this transaction, no further non-voting convertible shares remain in the issued share capital of the company.

Deferred shares

The deferred shares do not carry any voting rights and do not entitle holders thereof to receive any dividends or other distributions. In the event of a winding up deferred shareholders would receive no more than the nominal value. Deferred shares represent the only non-equity share capital of the group.

Notes to the consolidated financial statements continued

25. Share capital continued

Share-based payments

The group operates various equity-settled share award plans for certain employees. The awards outstanding can be summarised as follows:

Scheme	Number of Ordinary shares 2010	Number of Ordinary shares 2009
Mirror Executive Share Purchase Scheme (South Africa) and South African Share Option Plan 2008 (a)	**13,447,779**	14,336,899
Executive Share Option Scheme (Approved Scheme and (No 2) Scheme), Executive Share Option Plan 2008, Approved Executive Share Option Plan 2008 and SABMiller plc Associated Companies Employee Share Plan 2008 (b)	**10,450,149**	11,719,449
Performance Share Award Scheme (c)	**1,584,181**	2,885,680
International Performance Share Award Sub-Scheme (d)	**2,554,522**	3,442,520
Executive Share Award Plan 2008 (e)	**2,777,152**	115,000
International Employee Share Scheme (f)	**3,065,536**	4,297,282
International Employee Stock Appreciation Rights Scheme (g)	**4,203,749**	7,020,930
Stock Appreciation Rights Scheme 2008 (h)	**93,300**	9,100
Total awards outstanding	**38,176,368**	43,826,860

Further details relating to all of the share award schemes can be found in the remuneration report in the section entitled 'Long-term incentive plans' on pages 59 to 67.

(a) Mirror Executive Share Purchase Scheme (South Africa) and South African Executive Share Option Plan 2008

As at 31 March 2010 the following options were outstanding under the SABMiller plc Mirror Executive Share Purchase Scheme (South Africa) and the South African Executive Share Option Plan 2008:

Date of grant	2010 Ordinary shares	2009 Ordinary shares	Exercise price ZAR	Exercise period Earliest date	Exercise period Expiry date
27 May 1999	**–**	5,500	50.90	27.05.2004	27.05.2009
25 November 1999	**–**	26,000	56.50	25.11.2004	25.11.2009
2 June 2000	**–**	167,500	43.09	02.06.2005	02.06.2010
1 December 2000	**61,000**	136,750	45.97	01.12.2005	01.12.2010
1 June 2001	**3,000**	69,500	59.15	01.06.2006	01.06.2011
30 November 2001	**165,500**	361,700	67.05	30.11.2006	30.11.2011
31 May 2002	**23,000**	94,300	80.05	31.05.2007	31.05.2012
22 November 2002	**295,000**	666,000	67.17	22.11.2007	22.11.2012
23 May 2003	**268,132**	535,432	53.30	23.05.2008	23.05.2013
21 November 2003	**272,700**	592,000	62.55	21.11.2008	21.11.2013
21 May 2004	**236,000**	688,500	78.30	21.05.2009	21.05.2014
19 November 2004	**401,500**	869,000	96.25	19.11.2009	19.11.2014
20 May 2005	**780,157**	810,157	96.95	20.05.2010	20.05.2015
9 September 2005	**245,000**	245,000	117.07	09.09.2010	09.09.2015
11 November 2005	**850,000**	887,000	124.34	11.11.2010	11.11.2015
19 May 2006	**657,740**	1,132,360	129.18	19.05.2009	19.05.2016
10 November 2006	**454,700**	846,500	149.26	10.11.2009	10.11.2016
18 May 2007	**841,750**	872,450	161.85	18.05.2010	18.05.2017
2 August 2007	**37,500**	37,500	178.56	02.08.2010	02.08.2017
16 November 2007	**1,591,800**	1,688,500	181.88	16.11.2010	16.11.2017
16 May 2008	**1,168,950**	1,210,950	185.98	16.05.2011	16.05.2018
1 August 2008	**75,000**	75,000	155.91	01.08.2011	01.08.2018
14 November 2008[1]	**2,184,800**	2,319,300	141.14	14.11.2011	14.11.2018
15 May 2009[1]	**590,750**	–	158.43	15.05.2012	15.05.2019
20 November 2009[1]	**2,243,800**	–	215.31	20.11.2012	20.11.2019
Total	**13,447,779**	14,336,899			

1 Options issued under the South African Executive Share Option Plan 2008 – all other options issued under the Mirror Executive Share Purchase Scheme (South Africa).

No further options can be granted under the Mirror Executive Share Purchase Scheme (South Africa) after 30 September 2008.

25. Share capital continued

(b) SABMiller plc Executive Share Option Scheme (Approved Scheme and (No 2) Scheme), Executive Share Option Plan 2008, Approved Executive Share Option Plan 2008 and SABMiller plc Associated Companies Employee Share Plan 2008

As at 31 March 2010 the following options were outstanding under the UK SABMiller plc Approved Executive Share Option Scheme, the SABMiller plc Unapproved Executive Share Option (No 2) Scheme, the Executive Share Option Plan 2008, the Approved Executive Share Option Plan 2008 and the SABMiller plc Associated Companies Employee Share Plan 2008:

				Exercise period	
Date of grant	**2010 Ordinary shares**	2009 Ordinary shares	Exercise price £	Earliest date	Expiry date
27 May 1999	**–**	9,386	5.170	27.05.2002	27.05.2009
2 June 2000	**19,978**	197,237	4.110	02.06.2003	02.06.2010
1 December 2000	**40,284**	40,284	4.220	01.12.2003	01.12.2010
1 December 2000[1]	**7,109**	7,109	4.220	01.12.2003	01.12.2010
1 June 2001	**21,753**	319,069	5.160	01.06.2004	01.06.2011
30 November 2001	**38,136**	38,136	4.720	30.11.2004	30.11.2011
31 May 2002	**138,270**	534,437	5.705	31.05.2005	31.05.2012
31 May 2002[1]	**5,259**	10,518	5.705	31.05.2005	31.05.2012
22 November 2002	**65,000**	94,000	4.400	22.11.2005	22.11.2012
22 November 2002[1]	**–**	6,818	4.400	22.11.2005	22.11.2012
23 May 2003	**178,650**	773,247	4.1575	23.05.2006	23.05.2013
23 May 2003[1]	**–**	7,216	4.1575	23.05.2006	23.05.2013
21 November 2003	**72,900**	112,900	5.537	21.11.2006	21.11.2013
21 November 2003[1]	**11,273**	19,329	5.537	21.11.2006	21.11.2013
21 May 2004	**192,350**	916,581	6.605	21.05.2007	21.05.2014
21 May 2004[1]	**4,542**	13,210	6.605	21.05.2007	21.05.2014
19 November 2004	**44,450**	106,750	8.700	19.11.2007	19.11.2014
19 November 2004[1]	**3,169**	3,169	8.700	19.11.2007	19.11.2014
20 May 2005	**324,273**	1,220,901	8.280	20.05.2008	20.05.2015
20 May 2005[1]	**25,126**	46,215	8.280	20.05.2008	20.05.2015
11 November 2005	**135,685**	277,285	10.530	11.11.2008	11.11.2015
11 November 2005[1]	**2,849**	9,421	10.530	11.11.2008	11.11.2015
19 May 2006	**806,201**	1,807,129	10.610	19.05.2009	19.05.2016
19 May 2006[1]	**6,042**	44,952	10.610	19.05.2009	19.05.2016
10 November 2006	**26,200**	103,600	10.930	10.11.2009	10.11.2016
10 November 2006[1]	**2,060**	2,060	10.930	10.11.2009	10.11.2016
22 November 2006	**11,600**	26,600	10.930	22.11.2009	22.11.2016
18 May 2007	**1,787,364**	2,010,224	11.670	18.05.2010	18.05.2017
18 May 2007[1]	**81,486**	88,026	11.670	18.05.2010	18.05.2017
2 August 2007	**40,561**	55,561	12.300	02.08.2010	02.08.2017
2 August 2007[1]	**2,439**	2,439	12.300	02.08.2010	02.08.2017
16 November 2007	**23,588**	28,836	13.320	16.11.2010	16.11.2017
16 November 2007[1]	**2,252**	4,504	13.320	16.11.2010	16.11.2017
16 May 2008	**2,263,226**	2,430,844	12.500	16.05.2011	16.05.2018
16 May 2008[1]	**71,724**	75,456	12.500	16.05.2011	16.05.2018
1 August 2008	**160,000**	160,000	10.490	01.08.2011	01.08.2018
14 November 2008[2]	**116,000**	116,000	9.295	14.11.2011	14.11.2018
15 May 2009[2]	**3,606,694**	–	12.310	15.05.2012	15.05.2019
15 May 2009[3]	**7,000**	–	12.310	15.05.2012	15.05.2019
15 May 2009[4]	**70,456**	–	12.310	15.05.2012	15.05.2019
20 November 2009[2]	**32,450**	–	17.140	20.11.2012	20.11.2019
20 November 2009[4]	**1,750**	–	17.140	20.11.2012	20.11.2019
	10,450,149	11,719,449			

1 SABMiller plc Approved Executive Share Option Scheme.

2 SABMiller plc Executive Share Option Plan 2008.

3 SABMiller plc Associated Companies Employee Share Plan 2008.

4 SABMiller plc Approved Executive Share Option Plan 2008.

No further options can be granted under the Executive Share Option Schemes (Approved Scheme and (No 2) Scheme) after 30 September 2008.

Notes to the consolidated financial statements continued

25. Share capital continued

(c) Performance Share Award Scheme

As at 31 March 2010 the following conditional awards were outstanding under the SABMiller plc Performance Share Award Scheme:

Date of award	2010 Ordinary shares	2009 Ordinary shares	Exercise price £	Earliest date by which performance condition may be met
19 May 2006	**136,125**	675,000	Nil	19.05.2009
13 March 2007	**10,560**	32,000	Nil	13.03.2010
18 May 2007	**342,927**	1,041,200	Nil	18.05.2010
2 August 2007	**12,375**	37,500	Nil	02.08.2010
16 November 2007	**894**	4,680	Nil	16.11.2010
16 May 2008	**921,300**	935,300	Nil	16.05.2011
1 August 2008	**160,000**	160,000	Nil	01.08.2011
	1,584,181	2,885,680		

No further awards can be made under this scheme after 30 September 2008.

(d) International Performance Share Award Sub-Scheme

At 31 March 2010 the following conditional awards were outstanding under the SABMiller plc International Performance Share Award Sub-Scheme:

Grant dates (period of the performance condition)	2010 Ordinary shares	2009 Ordinary shares	Exercise price £	Date by which performance condition must be met
19 May 2006 and 10 November 2006 (1 April 2006 to 31 March 2009)	**–**	726,660	Nil	01.04.2009
18 May 2007, 2 August 2007, 3 October 2007 and 16 November 2007 (1 April 2007 to 31 March 2010)	**1,208,672**	1,297,940	Nil	01.04.2010
16 May 2008 and 1 August 2008 (1 April 2008 to 31 March 2011)	**1,345,850**	1,417,920	Nil	01.04.2011
	2,554,522	3,442,520		

No further awards can be made under this scheme after 30 September 2008.

(e) Executive Share Award Plan 2008

At 31 March 2010 the following conditional awards were outstanding under the SABMiller plc Executive Share Award Plan 2008:

Date of award	2010 Ordinary shares	2009 Ordinary shares	Exercise price £	Earliest date by which performance condition may be met
14 November 2008	**115,000**	115,000	Nil	14.11.2011
15 May 2009	**2,584,450**	–	Nil	15.05.2012
9 September 2009	**30,000**	–	Nil	09.09.2012
20 November 2009	**47,702**	–	Nil	20.11.2012
	2,777,152	115,000		

25. Share capital continued

(f) International Employee Share Scheme

At 31 March 2010 the following options were outstanding under the SABMiller plc International Employee Share Scheme:

Date of grant	2010 Ordinary shares	2009 Ordinary shares	Exercise price £	Partial vesting date from
1 January 2003[1]	**90,002**	171,669	4.1575	01.01.2004
21 May 2004	**505,651**	673,985	6.605	21.05.2005
21 May 2004[2]	**–**	5,000	6.605	21.05.2007[3]
20 May 2005[2]	**5,000**	5,000	8.280	20.05.2008[3]
20 May 2005	**422,302**	819,906	8.280	20.05.2006
11 November 2005	**30,000**	87,630	10.530	11.11.2006
19 May 2006	**432,062**	764,475	10.610	19.05.2007
19 May 2006	**100,000**	100,000	10.610	19.05.2009[3]
19 May 2006[2]	**5,000**	5,000	10.610	19.05.2009[3]
10 November 2006	**28,100**	28,100	10.930	10.11.2007
18 May 2007	**767,035**	893,967	11.670	18.05.2008
18 May 2007	**100,000**	100,000	11.670	18.05.2010[3]
18 May 2007[2]	**2,000**	2,000	11.670	18.05.2010[3]
2 August 2007	**12,500**	12,500	12.300	02.08.2010[3]
16 May 2008	**313,884**	376,050	12.500	16.05.2009
16 May 2008	**200,000**	200,000	12.500	16.05.2011[3]
16 May 2008[2]	**2,000**	2,000	12.500	16.05.2011[3]
1 August 2008	**50,000**	50,000	10.490	01.08.2011[3]
	3,065,536	4,297,282		

1 Granted on 23 May 2003 but effective as at 1 January 2003.

2 SABMiller plc International Employee Share Scheme (Hong Kong and China).

3 Three-year vesting.

No further options can be granted under this scheme after 30 September 2008.

(g) International Employee Stock Appreciation Rights Scheme (SARS)

As at 31 March 2010 the following awards were outstanding under the SABMiller plc International Employee Stock Appreciation Rights Scheme:

Date of award	2010 Ordinary shares	2009 Ordinary shares	Exercise price £	Partial vesting date from
1 January 2003[1]	**505,969**	956,120	4.1575	01.01.2004
21 November 2003	**–**	15,000	5.537	21.11.2004
21 May 2004	**570,585**	1,270,040	6.605	21.05.2005
20 May 2005	**677,660**	1,191,255	8.280	20.05.2006
19 May 2006	**719,977**	1,186,172	10.610	19.05.2007
10 November 2006	**10,617**	33,533	10.930	10.11.2007
18 May 2007	**1,066,989**	1,466,860	11.670	18.05.2008
16 November 2007	**26,300**	68,700	13.320	16.11.2008
16 May 2008	**625,652**	833,250	12.500	16.05.2009
	4,203,749	7,020,930		

1 Granted on 23 May 2003 but effective as at 1 January 2003.

No further share awards can be granted under the SABMiller plc International Employee Stock Appreciation Rights Scheme after 30 September 2008.

(h) Stock Appreciation Rights Plan 2008

At 31 March 2010 the following share awards were outstanding under the SABMiller plc Stock Appreciation Rights Plan 2008:

Date of grant	2010 Ordinary shares	2009 Ordinary shares	Exercise price £	Exercise period	
				Earliest date	Expiry date
14 November 2008	**9,100**	9,100	9.295	14.11.2011	14.11.2018
15 May 2009	**84,200**	–	12.31	15.05.2012	15.05.2019
	93,300	9,100			

Notes to the consolidated financial statements continued

25. Share capital continued

Outstanding share awards

The following table summarises information about share awards outstanding at 31 March:

Range of exercise prices	Number 2010	Weighted average remaining contractual life in years 2010	Number 2009	Weighted average remaining contractual life in years 2009
Share awards designated in GBP				
£0	**6,915,855**	**1.3**	6,443,200	1.3
£4 – £5	**945,128**	**2.6**	2,291,836	3.6
£5 – £6	**249,455**	**2.6**	1,020,639	3.0
£6 – £7	**1,273,128**	**4.1**	2,878,816	5.1
£8 – £9	**1,501,980**	**5.1**	3,393,196	6.1
£9 – £10	**125,100**	**8.6**	125,100	9.6
£10 – £11	**2,526,393**	**6.3**	4,685,957	7.2
£11 – £12	**3,804,874**	**7.1**	4,561,077	8.1
£12 – £13	**7,300,336**	**8.6**	3,988,100	9.1
£13 – £14	**52,140**	**7.6**	102,040	8.6
£17 – £18	**34,200**	**6.3**	–	–
	24,728,589	**5.4**	29,489,961	5.6
Share options designated in ZAR				
R40 – R50	**61,000**	**0.7**	304,250	1.4
R50 – R60	**271,132**	**3.1**	636,432	3.8
R60 – R70	**733,200**	**2.8**	1,619,700	3.8
R70 – R80	**236,000**	**4.1**	688,500	5.1
R80 – R90	**23,000**	**2.2**	94,300	3.2
R90 – R100	**1,181,657**	**5.0**	1,679,157	5.9
R110 – R120	**245,000**	**5.4**	245,000	6.5
R120 – R130	**1,507,740**	**5.8**	2,019,360	6.9
R140 – R150	**2,639,500**	**8.3**	3,165,800	9.1
R150 – R160	**665,750**	**9.0**	75,000	9.3
R160 – R170	**841,750**	**7.1**	872,450	8.1
R170 – R180	**37,500**	**7.3**	37,500	8.4
R180 – R190	**2,760,750**	**7.8**	2,899,450	8.8
R210 – R220	**2,243,800**	**7.7**	–	–
	13,447,779	**6.9**	14,336,899	7.0
	38,176,368	**5.9**	43,826,860	6.0

Exerciseable shares

The following table summarises information about exerciseable share options outstanding at 31 March:

	Number 2010	Weighted average exercise price 2010	Number 2009	Weighted average exercise price 2009
Share options designated in GBP	**9,085,944**	**9.28**	14,400,630	8.06
Share options designated in ZAR	**2,838,272**	**97.6**	2,654,682	60.8

The exercise prices of share awards outstanding at 31 March 2010 ranged from £0 to £17.14 and ZAR45.97 to ZAR215.31. The movement in share awards outstanding is summarised in the following table:

	Number of awards UK	Weighted average exercise price £	Weighted average fair value at grant date £	Number of shares under option SA	Weighted average exercise price ZAR	Weighted average fair value at grant date ZAR	Total number of awards
Outstanding at 1 April 2008	26,701,732	7.04	–	12,489,849	113.04	–	39,191,581
Granted	8,498,400	8.16	6.00	3,706,000	156.55	63.9	12,204,400
Lapsed	(3,648,570)	6.61	–	(849,350)	143.02	–	(4,497,920)
Exercised or vested	(2,061,601)	6.41	–	(1,009,600)	61.57	–	(3,071,201)
Outstanding at 31 March 2009	29,489,961	7.38	–	14,336,899	126.14	–	43,826,860
Granted	6,740,482	7.21	6.35	2,903,050	203.64	104.0	9,643,532
Lapsed	(1,373,081)	5.73	–	(419,800)	163.03	–	(1,792,881)
Exercised or vested	(10,128,773)	6.72	–	(3,372,370)	88.21	–	(13,501,143)
Outstanding at 31 March 2010	**24,728,589**	**7.70**	**–**	**13,447,779**	**151.23**	**–**	**38,176,368**

25. Share capital continued

Share awards exercised or vested

The weighted average market price of the group's shares at the date of exercise or vesting for share awards exercised or vested during the year were:

	Number 2010	Weighted average market price 2010	Number 2009	Weighted average market price 2009
Share awards designated in GBP				
– Equity-settled	**10,128,773**	**14.98**	2,061,601	11.52
Share options designated in ZAR				
– Equity-settled	**3,372,370**	**196.44**	1,009,600	171.99
Total awards exercised or vested during the year	**13,501,143**		3,071,201	

Share-based payments have been valued using a binomial model approach except for the Performance Share Award Schemes and Executive Share Award Plan 2008 which have been valued using Monte Carlo simulations.

The Monte Carlo simulation methodology is necessary for valuing share-based payments with TSR performance hurdles. This is achieved by projecting SABMiller plc's share price forwards, together with those of companies in the same comparator group, over the vesting period and/or life of the options after considering their respective volatilities.

Weighted average fair value assumptions

The fair value of services received in return for share awards granted is measured by reference to the fair value of share awards granted. The estimate of the fair value of the services received is measured based on a binomial model for share awards.

The following weighted average assumptions were used in these option pricing models during the year:

	2010	2009
Share price[1]		
– South African schemes (ZAR)	**204.19**	160.55
– All other schemes (£)	**12.23**	12.50
Exercise price[1]		
– South African schemes (ZAR)	**203.64**	156.55
– All other schemes (£)	**7.21**	8.17
Expected volatility (all schemes)[2]	**30.6%**	25.6%
Dividend yield (all schemes)	**4.0%**	2.1%
Annual forfeiture rate		
– South African schemes	**5.0%**	5.0%
– All other schemes	**3.0%**	3.0%
Risk-free interest rate		
– South African schemes	**9.0%**	9.2%
– All other schemes	**2.9%**	4.7%

1 The calculation is based on the weighted fair value of issues made during the year.

2 Expected volatility is calculated by assessing the historical share price data in the United Kingdom and South Africa since May 2002.

Notes to the consolidated financial statements continued

26. Retained earnings and other reserves

a. Retained earnings

	Safari, treasury and EBT shares US$m	Retained earnings US$m	Total US$m
At 1 April 2008	(708)	6,309	5,601
Profit for the year	–	1,881	1,881
Other comprehensive income	–	(146)	(146)
Actuarial losses taken to other comprehensive income	–	(18)	(18)
Share of associates' and joint ventures' losses recognised in other comprehensive income	–	(222)	(222)
Deferred tax credit on items taken to other comprehensive income	–	94	94
Other movements	–	(5)	(5)
Dividends paid	–	(877)	(877)
Payment for purchase of own shares for share trusts	(37)	–	(37)
Utilisation of EBT shares	23	(23)	–
Credit entry relating to share-based payments	–	79	79
At 31 March 2009	**(722)**	**7,218**	**6,496**
Profit for the year	–	1,910	1,910
Other comprehensive income	–	(29)	(29)
Actuarial losses taken to other comprehensive income	–	(15)	(15)
Share of associates' and joint ventures' losses recognised in other comprehensive income	–	(17)	(17)
Deferred tax credit on items taken to other comprehensive income	–	3	3
Dividends paid	–	(924)	(924)
Payment for purchase of own shares for share trusts	(8)	–	(8)
Utilisation of EBT shares	57	(57)	–
Credit entry relating to share-based payments	–	80	80
At 31 March 2010	**(673)**	**8,198**	**7,525**

The group's retained earnings includes amounts of US$678 million (2009: US$618 million), the distribution of which is limited by statutory or other restrictions.

Safari, treasury and EBT shares reserve

In the financial year ended 31 March 2000, Safari Ltd (a special purpose vehicle established and financed by a wholly owned subsidiary of SABMiller plc) acquired 77,368,338 SABMiller plc shares at an initial cost of US$560 million. In terms of the agreement, a top-up payment of US$58 million was accrued for at 31 March 2001 and paid to the selling shareholders on 3 April 2001. On 9 July 2002 these shares held by Safari Ltd were converted to non-voting convertible shares. On 26 February 2009, these non-voting convertible shares were converted into ordinary shares and then acquired by the company to be held as treasury shares. While the purchase price for each share was £10.54, the whole amount of the consideration was paid between group companies. On 15 February 2010, 5,300,000 of these treasury shares were transferred to the employees' benefit trust (EBT) for nil consideration. These shares will be used to satisfy awards outstanding under the various share incentive plans. As at 31 March 2010, 72,068,338 shares were held in treasury.

The EBT holds shares in SABMiller plc for the purposes of the various executive share incentive plans, further details of which are disclosed in the remuneration report. The shares currently rank pari passu with all other ordinary shares. At 31 March 2010 the EBT held 8,672,331 shares (2009: 5,746,387 shares) which cost US$144 million (2009: US$104 million) and had a market value of US$255 million (2009: US$86 million). These shares have been treated as a deduction in arriving at shareholders' funds. The EBT used funds provided by SABMiller plc to purchase such of the shares as were purchased in the market. The costs of funding and administering the scheme are charged to the income statement in the period to which they relate.

26. Retained earnings and other reserves continued

b. Other reserves

The analysis of other reserves is as follows:

	Foreign currency translation reserve[1] US$m	Cash flow hedging reserve US$m	Net investment hedging reserve US$m	Available for sale reserve US$m	Total US$m
At 1 April 2008	2,435	1	(230)	9	2,215
Currency translation differences					
– subsidiaries	(3,197)	–	–	–	(3,197)
– associates and joint ventures	(152)	–	–	–	(152)
Net investment hedges	–	–	337	–	337
Cash flow hedges	–	21	–	–	21
Available for sale investments	–	–	–	(8)	(8)
Deferred tax on items taken to other comprehensive income	–	31	–	–	31
Share of associates' and joint ventures' losses recognised in other comprehensive income	–	(108)	–	–	(108)
Transfer to profit on disposal of Miller's operations	–	(4)	–	–	(4)
Contributed to joint ventures	–	(7)	–	–	(7)
At 31 March 2009[1]	(914)	(66)	107	1	(872)
Currency translation differences					
– subsidiaries	2,346	–	–	–	2,346
– associates and joint ventures	101	–	–	–	101
Net investment hedges	–	–	(310)	–	(310)
Cash flow hedges	–	(59)	–	–	(59)
Available for sale investments	–	–	–	2	2
Deferred tax on items taken to other comprehensive income	–	(39)	–	–	(39)
Share of associates' and joint ventures' gains recognised in other comprehensive income	–	153	–	–	153
At 31 March 2010	**1,533**	**(11)**	**(203)**	**3**	**1,322**

1 As restated (see note 28).

Foreign currency translation reserve

The foreign currency translation reserve comprises all translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates.

Notes to the consolidated financial statements continued

27a. Reconciliation of profit for the year to net cash generated from operations

	2010 US$m	2009 US$m
Profit for the year	2,081	2,157
Taxation	848	801
Share of post-tax results of associates and joint ventures	(873)	(516)
Interest receivable and similar income	(316)	(595)
Interest payable and similar charges	879	1,301
Operating profit	2,619	3,148
Depreciation:		
Property, plant and equipment	655	626
Containers	226	203
Container breakages, shrinkages and write-offs	40	7
Loss on disposal of property, plant and equipment	39	10
Profit on disposal of available for sale investments	(2)	–
Amortisation of intangible assets	203	204
Impairment of goodwill	–	364
Impairment of intangible assets	–	14
Impairment of property, plant and equipment	45	16
Impairment of working capital balances	34	12
Amortisation of advances to customers	28	12
Unrealised net loss from fair value hedges	1	14
Profit on disposal of businesses	–	(526)
Dividends received from other investments	(2)	(1)
Charge with respect to share options	80	79
Other non-cash movements	8	(18)
Net cash generated from operations before working capital movements (EBITDA)	**3,974**	4,164
Decrease/(increase) in inventories	78	(249)
Decrease/(increase) in receivables	48	(314)
Increase in payables	416	66
Increase/(decrease) in provisions	22	(7)
(Decrease)/increase in post-retirement benefit provisions	(1)	11
Net cash generated from operations	**4,537**	3,671

Cash generated from operations before working capital movements includes cash flows relating to exceptional items of US$301 million (2009: US$nil) in respect of business capability programme costs, US$15 million (2009: US$49 million) in respect of integration and restructuring costs and US$23 million (2009: US$nil) in respect of transaction costs.

27b. Reconciliation of net cash from operating activities to free cash flow

	2010 US$m	2009 US$m
Net cash from operating activities	**3,277**	2,183
Purchase of property, plant and equipment	(1,436)	(2,073)
Proceeds from sale of property, plant and equipment	37	75
Purchase of intangible assets	(92)	(74)
Purchase of shares from minorities	(5)	(5)
Investments in joint ventures	(353)	(397)
Investments in associates	(76)	(4)
Repayment of investments by associates	3	3
Dividends received from joint ventures	707	454
Dividends received from associates	106	151
Dividends received from other investments	2	1
Dividends paid to minority interests	(160)	(217)
Free cash flow	**2,010**	97

27c. Analysis of net debt

	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 2008	673	(485)	(9,160)	(75)	(13)	(9,733)	(9,060)
Exchange adjustments	(42)	64	1,010	–	2	1,076	1,034
Cash flow	(233)	120	(864)	32	1	(711)	(944)
Acquisitions – through business combinations	28	(1)	(53)	–	–	(54)	(26)
Disposals	(4)	2	–	–	–	2	(2)
Other movements	–	–	(241)	530	–	289	289
At 31 March 2009[1]	422	(300)	(9,308)	487	(10)	(9,131)	(8,709)
Exchange adjustments	196	(106)	(665)	(8)	(2)	(781)	(585)
Cash flow	143	216	604	–	4	824	967
Acquisitions – through business combinations	18	–	(13)	–	(1)	(14)	4
Other movements	–	–	170	(242)	(3)	(75)	(75)
At 31 March 2010	**779**	**(190)**	**(9,212)**	**237**	**(12)**	**(9,177)**	**(8,398)**

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

	2010 US$m	2009 US$m
Cash and cash equivalents (balance sheet)	**779**	422
Overdrafts	**(190)**	(300)
Cash and cash equivalents (cash flow)	**589**	122

1 As restated (see note 28).

The group's net debt is denominated in the following currencies:

	US dollars US$m	SA rand US$m	Euro US$m	Colombian peso US$m	Other currencies US$m	Total US$m
Total cash and cash equivalents	**352**	**134**	**49**	**48**	**196**	**779**
Total gross borrowings (including overdrafts)	**(5,094)**	**(526)**	**(1,403)**	**(1,253)**	**(901)**	**(9,177)**
	(4,742)	**(392)**	**(1,354)**	**(1,205)**	**(705)**	**(8,398)**
Cross currency swaps	**2,124**	**(384)**	**(569)**	**(557)**	**(614)**	**–**
Net debt at 31 March 2010	**(2,618)**	**(776)**	**(1,923)**	**(1,762)**	**(1,319)**	**(8,398)**
Total cash and cash equivalents	168	39	84	13	118	422
Total gross borrowings (including overdrafts)	(5,712)	(543)	(669)	(1,301)	(906)	(9,131)
	(5,544)	(504)	(585)	(1,288)	(788)	(8,709)
Cross currency swaps	2,695	(400)	(1,232)	(400)	(663)	–
Net debt at 31 March 2009[1]	(2,849)	(904)	(1,817)	(1,688)	(1,451)	(8,709)

1 As restated (see note 28).

27d. Major non-cash transactions

2010

The acquisition of the outstanding 28.1% minority in the group's Polish subsidiary, Kompania Piwowarska SA, in exchange for the issue of 60 million ordinary shares in SABMiller plc was a significant non-cash transaction in the year.

2009

The contribution of the Miller Brewing Company's US and Puerto Rico operations to the MillerCoors joint venture in exchange for a 58% economic interest in the resulting joint venture was a significant non-cash transaction during the year.

Notes to the consolidated financial statements continued

28. Restatement of the balance sheet at 31 March 2009

The initial accounting under IFRS 3, 'Business Combinations', for the Pabod and Voltic acquisitions had not been completed as at 31 March 2009. During the year ended 31 March 2010, adjustments to provisional fair values in respect of these acquisitions were made. As a result, comparative information for the year ended 31 March 2009 has been presented in the consolidated financial statements as if the adjustments to provisional fair values had been made from the respective transaction dates. The impact on the prior year 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 2009 to the comparative balance sheet presented in the consolidated financial statements.

Balance Sheet

	At 31 March 2009 US$m	Adjustments to provisional fair values US$m	**At 31 March 2009 As restated US$m**
Assets			
Non-current assets			
Goodwill	8,734	(18)	**8,716**
Intangible assets	3,729	13	**3,742**
Property, plant and equipment	7,404	2	**7,406**
Investment in joint ventures	5,495	–	**5,495**
Investment in associates	1,787	–	**1,787**
Available for sale investments	29	–	**29**
Derivative financial instruments	695	–	**695**
Trade and other receivables	125	–	**125**
Deferred tax assets	161	–	**161**
	28,159	(3)	**28,156**
Current assets			
Inventories	1,242	(1)	**1,241**
Trade and other receivables	1,576	–	**1,576**
Cash and cash equivalents	409	13	**422**
Other current assets	233	–	**233**
	3,460	12	**3,472**
Total assets	31,619	9	**31,628**
Liabilities			
Current liabilities			
Derivative financial instruments	(35)	–	**(35)**
Borrowings	(2,148)	–	**(2,148)**
Trade and other payables	(2,396)	(4)	**(2,400)**
Current tax liabilities	(463)	–	**(463)**
Provisions	(299)	–	**(299)**
	(5,341)	(4)	**(5,345)**
Non-current liabilities			
Derivative financial instruments	(107)	–	**(107)**
Borrowings	(7,470)	–	**(7,470)**
Trade and other payables	(186)	–	**(186)**
Deferred tax liabilities	(2,029)	(1)	**(2,030)**
Provisions	(373)	–	**(373)**
	(10,165)	(1)	**(10,166)**
Total liabilities	(15,506)	(5)	**(15,511)**
Net assets	16,113	4	**16,117**
Total equity	16,113	4	**16,117**

29. Acquisitions and disposals

The following significant business combinations took effect during the year:

In April 2009 control was assumed over Bere Azuga in Romania and the group had a 100% interest as at 31 March 2010.

In July 2009 the group acquired an effective 40% interest in Ambo Mineral Water Share Company in Ethiopia.

In September 2009 the group acquired a maheu business, a non-alcoholic traditional beverage, in Zambia, in which it has an effective 62% interest.

In February 2010 the group completed the cash acquisition of the assets of the Rwenzori water business in Uganda, in which it has an effective 80% interest.

All business combinations

All business combinations have been accounted for using the purchase method. All assets were recognised at their respective fair values. The residual over the net assets acquired is recognised as goodwill in the financial statements. The following table represents the assets and liabilities acquired in respect of all business combinations entered into during the year ended 31 March 2010:

	Carrying value pre-acquisition US$m	Provisional fair value US$m
Intangible assets	–	33
Property, plant and equipment	47	37
Inventories	6	5
Trade and other receivables	2	2
Cash and cash equivalents	18	18
Borrowings	(14)	(14)
Trade and other payables	(7)	(11)
Deferred tax liabilities	–	(1)
Provisions	–	(5)
	52	64
Minority interests		(27)
Net assets acquired		37
Provisional goodwill		72
Consideration		**109**

Goodwill represents amongst other things, tangible and intangible assets yet to be recognised separately from goodwill as the fair value exercises are still in progress, potential synergies and the value of the assembled workforce.

	US$m
Consideration satisfied by:	
Cash consideration	78
Available for sale investment transferred to investment in subsidiary undertaking (see note 15)	11
Cash and cash equivalents acquired	18
Deferred consideration relating to current year acquisitions	4
Deferred consideration paid relating to prior year acquisitions	(2)
	109

From the date of acquisition to 31 March 2010 the following amounts have been included in the group's income and cash flow statements for the year:

	US$m
Income statement	
Revenue	16
Operating loss	(1)
Profit/(loss) before tax	–
Cash flow statement	
Cash utilised in operations	(15)
Net interest received/(paid)	–
Purchase of property, plant and equipment	(8)

If the date of the acquisitions made during the year had been 1 April 2009, then the group's revenue, operating profit and profit before tax for the year ended 31 March 2010 would have been as follows:

	US$m
Income statement	
Revenue	18,048
Operating profit	2,625
Profit before tax	2,930

Notes to the consolidated financial statements continued

29. Acquisitions and disposals continued

Minority interests

The following minority interests were acquired for cash consideration of US$1 million and non-cash consideration of US$1,197 million, generating additional goodwill of US$1,125 million. The purchase of shares from minorities in the consolidated cash flow statement includes deferred consideration relating to purchases of minority interests in the prior year.

Company	% acquired	Effective % holding after acquisition of minority interest	Form of consideration	Country
Kompania Piwowarska SA	28.1	100%	Shares	Poland
Cervecería San Juan SA	0.5	86%	Cash	Peru
Cervecería Nacional SA	0.1	97%	Cash	Panama

Disposals

Disposal of Miller subsidiary into the MillerCoors joint venture in the prior year

On 30 June 2008, SABMiller plc and Molson Coors Brewing Company announced that they had completed the transaction to combine the US and Puerto Rico operations of their respective subsidiaries, Miller and Coors, in a joint venture to create MillerCoors, a stronger, brand-led US brewer in the increasingly competitive US marketplace. MillerCoors began operating as a combined entity on 1 July 2008. SABMiller has a 58% economic interest in MillerCoors and Molson Coors has a 42% economic interest. Voting interests are shared equally between SABMiller and Molson Coors, and each of SABMiller and Molson Coors has equal board representation. A profit of US$437 million arose on the disposal of the US and Puerto Rico operations of the Miller business into the MillerCoors joint venture. The profit was calculated as 58% of the fair value of the business contributed to the joint venture by Coors Brewing Company less 42% of the value of net assets contributed to the joint venture by SABMiller plc and transaction costs.

The net assets contributed by SABMiller plc to the MillerCoors joint venture were comprised as follows:

	US$m
Goodwill	3,998
Intangible assets	232
Property, plant and equipment	1,043
Other non-current assets	117
Non-current assets	5,390
Current assets	414
Overdraft	(2)
Other current liabilities	(413)
Provisions	(15)
Current liabilities	(430)
Other non-current liabilities	(4)
Provisions	(734)
Non-current liabilities	(738)
Net assets contributed to joint venture	4,636

Other disposals during the prior year

On 26 February 2009, the disposal of the Agua Brisa water business in Colombia was completed for cash consideration of US$92 million. On 26 March 2009, the disposal of the Bolivian soft drinks business was completed for cash consideration of US$27 million.

The net assets disposed of for these disposals were comprised as follows:

	US$m
Non-current assets	22
Current assets[1]	13
Current liabilities	(4)
Non-current liabilities	(1)
Net assets	30

1 Including cash and cash equivalents of US$4 million.

30. Commitments, contingencies and guarantees

a. Operating lease commitments

The minimum lease rentals to be paid under non-cancellable leases at 31 March 2010 are as follows:

	2010 US$m	2009 US$m
Land and buildings		
Within one year	**50**	50
Later than one year and less than five years	**109**	83
After five years	**33**	46
	192	179
Plant, vehicles and systems		
Within one year	**32**	26
Later than one year and less than five years	**54**	62
After five years	**37**	8
	123	96

b. Other commitments

	2010 US$m	2009 US$m
Capital commitments not provided in the financial information		
Contracts placed for future expenditure for property, plant and equipment	**261**	403
Contracts placed for future expenditure for intangible assets	**2**	2
Share of capital commitments of joint ventures	**37**	65
Other commitments not provided in the financial information		
Contracts placed for future expenditure	**2,086**	1,499
Share of joint ventures' other commitments	**482**	606

Contracts placed for future expenditure in 2010 primarily relate to minimum purchase commitments for raw materials and packaging materials, which are principally due between 2010 and 2015. Additionally, as part of the business capability programme the group has entered into contracts for the provision of IT, communications and consultancy services and in relation to which the group had commitments of US$142 million at 31 March 2010.

The group's share of joint ventures' other commitments primarily relate to MillerCoors' various long-term non-cancellable advertising and promotion commitments.

c. Contingent liabilities and guarantees

	2010 US$m	2009 US$m
Guarantees to third parties provided in respect of trade loans[1]	**16**	28
Guarantees to third parties provided in respect of bank facilities	**9**	8
Share of associates' contingent liabilities	**–**	1
Share of joint ventures' contingent liabilities	**8**	10
Litigation[2]	**14**	14
Other contingent liabilities	**–**	2
	47	63

1 Guarantees to third parties provided in respect of trade loans
These primarily relate to guarantees given by Grolsch to banks in relation to loans taken out by trade customers.

2 Litigation
The group has a number of activities in a wide variety of geographic areas and is subject to certain legal claims incidental to its operations. In the opinion of the directors, after taking appropriate legal advice, these claims are not expected to have, either individually or in aggregate, a material adverse effect upon the group's financial position, except insofar as already provided in the consolidated financial statements.

Other

SABMiller and Altria entered into a tax matters agreement (the Agreement) on 30 May 2002, to regulate the conduct of tax matters between them with regard to the acquisition of Miller and to allocate responsibility for contingent tax costs. SABMiller has agreed to indemnify Altria against any taxes, losses, liabilities and costs that Altria incurs arising out of or in connection with a breach by SABMiller of any representation, agreement or covenant in the Agreement, subject to certain exceptions.

The group has exposures to various environmental risks. Although it is difficult to predict the group's liability with respect to these risks, future payments, if any, would be made over a period of time in amounts that would not be material to the group's financial position, except insofar as already provided in the consolidated financial statements.

Notes to the consolidated financial statements continued

31. Pensions and post-retirement benefits

The group operates a number of pension schemes throughout the world. These schemes have been designed and are administered in accordance with local conditions and practices in the countries concerned and include both defined contribution and defined benefit schemes. The majority of the schemes are funded and the schemes' assets are held independently of the group's finances. The assets of the schemes do not include any of the group's own financial instruments, nor any property occupied by or other assets used by the group. Pension and post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. Generally, the projected unit method is applied to measure the defined benefit scheme liabilities.

The group also provides medical benefits, which are mainly unfunded, for retired employees and their dependants in South Africa, The Netherlands and Latin America. The defined benefit pension plans and medical and other post-retirement benefit plans of the Miller Brewing Company were transferred to the MillerCoors joint venture on 30 June 2008.

The total pension and post-retirement medical benefit costs recognised in the income statement, and related net liabilities on the balance sheet are as follows:

	2010 US$m	2009 US$m
Defined contribution scheme costs	**83**	83
Defined benefit pension plan costs	**23**	16
Post-retirement medical and other benefit costs	**13**	19
Accruals for defined contribution plans (balance sheet)	**3**	2
Provisions for defined benefit pension plans (balance sheet)	**187**	137
Provisions for other post-retirement benefits (balance sheet)	**103**	80

The group operates various defined contribution and defined benefit schemes. Details of the main defined benefit schemes are provided below:

South Africa pension schemes

The group operates a number of pension schemes throughout South Africa. Details of the major schemes are provided below:

The ABI Pension Fund, Suncrush Pension Fund and Suncrush Retirement Fund are funded schemes of the defined benefit type based on average salary with assets held in separately administered funds. The surplus apportionment schemes for the ABI Pension Fund, the Suncrush Pension Fund and Suncrush Retirement Fund have been approved by the Financial Services Board.

The active and pensioner liabilities in respect of the ABI Pension Fund and the Suncrush Retirement Fund have been settled. The only liabilities are in respect of the surplus apportionment scheme and unclaimed benefits. Once the surplus liabilities have been settled, the Funds will be deregistered and liquidated. The Trustees have resolved that any surplus remaining in the Suncrush Retirement Fund should be transferred to the Suncrush Pension Fund, although this has not been approved.

Latin America pension schemes

The group operates a number of pension schemes throughout Latin America. Details of the major scheme are provided below:

The Colombian Labour Code Pension Plan is an unfunded scheme of the defined benefit type and covers all salaried and hourly employees in Colombia who are not covered by social security or who have at least 10 years of service prior to 1 January 1967. The plan is financed entirely through company reserves and there are no external assets. The most recent actuarial valuation of the Colombian Labour Code Pension Plan was carried out by independent professionally qualified actuaries at 28 February 2010 using the projected unit credit method. All salaried employees are now covered by the social security provisions. The principal economic assumptions used in the preparation of the pension valuations are shown below and take into consideration changes in the Colombian economy.

Grolsch pension scheme

The Grolsch pension plan, named Stichting Pensioenfonds van de Grolsche Bierbrouwerij, is a funded scheme of the defined benefit type, based on average salary with assets held in separately administered funds. The latest valuation of the Grolsch pension fund was carried out at 31 March 2010 by an independent actuary using the projected unit credit method. The principal assumptions used in the valuation are listed below.

31. Pensions and post-retirement benefits continued

Principal actuarial assumptions at 31 March (expressed as weighted averages)

		Defined benefit pension plans				Medical and other post-retirement benefits	
		South Africa %	Latin America %	Grolsch %	Other %	South Africa %	Other %
At 31 March 2010							
Discount rate		**–**	**8.8**	**5.0**	**4.9**	**9.5**	**8.8**
Salary inflation		**–**	**4.0**	**2.5**	**3.6**	**–**	**–**
Pension inflation		**–**	**4.0**	**2.5**	**3.1**	**–**	**–**
Healthcare cost inflation		**–**	**–**	**–**	**–**	**8.0**	**4.0**
Mortality rate assumptions							
– Retirement age:	Males	**–**	**55**	**65**	**–**	**63**	**55**
	Females	**–**	**50**	**65**	**–**	**63**	**50**
– Life expectations on retirement age:							
Retiring today:	Males	**–**	**20**	**21**	**–**	**16**	**20**
	Females	**–**	**25**	**22**	**–**	**20**	**25**
Retiring in 20 years:	Males	**–**	**–**	**22**	**–**	**16**	**–**
	Females	**–**	**–**	**23**	**–**	**20**	**–**
At 31 March 2009							
Discount rate		–	10.7	5.8	5.4	9.0	10.7
Salary inflation		–	5.2	2.5	3.5	–	–
Pension inflation		–	5.2	2.5	3.0	–	–
Healthcare cost inflation		–	–	–	–	7.5	5.2
Mortality rate assumptions							
– Retirement age:	Males	–	55	65	–	63	55
	Females	–	50	65	–	63	50
– Life expectations on retirement age:							
Retiring today:	Males	–	20	19	–	16	20
	Females	–	25	21	–	20	25
Retiring in 20 years:	Males	–	–	21	–	16	–
	Females	–	–	22	–	20	–

The present value of defined benefit plan and post-employment medical benefit liabilities are as follows:

	Defined benefit pension plans						Medical and other post-retirement benefits			
	Miller US$m	South Africa US$m	Latin America US$m	Grolsch US$m	Other US$m	Total US$m	Miller US$m	South Africa US$m	Other US$m	Total US$m
Present value of scheme liabilities at 1 April 2008	1,101	55	203	325	33	1,717	519	42	60	621
– Portion of defined benefit obligation that is unfunded	13	–	200	–	24	237	519	42	60	621
– Portion of defined benefit obligation that is partly or wholly funded	1,088	55	3	325	9	1,480	–	–	–	–
Benefits paid	(15)	(19)	(18)	(10)	(4)	(66)	(7)	–	(7)	(14)
Contributions paid by plan participants	–	–	(1)	2	–	1	–	(1)	(1)	(2)
Current service cost	3	–	(2)	7	3	11	2	1	1	4
Past service costs	–	–	–	–	–	–	(2)	–	–	(2)
Interest costs	17	4	13	14	2	50	8	4	5	17
Actuarial losses/(gains)	6	8	(17)	(49)	(1)	(53)	–	–	1	1
Settlements and curtailments	–	–	(6)	2	(1)	(5)	–	–	–	–
Transfer (to)/from other provisions	–	–	(19)	–	2	(17)	–	–	(1)	(1)
Contributed to joint venture	(1,112)	–	–	–	–	(1,112)	(520)	–	–	(520)
Exchange adjustments	–	(8)	(44)	(50)	(5)	(107)	–	(8)	(16)	(24)
Present value of scheme liabilities at 31 March 2009	–	40	109	241	29	419	–	38	42	80
– Portion of defined benefit obligation that is unfunded	–	–	107	–	21	128	–	38	42	80
– Portion of defined benefit obligation that is partly or wholly funded	–	40	2	241	8	291	–	–	–	–
Benefits paid	–	(17)	(14)	(10)	(4)	(45)	–	–	(7)	(7)
Contributions paid by plan participants	–	–	–	3	–	3	–	(2)	(2)	(4)
Current service cost	–	–	1	5	2	8	–	1	2	3
Interest costs	–	4	13	14	1	32	–	4	4	8
Actuarial (gains)/losses	–	(7)	5	43	–	41	–	4	(4)	–
Transfer (to)/from other provisions	–	–	(1)	–	1	–	–	–	–	–
Exchange adjustments	–	11	35	3	2	51	–	14	9	23
Present value of scheme liabilities at 31 March 2010	**–**	**31**	**148**	**299**	**31**	**509**	**–**	**59**	**44**	**103**
– Portion of defined benefit obligation that is unfunded	**–**	**–**	**146**	**–**	**24**	**170**	**–**	**59**	**44**	**103**
– Portion of defined benefit obligation that is partly or wholly funded	**–**	**31**	**2**	**299**	**7**	**339**	**–**	**–**	**–**	**–**

Notes to the consolidated financial statements continued

31. Pensions and post-retirement benefits continued

The fair value reconciliations of opening plan assets to closing plan assets, on an aggregated basis, are as follows:

	Defined benefit pension plans			
	Miller US$m	South Africa US$m	Grolsch US$m	Total US$m
Plan assets at 1 April 2008	942	82	324	1,348
Expected return on plan assets	19	5	17	41
Benefits paid	(15)	(19)	(10)	(44)
Employer contributions	2	–	7	9
Actuarial losses	(31)	–	(47)	(78)
Settlements	–	(1)	–	(1)
Contributed to joint venture	(917)	–	–	(917)
Exchange adjustments	–	(10)	(49)	(59)
Plan assets at 31 March 2009	–	57	242	299
Expected return on plan assets	–	5	14	19
Benefits paid	–	(18)	(10)	(28)
Employer contributions	–	(7)	8	1
Actuarial gains	–	–	33	33
Exchange adjustments	–	16	4	20
Plan assets at 31 March 2010	**–**	**53**	**291**	**344**

The fair value of assets in pension schemes and the expected rates of return were:

	South Africa		Latin America		Grolsch		Other		Total
	US$m	Long-term rate of return	US$m	Long-term rate of return	US$m	Long-term rate of return	US$m	Long-term rate of return	US$m
At 31 March 2010									
Equities	**1**	**12.0**	**–**	**–**	**90**	**8.0**	**–**	**–**	**91**
Bonds	**1**	**9.0**	**–**	**–**	**180**	**4.0**	**–**	**–**	**181**
Cash	**51**	**7.0**	**–**	**–**	**1**	**–**	**–**	**–**	**52**
Property and other	**–**	**–**	**–**	**–**	**20**	**–**	**–**	**–**	**20**
Total fair value of assets	**53**		**–**		**291**		**–**		**344**
Present value of scheme liabilities	**(31)**		**(148)**		**(299)**		**(31)**		**(509)**
Surplus/(deficit) in the scheme	**22**		**(148)**		**(8)**		**(31)**		**(165)**
Unrecognised pension asset due to limit	**(22)**		**–**		**–**		**–**		**(22)**
Pension liability recognised	**–**		**(148)**		**(8)**		**(31)**		**(187)**
At 31 March 2009									
Equities	4	12.0	–	–	97	7.0	–	–	101
Bonds	–	–	–	–	145	5.0	–	–	145
Cash	50	7.0	–	–	–	–	–	–	50
Property and other	3	12.0	–	–	–	–	–	–	3
Total fair value of assets	57		–		242		–		299
Present value of scheme liabilities	(40)		(109)		(241)		(29)		(419)
Surplus/(deficit) in the scheme	17		(109)		1		(29)		(120)
Unrecognised pension asset due to limit	(17)		–		–		–		(17)
Pension (liability)/asset recognised	–		(109)		1		(29)		(137)

31. Pensions and post-retirement benefits continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans					Medical and other post-retirement benefits		
	South Africa US$m	Latin America US$m	Grolsch US$m	Other US$m	Total US$m	South Africa US$m	Other US$m	Total US$m
At 31 March 2010								
Present value of scheme liabilities	**(31)**	**(148)**	**(299)**	**(31)**	**(509)**	**(59)**	**(44)**	**(103)**
Fair value of plan assets	**53**	**–**	**291**	**–**	**344**	**–**	**–**	**–**
	22	**(148)**	**(8)**	**(31)**	**(165)**	**(59)**	**(44)**	**(103)**
Unrecognised assets due to limit	**(22)**	**–**	**–**	**–**	**(22)**	**–**	**–**	**–**
Net liability recognised on balance sheet	**–**	**(148)**	**(8)**	**(31)**	**(187)**	**(59)**	**(44)**	**(103)**
At 31 March 2009								
Present value of scheme liabilities	(40)	(109)	(241)	(29)	(419)	(38)	(42)	(80)
Fair value of plan assets	57	–	242	–	299	–	–	–
	17	(109)	1	(29)	(120)	(38)	(42)	(80)
Unrecognised assets due to limit	(17)	–	–	–	(17)	–	–	–
Net (liability)/asset recognised on balance sheet	–	(109)	1	(29)	(137)	(38)	(42)	(80)

In respect of South Africa, the pension asset recognised must be limited to the extent that the employer is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. The limit has been set equal to nil as the surplus apportionment exercise required in terms of the South African legislation has not yet been completed. In addition, the net gain of US$1 million (2009: US$1 million) which would be taken to the income statement and net actuarial gain which would be taken directly to other comprehensive income of US$7 million (2009: loss of US$8 million) are not recognised in the financial statements.

The amounts recognised in net operating expenses in the income statement are as follows:

	Defined benefit pension plans					Medical and other post-retirement benefits			
	Miller US$m	Latin America US$m	Grolsch US$m	Other US$m	Total US$m	Miller US$m	South Africa US$m	Other US$m	Total US$m
At 31 March 2010									
Current service cost	**–**	**(1)**	**(5)**	**(2)**	**(8)**	**–**	**(1)**	**(2)**	**(3)**
Interest costs	**–**	**(13)**	**(15)**	**(1)**	**(29)**	**–**	**(4)**	**(6)**	**(10)**
Expected return on plan assets	**–**	**–**	**14**	**–**	**14**	**–**	**–**	**–**	**–**
	–	**(14)**	**(6)**	**(3)**	**(23)**	**–**	**(5)**	**(8)**	**(13)**
At 31 March 2009									
Current service cost	(3)	2	(7)	(3)	(11)	(2)	(1)	(1)	(4)
Past service cost	–	–	–	–	–	2	–	–	2
Interest costs	(17)	(13)	(14)	(2)	(46)	(8)	(4)	(5)	(17)
Expected return on plan assets	19	–	17	–	36	–	–	–	–
Settlements and curtailments	–	6	(2)	1	5	–	–	–	–
	(1)	(5)	(6)	(4)	(16)	(8)	(5)	(6)	(19)

Notes to the consolidated financial statements continued

31. Pensions and post-retirement benefits continued

The amounts recognised in the statement of comprehensive income are as follows:

	Defined benefit pension plans					Medical and other post-retirement benefits			
	Miller US$m	Latin America US$m	Grolsch US$m	Other US$m	Total US$m	Miller US$m	South Africa US$m	Other US$m	Total US$m
At 31 March 2010									
Actual return on plan assets	–	–	47	–	47	–	–	–	–
Less: expected return on plan assets	–	–	(14)	–	(14)	–	–	–	–
Experience gains/(losses) arising on									
scheme assets	–	–	33	–	33	–	–	–	–
scheme liabilities	–	–	(43)	–	(43)	–	(1)	–	(1)
Changes in actuarial assumptions	–	(6)	–	–	(6)	–	(3)	4	1
Other actuarial gains	–	1	–	–	1	–	–	–	–
	–	(5)	(10)	–	(15)	–	(4)	4	–
At 31 March 2009									
Actual loss on plan assets	(11)	–	(30)	–	(41)	–	–	–	–
Less: expected return on plan assets	(19)	–	(17)	–	(36)	–	–	–	–
Experience (losses)/gains arising on									
scheme assets	(30)	–	(47)	–	(77)	–	–	–	–
scheme liabilities	(11)	–	49	–	38	(9)	(1)	–	(10)
Changes in actuarial assumptions	4	17	–	1	22	9	1	1	11
Other actuarial losses	–	–	–	–	–	–	–	(2)	(2)
	(37)	17	2	1	(17)	–	–	(1)	(1)

The cumulative amounts recognised in other comprehensive income are as follows:

	2010 US$m	2009 US$m
Cumulative actuarial losses recognised at beginning of year	(160)	(142)
Net actuarial losses recognised in the year	(15)	(18)
Cumulative actuarial losses recognised at end of year	(175)	(160)

History of actuarial gains and losses

	2010 US$m	2009 US$m	2008 US$m	2007 US$m	2006 US$m
Experience gains/(losses) of plan assets	33	(77)	(90)	28	31
Percentage of plan assets	10%	26%	7%	3%	3%
Experience (losses)/gains of scheme liabilities	(44)	28	2	(62)	4
Percentage of scheme liabilities	7%	6%	0%	3%	0%
Fair value of plan assets	344	299	1,348	1,112	1,038
Present value of scheme liabilities	(612)	(499)	(2,338)	(2,064)	(1,939)
Deficit in the schemes	(268)	(200)	(990)	(952)	(901)
Unrecognised assets due to limit	(22)	(17)	(27)	(47)	(73)
Net liability recognised in balance sheet	(290)	(217)	(1,017)	(999)	(974)

Contributions expected to be paid into the group's major defined benefit schemes during the annual period after 31 March 2010 are US$22 million.

A 1% increase and a 1% decrease in the assumed healthcare cost of inflation will have the following effect on the group's major post-employment medical benefits:

	2010	
	Increase US$m	Decrease US$m
Current service costs	1	–
Interest costs	2	(1)
Accumulated post-employment medical benefit costs	11	(9)

32. Related party transactions

a. Parties with significant influence over the group: Altria Group, Inc. (Altria) and the Santo Domingo Group (SDG)

Altria is considered to be a related party of the group by virtue of its 27.2% equity shareholding. There were no transactions with Altria during the year.

SDG is considered to be a related party of the group by virtue of its 14.2% equity shareholding in SABMiller plc. During the year the group made a donation of US$30 million to the Fundacion Mario Santo Domingo (2009: US$69 million), pursuant to the contractual arrangements entered into at the time of the Bavaria transaction in 2005, under which it was agreed that the proceeds of the sale of surplus non-operating property assets owned by Bavaria SA and its subsidiaries would be donated to various charities, including the Fundacion Mario Santo Domingo. At 31 March 2010, US$nil million (2009: US$nil) was owing to the SDG.

b. Associates and joint ventures

The MillerCoors joint venture is deemed to be a related party from 1 July 2008. Transactions with the MillerCoors joint venture include the sale of hops and lager to and the purchase of lager from MillerCoors. MillerCoors has also carried out contract brewing on behalf of group companies. Further details relating to transactions with MillerCoors are included within the analysis of transactions with joint ventures below.

	2010 US$m	2009 US$m
Purchases from associates[1]	**(193)**	(251)
Purchases from joint ventures[2]	**(72)**	(50)
Sales to associates[3]	**28**	44
Sales to joint ventures[4]	**44**	28
Dividends received from associates[5]	**109**	151
Dividends received from joint ventures[6]	**707**	454
Royalties received[7]	**2**	1
Management and guarantee fees[8]	**(1)**	(2)
Receipt from sale of distribution rights[9]	**–**	14

1 The group purchased canned Coca-Cola products for resale from Coca-Cola Canners of Southern Africa (Pty) Limited (Coca-Cola Canners) and purchased inventory from Distell Group Ltd (Distell) and Associated Fruit Processors (Pty) Ltd (AFP) in South Africa.

2 The group purchased lager from MillerCoors.

3 The group made sales of lager to Tsogo Sun Holdings (Pty) Ltd (Tsogo Sun), Empresa Cervejas De N'Gola SARL (ECN), Société des Brasseries et Glacières Internationales and Brasseries Internationales Holding Ltd (Castel), Delta Corporation Ltd and Distell.

4 The group made sales to MillerCoors and Pacific Beverages (Pty) Ltd.

5 The group received dividends from Castel of US$40 million (2009: US$39 million), Kenya Breweries Ltd US$11 million (2009: US$15 million), Coca-Cola Canners US$5 million (2009: US$4 million), Distell US$19 million (2009: US$17 million), Tsogo Sun US$28 million (2009: US$73 million), ECN US$3 million (2009: US$nil) and Grolsch (UK) Ltd of US$3 million (2009: US$3 million).

6 The group received dividends from MillerCoors.

7 The group received royalties from MillerCoors and Pacific Beverages (Pty) Ltd.

8 The group paid management and guarantee fees to MillerCoors.

9 The group sold distribution rights to MillerCoors.

At 31 March	**2010 US$m**	2009 US$m
Amounts owed by associates[1]	**3**	27
Amounts owed by joint ventures[2]	**4**	2
Amounts owed to associates[3]	**(38)**	(25)
Amounts owed to joint ventures[4]	**(23)**	(29)

1 Amounts owed by Grolsch (UK) Ltd, Castel and AFP.

2 Amounts owed by MillerCoors and Pacific Beverages (Pty) Ltd.

3 Amounts owed to Coca-Cola Canners.

4 Amounts owed to MillerCoors.

c. Transactions with key management

The group has a related party relationship with the directors of the group and members of the excom as key management. At 31 March 2010, there were 25 (2009: 23) members of key management. Key management compensation is provided in note 6c.

Notes to the consolidated financial statements continued

33. Principal subsidiaries, associates and joint ventures

The principal subsidiary undertakings of the group as at 31 March were as follows:

Name	Country of incorporation	Principal activity	Effective interest in ordinary share capital 2010	2009
Corporate				
SABMiller Holdings Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller Finance BV[1]	Netherlands	Holding company	**100%**	100%
SABSA Holdings (Pty) Ltd	South Africa	Holding company	**100%**	100%
SABMiller Africa and Asia BV[1]	Netherlands	Holding company	**100%**	100%
SABMiller International BV	Netherlands	Trademark owner	**100%**	100%
SABMiller Latin America Ltd	United Kingdom	Holding company	**100%**	100%
Latin American operations				
Bavaria SA[2]	Colombia	Brewing/Soft drinks	**99%**	99%
Cervecería Uníon SA	Colombia	Brewing	**98%**	98%
Cervecería del Valle SA	Colombia	Brewing	**99%**	99%
Union de Cervecerías Peruanas Backus y Johnston SAA[2]	Peru	Brewing	**93%**	93%
Cervecería San Juan SA[2]	Peru	Brewing/Soft drinks	**86%**	86%
Cervecería Nacional (CN) SA[2]	Ecuador	Brewing	**96%**	95%
Latin Development Corporation[3]	Panama	Holding company	**–**	99%
Cervecería Nacional SA[2]	Panama	Brewing	**97%**	97%
Bevco Ltd	British Virgin Islands	Holding company	**100%**	100%
Cervecería Hondureña, SA de CV	Honduras	Brewing/Soft drinks	**99%**	99%
Industrias La Constancia, SA de CV	El Salvador	Brewing/Soft drinks	**100%**	100%
European operations				
SABMiller Europe BV[1]	Netherlands	Holding company	**100%**	100%
SABMiller Holdings Europe Ltd	United Kingdom	Holding company	**100%**	100%
S.p.A. Birra Peroni	Italy	Brewing	**100%**	100%
Ursus Breweries SA	Romania	Brewing	**99%**	99%
Compania Cervecera de Canarias SA	Spain	Brewing	**51%**	51%
Dreher Sörgyárak Zrt	Hungary	Brewing	**100%**	100%
SABMiller RUS LLC	Russia	Brewing	**100%**	100%
Kompania Piwowarska SA[4]	Poland	Brewing	**100%**	72%
Plzeňský Prazdroj as	Czech Republic	Brewing	**100%**	100%
Miller Brands (UK) Ltd	United Kingdom	Sales and distribution	**100%**	100%
Pivovary Topvar as	Slovakia	Brewing	**100%**	100%
Grolsche Bierbrouwerij Nederland BV	Netherlands	Brewing	**100%**	100%
CJSC Sarmat	Ukraine	Brewing	**100%**	100%
SABMiller Netherlands Cooperative WA	Netherlands	Holding company	**100%**	100%
North American operations				
SABMiller Holdings Inc	USA	Holding company	**100%**	100%
Miller Brewing Company	USA	Holding company	**100%**	100%
African operations				
SABMiller Africa BV	Netherlands	Holding company	**62%**	62%
SABMiller Botswana BV	Netherlands	Holding company	**62%**	62%
SABMiller (A&A) Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller Investments II BV	Netherlands	Holding company	**80%**	–
Accra Breweries Ltd[2]	Ghana	Brewing	**43%**	43%
Ambo International Holdings Ltd	Mauritius	Holding company	**60%**	–
Ambo Mineral Water Share Company	Ethiopia	Soft drinks	**40%**	–
Botswana Breweries (Pty) Ltd	Botswana	Sorghum brewing	**31%**	31%
Cervejas de Moçambique SARL[2]	Mozambique	Brewing	**49%**	49%
Coca-Cola Bottling Luanda SARL	Angola	Soft drinks	**28%**	28%
Coca-Cola Bottling Sul de Angola SARL	Angola	Soft drinks	**37%**	37%
Chibuku Products Ltd	Malawi	Sorghum brewing	**31%**	31%
Heinrich's Syndicate Ltd	Zambia	Soft drinks	**62%**	62%
Kgalagadi Breweries (Pty) Ltd	Botswana	Brewing/Soft drinks	**31%**	31%

33. Principal subsidiaries, associates and joint ventures continued

Name	Country of incorporation	Principal activity	Effective interest in ordinary share capital 2010	2009
African operations continued				
Lesotho Brewing Company (Pty) Ltd	Lesotho	Brewing/Soft drinks	**24%**	24%
National Breweries plc[2]	Zambia	Sorghum brewing	**43%**	43%
Nile Breweries Ltd	Uganda	Brewing	**60%**	60%
Pabod Breweries Ltd	Nigeria	Brewing	**57%**	57%
Rwenzori Bottling Company Ltd	Uganda	Soft drinks	**80%**	–
Southern Sudan Beverages Ltd	Sudan	Brewing	**80%**	80%
Swaziland Brewers Ltd	Swaziland	Brewing	**37%**	37%
Tanzania Breweries Ltd[2]	Tanzania	Brewing	**33%**	33%
Voltic International Inc	British Virgin Islands	Holding company	**80%**	80%
Voltic (GH) Ltd	Ghana	Soft drinks	**80%**	80%
Voltic Nigeria Ltd	Nigeria	Soft drinks	**80%**	80%
Zambian Breweries plc[2]	Zambia	Brewing/Soft drinks	**54%**	54%
Asian operations				
SABMiller Asia BV	Netherlands	Holding company	**100%**	100%
SABMiller (Asia) Ltd	Hong Kong	Holding company	**100%**	100%
SABMiller (A&A 2) Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller India Ltd	India	Holding company	**100%**	100%
Skol Breweries Ltd	India	Brewing	**99%**	99%
SABMiller Breweries Private Ltd	India	Brewing	**100%**	100%
SABMiller Vietnam Company Ltd	Vietnam	Brewing	**100%**	100%
South African operations				
The South African Breweries Ltd	South Africa	Brewing/Soft drinks/Holding company	**100%**	100%
The South African Breweries Hop Farms (Pty) Ltd	South Africa	Hop farming	**100%**	100%
The South African Breweries Maltings (Pty) Ltd	South Africa	Maltsters	**100%**	100%
Appletiser South Africa (Pty) Ltd	South Africa	Fruit juices	**100%**	100%

1 Operates and resident for tax purposes in the United Kingdom.

2 Listed in country of incorporation.

3 This entity was merged into Bavaria SA on 27 April 2009.

4 SABMiller Poland BV, a wholly owned subsidiary of the group, held 100% of Kompania Piwowarska SA at 31 March 2010 (31 March 2009: 71.9%).

The group comprises a large number of companies. The list above includes those subsidiary undertakings which materially affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. With the exception of those noted above, the principal country in which each of the above subsidiary undertakings operates is the same as the country in which each is incorporated.

Where the group's nominal interest in the equity share capital of an undertaking is less than 50%, the basis on which the undertaking is a subsidiary undertaking of the group is as follows:

African operations

The group's effective interest in the majority of its African operations was diluted as a result of the disposal of a 38% interest in SABMiller Africa BV on 1 April 2001, in exchange for a 20% interest in the Castel group's African beverage interests. Investments in new territories are generally being made with the Castel group's African beverage operations on an 80:20 basis. The operations continue to be consolidated due to SABMiller Africa BV's and SABMiller Investments II BV's majority shareholdings, and ability to control the operations.

Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd

SABMiller Africa holds a 40% interest in each of Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd with the remaining 60% interest in each held by Sechaba Brewery Holdings Ltd. SABMiller Africa's shares entitle the holder to twice the voting rights of those shares held by Sechaba Brewery Holdings Ltd. SABMiller Africa's 10.1% indirect interest (2009: 10.1%) is held via a 16.8% interest (2009: 16.8%) in Sechaba Brewery Holdings Ltd.

Lesotho Brewing Company (Pty) Ltd (Lesotho Brewing)

SABMiller Africa holds a 39% interest in Lesotho Brewing with the remaining interest held by a government authority, the Lesotho National Development Corporation (51%), and the Commonwealth Development Corporation (10%). Lesotho Brewing is treated as a subsidiary undertaking based on the group's ability to control its operations through its board representation. The day to day business operations are managed in accordance with a management agreement with Bevman Services AG, a group company.

Coca-Cola Bottling Luanda SARL (CCBL)

SABMiller Africa is the largest shareholder in CCBL with a 45% holding. Management control is exercised through a contractual agreement with Bevman Services AG, a group company.

Notes to the consolidated financial statements continued

33. Principal subsidiaries, associates and joint ventures continued

Associates and joint ventures

The principal associates and joint ventures of the group as at 31 March are as set out below. Where the group's interest in an associate or a joint venture is held by a subsidiary undertaking which is not wholly owned by the group, the subsidiary undertaking is indicated in a note below.

Name	Country of incorporation	Nature of relationship	Principal activity	Effective interest in ordinary share capital 2010	2009
European operations					
Grolsch (UK) Ltd	United Kingdom	Associate	Brewing	**50%**	50%
North American operations					
MillerCoors LLC[1]	USA	Joint venture	Brewing	**58%**	58%
African operations					
Delta Corporation Ltd[2, 3]	Zimbabwe	Associate	Brewing/Soft drinks	**23%**	22%
Kenya Breweries Ltd[3, 4]	Kenya	Associate	Brewing	**12%**	12%
Société des Brasseries et Glacières Internationales[5]	France	Associate	Holding company for subsidiaries principally located in Africa	**20%**	20%
Brasseries Internationales Holding Ltd[5]	Gibraltar	Associate	Holding company for subsidiaries principally located in Africa	**20%**	20%
Marocaine d'Investissements et de Services[5, 6]	Morocco	Associate	Brewing	**40%**	40%
Société de Boissons de l'Ouest, Algerien[5, 7]	Algeria	Associate	Soft drinks	**40%**	40%
Skikda Bottling Company[5, 7]	Algeria	Associate	Soft drinks	**40%**	40%
Société des Nouvelles Brasseries[5, 7]	Algeria	Associate	Brewing	**40%**	40%
Algerienne de Bavaroise[5, 7]	Algeria	Associate	Brewing	**40%**	40%
Empresa Cervejas De N'Gola SARL	Angola	Associate	Brewing	**28%**	28%
Asian operations					
China Resources Snow Breweries Ltd[5]	British Virgin Islands	Associate	Holding company for brewing subsidiaries located in China	**49%**	49%
Pacific Beverages (Pty) Ltd[5]	Australia	Joint venture	Sales and distribution	**50%**	50%
South African operations					
Coca-Cola Canners of Southern Africa (Pty) Ltd[5]	South Africa	Associate	Canning of beverages	**32%**	32%
Distell Group Ltd[2, 4]	South Africa	Associate	Wines and spirits	**29%**	29%
Hotels and Gaming					
Tsogo Sun Holdings (Pty) Ltd	South Africa	Associate	Holding company for Hotels and Gaming operations	**49%**	49%

1 SABMiller shares joint control of MillerCoors with Molson Coors Brewing Company under a shareholders' agreement. Voting interests are shared equally between SABMiller and Molson Coors, and each of SABMiller and Molson Coors has equal board representation. Under the agreement SABMiller is entitled to a 58% economic interest in MillerCoors and Molson Coors has a 42% economic interest.

2 Listed in country of incorporation.

3 Interests in these companies are held by SABMiller Africa BV which is held 62% by SABMiller Holdings Ltd.

4 These entities report their financial results for each 12 month period ending 30 June.

5 These entities report their financial results for each 12 month period ending 31 December.

6 SABMiller acquired a 25% direct interest in this holding company on 18 March 2004 which has controlling interests in three breweries, a malting plant and a wet depot in Morocco. This 25% interest together with its 20% interest in the Castel group's African beverage interests, gives SABMiller an effective participation of 40% and the other 60% is held by the Castel group's Africa beverage interests.

7 Effective 18 March 2004, SABMiller acquired 25% of the Castel group's holding in these entities. Together with its 20% interest in the Castel group's African beverage interests, this gives SABMiller participation on a 40:60 basis with the Castel group.

The principal country in which each of the above associated undertakings operates is the same as the country in which each is incorporated. However, Société des Brasseries et Glacières Internationales and Brasseries Internationales Holding Ltd's (Castel) principal subsidiaries are in Africa and China Resources Snow Breweries Ltd's principal subsidiaries are in the People's Republic of China.

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