SAB
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Annual Report
SABMiller plc Annual Report 2009

About SABMiller plc

One of the world's largest brewers, SABMiller has brewing interests and distribution agreements across six continents. Our wide portfolio of brands includes premium international beers such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch along with leading local brands such as Aguila, Castle, Miller Lite, Snow and Tyskie. Six of our brands are among the top 50 in the world. We are also one of the world's largest bottlers of Coca-Cola products.

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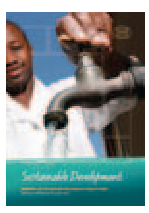
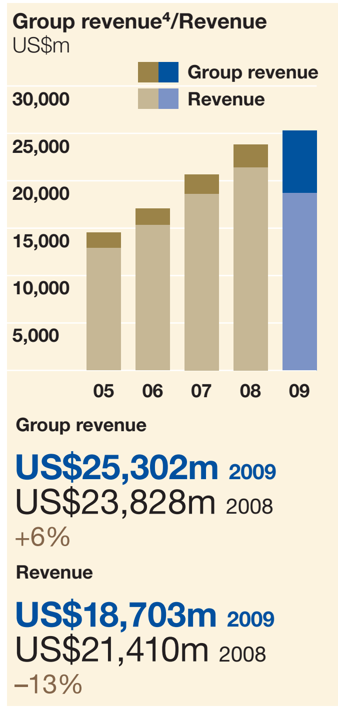
Front cover photograph: Peroni Nastro Azzurro, one of our leading international premium brands, with international volume growth of 17%.



For more information, or to download our Sustainable Development Report 2009, please go to SABMiller.com

Our performance

- Lager volumes up 2%[1] to 210 million hectolitres (hl); lager volumes on an organic basis level with prior year despite weakened consumer demand; soft drinks volumes (organic) up 5%
- Organic, constant currency group revenue growth of 9%, benefiting from strong pricing
- EBITA[2] up 5%; reported EBITA unchanged, impacted by the strength of the US dollar
  - – Latin America delivers 11% EBITA[2] growth despite slowing economies
  - – Europe lager volumes (organic) level with prior year in either flat or declining markets; EBITA[2] down 5%
  - – North America EBITA[2] up 22%; MillerCoors JV[3] cost synergies ahead of schedule
  - – Africa and Asia EBITA[2] up 16%; Africa lager volumes (organic) up 5%; China's Snow brand lager volumes up 19% to 60 million hl
  - – South Africa lager volumes decline 2%; EBITA[2] down 8% on higher input costs
- Group maintains sound balance sheet with moderate leverage

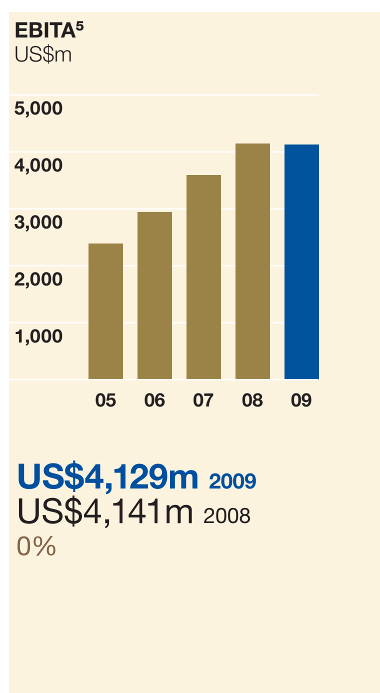


Group revenue

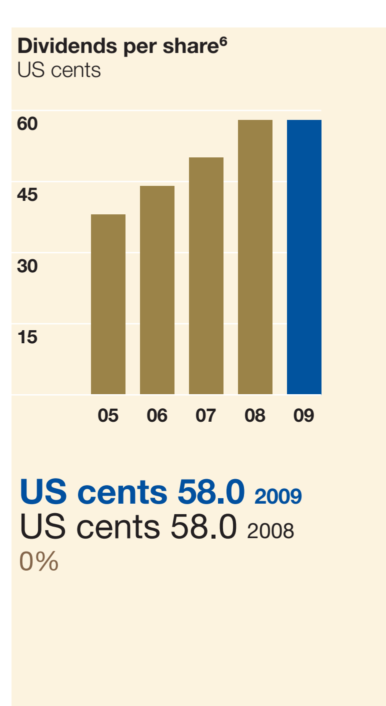
US$25,302m 2009
US$23,828m 2008
+6%

Revenue

US$18,703m 2009
US$21,410m 2008
–13%



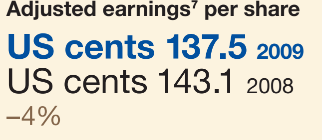
US$4,129m 2009
US$4,141m 2008
0%



US cents 58.0 2009
US cents 58.0 2008
0%

Profit before tax

US$2,958m 2009
US$3,264m 2008
–9%



Adjusted earnings[7] per share

US cents 137.5 2009
US cents 143.1 2008
–4%

Net debt[8]

US$8,722m 2009
US$9,060m 2008
–4%

1 Following the inception of the MillerCoors joint venture on 1 July 2008 the group has revised its volume definitions. Further details of these revised definitions can be found in the Definitions on page 156.
2 EBITA growth is shown on an organic, constant currency basis.
3 The MillerCoors joint venture is included, at the group's share, in EBITA and group revenue, but is not included in revenue.
4 Group revenue includes the attributable share of associates' and joint ventures' revenue of US$6,599 million (i.e. including MillerCoors' revenue) (2008: US$2,418 million).
5 Note 2 to the consolidated financial statements provides a reconciliation of operating profit to EBITA which is defined as operating profit before exceptional items and amortisation of intangible assets (excluding software) but includes the group's share of associates' and joint ventures' operating profit, on a similar basis. As described in the Chief Financial Officer's review, EBITA is used throughout this report.
6 2009 final dividend subject to shareholder approval at the annual general meeting.
7 A reconciliation of adjusted earnings to the statutory measure of profit attributable to equity shareholders is provided in note 8 to the consolidated financial statements.
8 Net debt comprises gross debt (including borrowings, borrowings-related derivative financial instruments, overdrafts and finance leases) net of cash and cash equivalents (excluding overdrafts). An analysis of net debt is provided in note 27b to the consolidated financial statements.

The group at a glance

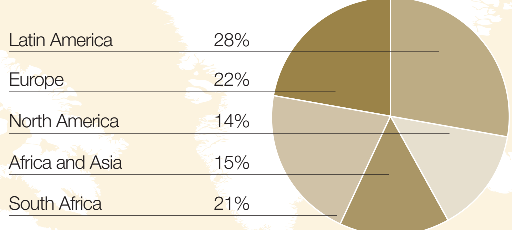
Since listing on the London Stock Exchange 10 years ago we have grown into a global operation, developing a balanced and attractive portfolio of businesses. Our markets range from developed economies such as the USA to fast-growing developing markets such as China and India.

Key facts

200+
More than 200 brands owned

210 million
Total volume of lager sold[1] (hectolitres)

Contribution to group EBITA[2] 2009



North America

Overview

- MillerCoors is a joint venture with Molson Coors Brewing Company, formed in 2008 by bringing together the US and Puerto Rico operations of both companies.
- It is the second-largest brewer in the United States with nearly 30% of the US beer market.
- Our brands are exported to Mexico and Canada, where some are also produced under licence.
- MillerCoors will be headquartered in Chicago, Illinois from mid 2009.

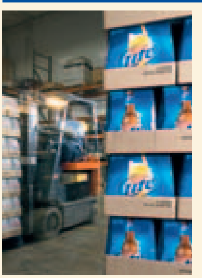
Key local brands

Blue Moon; Coors Banquet; Coors Light; Foster's; Henry Weinhard's; Icehouse; Keystone Light; Killian's; Leinenkugel's; MGD64; Mickey's; Miller Chill; Miller Genuine Draft; Miller High Life; Miller Lite; Milwaukee's Best; Molson Canadian; Old English; Sparks and Steel Reserve.

Further facts

MillerCoors operates eight major breweries, and as at 31 March 2009 had 8,643 employees.

Further information



Turn to page 20 to read our detailed Operations review.

Latin America

Overview

- Our primary brewing and beverage operations cover six countries across South and Central America. These are Colombia, Ecuador, El Salvador, Honduras, Panama and Peru.
- In each of these countries we are the number one brewer by market share.
- We bottle soft drinks for The Coca-Cola Company in El Salvador and Honduras, and for Pepsico International in Panama.
- Our regional office is located in Bogotá, Colombia.

Key local brands

Aguila; Atlas; Balboa; Barena; Club; Club Colombia; Costeña; Cristal; Cusqueña; Golden Light; Imperial; Pilsen; Pilsener; Pilsen Callao; Pilsen Trujillo; Poker; Port Royal and Salva Vida.

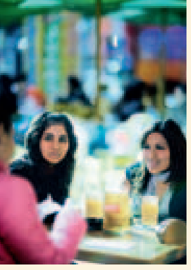
Further facts

17
Total number of breweries[3]

16
Total number of bottling plants[3]

24,793
Total average number of employees[4]

Further information



Turn to page 12 to read our detailed Operations review.

1 Volumes are defined in the Definitions section on page 156.
2 Excluding corporate costs.

Europe

Overview

- Our primary brewing operations cover 10 countries. These are the Czech Republic, Hungary, Italy, Poland, Romania, Russia, Slovakia, Spain (Canary Islands), The Netherlands and Ukraine.
- In the majority of these countries we are the number one or two brewer by market share.
- We also export significant volumes to a further eight European markets of which the largest are the UK and Germany.
- Our regional office is located in Zug, Switzerland.

Key local brands

Arany Ászok; Dorada; Dreher; Gambrinus; Grolsch; Kozel; Lech; Peroni; Peroni Nastro Azzurro; Pilsner Urquell; Radegast Birell; Šariš; Timisoreana; Topvar; Tropical; Tyskie; Ursus; Zolotaya Bochka and Zubr.

Further facts

23
Total number of breweries[3]

15,987
Total average number of employees[4]

Further information

Turn to page 16 to read our detailed Operations review.

Africa and Asia

Overview

- In Africa, our brewing and beverage operations cover 14 countries with a further 19 covered through a strategic alliance with the Castel group. We also have associated undertakings in Kenya and Zimbabwe.
- In most of these countries we are the number one brewer by market share.
- We bottle soft drinks for The Coca-Cola Company in 20 of our African markets, 13 of which are through our alliance with Castel.
- CR Snow, our partnership with China Resources Enterprise, Limited, is the largest brewer in China while SABMiller India is the second-largest brewer in India.
- We have an operation in Vietnam, a joint venture in Australia, and export significant volumes to South Korea and Taiwan.
- Regional offices are located in Johannesburg and Hong Kong.

Key local brands

2M; Balimi; Bluetongue; Carling Black Label; Castle Lager; Castle Milk Stout; Chibuku (sorghum beer); Club; Club Pilsner; Eagle (clear sorghum beer); Foster's; Haywards; Indus Pride; Kilimanjaro; Knock Out; Laurentina; Maluti; Manica; Mosi; Ndovu; N'gola; Nile Special; Raiz; Royal Challenge; Safari; Snow; Stone; St Louis; Tusker and Zorok.

Further facts

41
Total number of breweries[3]

14
Total number of bottling plants[3]

13,841
Total average number of employees[4]

Further information

Turn to page 24 to read our detailed Operations review.

South Africa

Overview

- The South African Breweries is our original brewing company and South Africa's leading producer and distributor of alcoholic and non-alcoholic beverages.
- We also export our brands for distribution across Namibia.
- Our soft drinks division is South Africa's leading producer of products for The Coca-Cola Company.
- We also have hotel and gaming interests through Tsogo Sun, the largest hotel and gaming group in South Africa.
- Our regional office is located in Johannesburg.

Key local brands

Brutal Fruit; Carling Black Label; Castle Lager; Castle Lite; Castle Milk Stout; Dreher; Hansa Marzen Gold; Hansa Pilsener; Redd's; Sarita and Skelter's Straight.

Further facts

7
Total number of breweries[3]

7
Total number of bottling plants[3]

12,184
Total average number of employees[4]

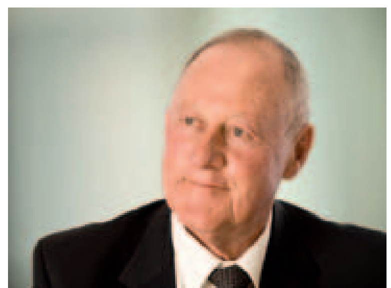
Further information

Turn to page 28 to read our detailed Operations review.

3 The number of breweries and bottling plants relates to subsidiaries only (except MillerCoors).
4 See note 6 to the consolidated financial statements on page 87. The average number of employees relates to subsidiaries only (except MillerCoors).

Chairman's statement

This has been a good year for SABMiller. In difficult economic conditions, we have drawn on our strengths, addressed the many opportunities in our markets and produced a creditable set of results.



Meyer Kahn, Chairman

Dear Shareholder,
I am pleased to report another robust performance from your company. We all know that things have been tough this year. Not only did we face softening consumer demand, we also had to contend with an increase in commodity costs and a strengthening US dollar. So it's especially pleasing to have delivered such creditable results.

Total beverage volumes grew 2% to 260 million hectolitres, with reported lager volumes also rising 2% to 210 million hectolitres including acquisitions in Europe, Africa and Asia. Without the acquisitions, lager volumes were level with the prior year.

Earnings before interest, tax and amortisation (EBITA) grew 5% on an organic, constant currency basis. This underlying profit growth is quite an achievement in these challenging times and shows the operational strengths of our businesses, which we have built over many years, and the power of their leading local brands. On a reported basis, however, results were impacted by the strengthening of the US dollar against our major operating currencies. Reported EBITA at US$4,129 million was therefore flat, and profit before tax decreased 9% to US$2,958 million reflecting the impact of exceptional items and increased net finance costs.

Despite EBITA being level with the prior year, adjusted earnings per share in US dollars declined by 4% on the prior year, due to a significant increase in net finance costs which was partly offset by a lower effective tax rate. However, in sterling terms earnings per share gained 12% and 19% in South African rand.

We continued to invest in the business, with capital expenditure during the year totalling some US$2,100 million and acquisitions a further US$300 million. Despite this very significant investment, net debt at the year end was lower than the prior year and the group remains financially strong.

In view of this performance, the board has recommended a final dividend of 42 US cents per share to be paid to shareholders on 28 August 2009. This brings the total dividend for the year to 58 US cents, unchanged from the prior year.

Market overview
While certainly not immune to the current crisis, beer is a fairly resilient product and SABMiller is better placed than many to weather the storm. Thanks, partly, to our long experience of emerging markets, we are used to operating under difficult conditions. If we look back ten years to our London stock market listing, it is worth remembering that the Asian currency crisis at that time had shaken investor confidence in emerging markets and that the outlook was far from encouraging. Nevertheless, we prospered and grew and achieved the international expansion that our listing was intended to facilitate. Since our London listing in 1999, we have moved from 88th to 17th place in the FTSE 100. Our market capitalisation has grown from US$5,503 million to US$22,415 million as at 31 March 2009 and total shareholder return over the period stands at 204% compared to minus 12% for the FTSE 100.

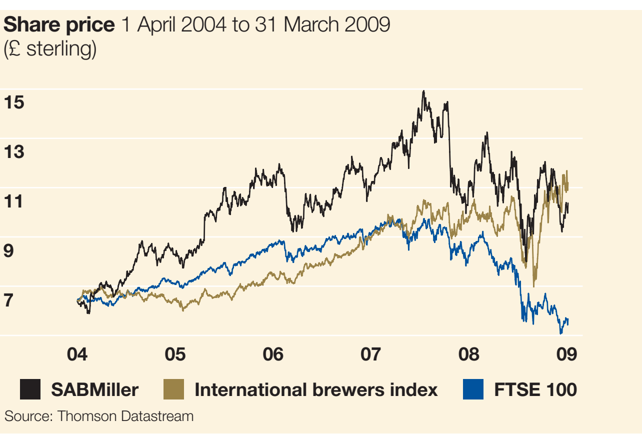
Ten years on, our geographic spread is proving to be an advantage in that different countries are affected by the crisis at different rates and to differing degrees. So while demand in Europe has dropped sharply, countries in emerging markets such as Africa and Asia have fared relatively well despite falling back from the high – one might say unsustainable – rates of growth of recent years.

Another of our advantages, as our Chief Executive explains more fully on pages 7 to 11, is a consistent and robust strategy, effectively implemented. Although the strategy continues to evolve to take account of new conditions, its essential elements remain unchanged.

We have continued, for example, to develop our international portfolio of businesses. The year's highlight was the formation of the MillerCoors joint venture in the US. Having started operations on 1 July 2008, MillerCoors is making good progress and is more than meeting its cost-saving targets. We are also judiciously expanding our geographic footprint in other parts of the world where it makes sense to do so. In the past year we've acquired one of the larger breweries in the Ukraine and a beer and malt operation in Nigeria, each marking our first entry to the country in question. In the case of Nigeria, the move takes us into the only major African market in which SABMiller did not previously have a presence.

Investment in existing markets has continued with the acquisition, by our associate CR Snow, of three breweries in the Anhui, Liaoning and Zhejiang provinces of China. We have also acquired the remaining 50% interest in our Vietnamese brewing business and in May 2009 we acquired the outstanding 28.1% minority interest in our Polish subsidiary, Kompania Piwowarska. Elsewhere we bought the Vladpivo brewing company in Russia and Bere Azuga in Romania to strengthen our positions in these countries. We are also building new brewing facilities in Russia, Tanzania, Mozambique and Angola with a brewery recently completed in southern Sudan. Further investment has gone into sales and marketing and assets such as bottles and fridges.

With the bulk of these investments behind us, we expect to reduce our capital expenditure from its peak of almost US$2,100 million in the year just ended to US$1,500 million in the current year, to the benefit of our cash flow. We are also reaping the benefits of steady investment in our brands and the development of the beer category as a whole. Even in countries badly affected by the recession, the brand equity we've now created enables us to claim a rising share of the total alcohol market while also in many cases growing our revenues.



Operational highlights

Perhaps the most pleasing performance this year was in **North America** where EBITA grew 22%. The new leadership team at MillerCoors has moved quickly to bring the two businesses together and achieve the cost savings we identified prior to the deal. In fact these savings are coming through faster than expected. The team has delivered outstanding profit growth through strong revenue management, cost efficiencies and the vigorous execution of its strategy.

There were mixed performances in **Latin America** where organic lager volumes overall grew by 1%. A combination of cost reductions, strong pricing and a shift to premium products has improved the margin and achieved a 10% increase in reported EBITA.

In **Europe**, the sharp deterioration in the economy has squeezed consumer spending. Nevertheless, we maintained our lager volumes, on an organic basis, and gained share in some of our markets. After several years of double digit growth, however, reported EBITA in Europe showed a small fall of 1%.

Africa performed extremely well, growing total beverage volumes by around 10% organically with notable performances from Tanzania and Angola. Sales in Botswana, however, were severely affected by the introduction of a new levy on alcohol.

In **Asia**, lager volume growth at CR Snow in China slowed to 4% organically through a combination of the weaker economy, the poor weather at the start of the year and the earthquake in Sichuan, an important province for the business. India, with its difficult regulatory environment, saw volumes increasing by 5%. For reporting purposes we continue to combine the results for Africa and Asia: on a joint basis reported EBITA was up 13%.

Finally, volumes in **South Africa** were slightly down on the previous year, and the weaker currency exacerbated increases in commodity costs. Despite some strong pricing across lager and soft drinks, both margin and profits suffered, with reported EBITA down 26%.

Sustainable development

Whatever the conditions, we will not compromise our commitment to operating more sustainably and benefiting the communities in which we work. Among other initiatives this year, we've committed ourselves to reducing further the amount of water we use per litre of lager by 25% over the next six years and to cutting fossil fuel emissions per litre of lager by 50% by 2020. To foster local enterprise in emerging markets, we have plans to raise the number of local farmers from whom we buy our raw materials from 22,000 at present to 60,000 by 2012.

The past year has also seen the launch of our TalkingAlcohol.com website which provides accurate and balanced information about responsible consumption. While the vast majority of our customers enjoy alcohol responsibly, the small minority of irresponsible drinkers can cause problems and we're working with partners to address the issue.

More details of these and other sustainable development initiatives can be found on pages 38 to 41 of this report.

Board and executive

We were delighted this year to welcome Norman Adami back to the group as Managing Director and Chairman of SAB Ltd in South Africa. Formerly President and CEO of SABMiller Americas, Norman was obliged to resign in 2007 to attend to urgent family matters in South Africa. With these issues now resolved, he is able to return to a role he last held in 2003.

Norman's predecessor in South Africa, Tony van Kralingen, has been appointed Director of Supply Chain and Human Resources for the SABMiller group. His new role emphasises our determination to gain maximum value from our global scale.

Our former Human Resources Director, Johann Nel, has retired from the group. Johann has made an exceptional contribution over the last seven years and he leaves with our gratitude and very best wishes.

Among our non-executives, we are sorry that Maria Ramos has had to step down at the request of the South African banking regulator following her appointment as Chief Executive of ABSA. Although she was only with us for a few months, we greatly valued her contribution.

With effect from 1 June 2009, Dr Dambisa Moyo has been appointed as a new non-executive director. Dambisa is an economist and commentator on Africa who has held positions at Goldman Sachs and the World Bank and she will add much value to our deliberations. Her appointment will also enhance the balance between the independent and the non-independent directors on the board.

In addition to thanking all those who have served on our board this year, I must also express my gratitude to our executives, managers and staff who have shown tremendous dedication and skill in challenging circumstances. We are grateful, too, to our business partners and to you, our shareholders, for your support during the year.

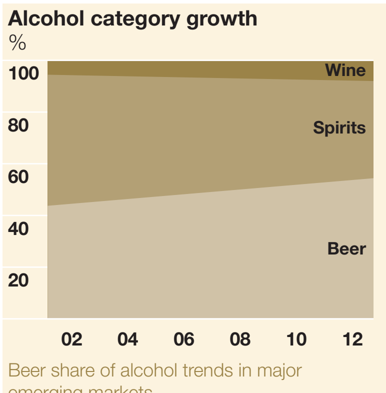
Outlook

In summary, the group delivered resilient underlying results, despite the strong headwinds that we faced. Global economic conditions and consumer demand weakened during the year and there remains little visibility as to the timing of any recovery. In the current year we expect commodity cost pressures to continue, given existing contractual arrangements. In addition, the currency translation effect of the stronger US dollar will impact our reported results.

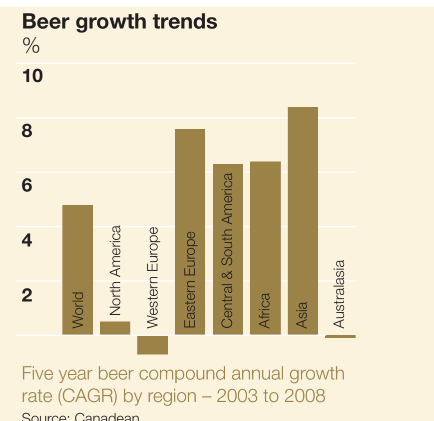
However, the group remains confident in its medium-term prospects. We are taking appropriate short-term mitigating actions in certain countries to reduce costs. Investment plans have been reviewed and curtailed where necessary in the light of expected economic conditions, but we continue to invest selectively to support growth. The group remains in a strong financial position, and we are confident that we will continue to benefit from the strength of our brands and our globally diversified and well balanced portfolio of businesses.

Meyer Kahn Chairman

Global beer market trends



Beer share of alcohol trends in major emerging markets
Source: Datamonitor



Five year beer compound annual growth rate (CAGR) by region – 2003 to 2008
Source: Canadean

Global growth trends in alcohol

During the past five years, on a pure alcohol-equivalent basis, beer has increased its share of total alcohol consumption by more than 200 basis points (bps) to 41.1%. In 2008 the trend slowed somewhat and beer's year-on-year share of total alcohol consumption remained flat. In emerging markets, beer has generally shown higher growth than other alcohol categories as consumers gradually switch from local, generally high-alcohol, subsistence products towards attractively packaged, higher-quality, commercially produced beer.

In South and Central America, beer's share of total alcohol consumption is now 51.5% with increases in Colombia partly offset by recent declines in Mexico and Brazil. In Eastern Europe, beer has been gaining share from spirits for some time and now accounts for 48.0% of alcohol consumption. The past five years have also seen consistent gains in Africa and Asia where beer's share of commercially produced alcohol now stands at 49.0% and 32.8% respectively – thanks, partly, to a greater emphasis on quality and accessibility.

In more mature markets, a wider variety of alcohol products compete in a sophisticated marketing and retail environment. In North America, beer has been losing share as spirits have benefited from more extensive marketing and greater availability in certain states. That said, beer's share stabilised at 56.3% during 2008 as the economy slowed and brewers introduced innovative products, new packs and marketing initiatives. In Western Europe, where beer now claims 36.8%, the wine category has increased its share as lower-cost offerings have become more widely available.

Beer growth trends

Over the past five years, the beer category has maintained a compound annual growth rate (CAGR) of 4.8% globally.

During this period, Eastern Europe saw a high single-digit CAGR as personal disposable incomes increased. In Western Europe, the prevalence of competitive categories and a shift in beer consumption away from on-premise outlets meant that CAGR was negative. More recently, consumer spending in Eastern Europe has also slowed – an indication, along with already high per capita consumption, that the beer category is maturing.

Central and South America grew at a CAGR of 6.3% over the period while North America had modest growth at a 0.5% CAGR. Africa shows strong levels of growth with a five-year CAGR of 6.4%. Asia's growth in beer over the past five years remains the highest of any region, averaging 8.4%. China in particular has seen growth in beer averaging 10.7% per year, fuelled by the growing economy and the increasing availability of beer.

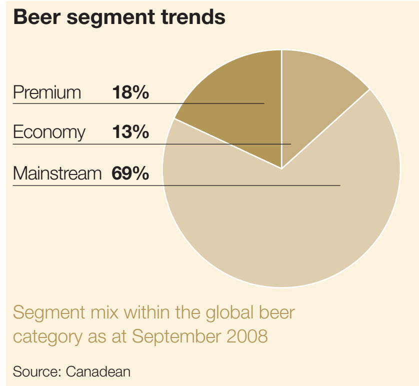
Looking forward, there is a significant opportunity for the beer category to grow at the expense of non-commercial forms of alcohol, particularly in Latin America, Africa and Asia. In Africa, per capita levels are still relatively low but accelerating, and local players are expanding their portfolios in all segments. Asia, in general, is seeing rising incomes and higher levels of beer consumption. In parts of Latin America, efforts by brewers to transform the beer category should boost per capita consumption.

Beer segment trends

Over the past five years, the beer industry has seen a trend towards consumers trading up to more expensive beers. As a result, premium beer has gained more than 40 bps and now constitutes 17.9% of total beer sales. For mainstream beer consumers, particularly in emerging markets, the most common trade-up proposition is to attractive, local, premium brands.

In markets such as North America and Western Europe, premium beer's share of total sales is already well above the global average. On the other hand, premium's share of 10.1% in Central and South America and 3.0% in Africa shows the significant opportunity that still exists for premium beer sales in these regions. There is sizeable potential in Colombia and Brazil where premium beers respectively claim 3.7% and 5.6% of total sales.

The trend towards premium beer consumption has slowed somewhat in the recent economic downturn. However, down-trading is limited and there are notable instances of consumers continuing to trade up, both into beer and, within the category, into premium products.



Segment mix within the global beer category as at September 2008
Source: Canadean

Industry consolidation trends

Over the past decade, the beer industry has seen significant consolidation and this trend continued during 2008. On a pro forma basis, beer sales by the top 10 players now total approximately 65% of total global sales compared to less than 40% at the start of the century.

In recent major developments, the division of Scottish and Newcastle's business between Carlsberg and Heineken was completed during the first half of 2008 while InBev acquired Anheuser-Busch in November 2008.

SABMiller and Molson Coors combined their operations in the USA and Puerto Rico to form the new MillerCoors brewing joint venture from 1 July 2008.

Chief Executive's review

The year's results demonstrate the value of our diverse spread of businesses, our strong market positions, the strength of our brand portfolios and our focus on operational excellence.

Graham Mackay, Chief Executive

SABMiller has once again delivered good results. Against a challenging background, we have reaped the benefits of a clear, consistent strategy and operational strengths built up over many years.

In the face of weakening consumer demand, we have maintained like-for-like lager volumes and lifted group revenue by 9% on an organic, constant currency basis while also winning share in many markets. Through strong pricing and cost management, we have raised our underlying EBITA by 5% on an organic, constant currency basis, capitalising on our strong local brands and efficient operating practices. However, the strengthening of the US dollar against our major operating currencies led to a reported EBITA of US$4,129 million, the same level as the prior year.

We measure our progress against a range of key performance indicators. Some of the most important are listed in the table on the following page along with our performance in each case. The Chief Financial Officer discusses our progress against these KPIs in more detail on pages 32 to 37.

A challenging year

I stated in last year's report that the coming 12 months would be difficult. Given that our growth over the previous two years had been almost double our normal expectations, we knew it would be hard to maintain the trajectory – particularly with the growing economic pressures on consumers. We knew, too, that rising commodity prices would lead to sharp increases in the cost of brewing materials.

Despite these challenges, we were able to deliver a creditable set of results. This can be attributed both to the resilience of the beer category and to SABMiller's strengths within it. Beer as a whole continues to take a rising share of the alcohol market in emerging economies. We ourselves have benefited from our diverse spread of businesses, our strong market positions, a portfolio of leading local beers with strong brand equities and our focus on operational discipline and excellent sales and marketing.

Review of operations

In **Latin America**, efforts of recent years to raise the appeal of beer as a category, to build our brands and brand portfolios and to enhance our sales activities have resulted in beer taking a rising share of the alcohol market. In Peru and Ecuador a favourable trading environment and good market execution boosted lager volumes in both these markets, but the economic slowdown impacted sales in Colombia and Central America. As a result, organic lager volumes for the region grew by 1% overall. With continued robust pricing and greater productivity offsetting higher commodity costs, the region's EBITA margin improved by 100 bps and EBITA grew by 11% on an organic, constant currency basis.

In **Europe**, organic lager volumes were in line with last year as economic conditions deteriorated sharply in the second half, putting pressure on consumers' disposable income. Against this background, the group achieved good market share gains in Poland, Romania and the UK with strong momentum behind key brands. Revenue per hectolitre was up 6%, but strong pricing and increased efficiencies did not entirely offset higher input costs. As a result, reported EBITA declined by 1% and organic, constant currency EBITA fell 5%. In view of the economic downturn, the European operation has restructured some of its businesses to cut costs.

Profits grew strongly in **North America** with a good earnings contribution from Miller Brewing Company in the first quarter and a strong financial performance from the MillerCoors joint venture since it started operations on 1 July 2008. EBITA grew 22% for the full year assisted by robust pricing and the synergies resulting from rapid, early integration of the businesses. Domestic sales to retailers were down slightly for the nine months' trading as MillerCoors. However,

We focus on four strategic priorities relating, respectively, to our global spread of businesses, our brand portfolios within each market, the performance of our local operations and the possibilities inherent in our global scale. Key performance indicators monitor our progress in each case.

the trend returned to growth in the final quarter, led by improved performances from Coors Light, Miller Lite and Miller High Life and continued strong growth in MGD 64, Keystone Light, Blue Moon and Peroni Nastro Azzurro.

In **Africa**, our strategy of broadening our brand portfolio with premium and affordable offerings contributed to a 10% growth in organic volumes. Tanzania increased its lager volumes by 4% with strong growth in the Eagle brand. In Angola, both soft drinks and lager performed well after significant investment in new capacity. Mozambique's lager volumes were marginally ahead of last year's. In Botswana, the introduction of a 30% levy on alcohol in November 2008 resulted in an 8% decline in lager volumes for the full year. A major capital expenditure programme continues in Africa with a brewery in southern Sudan recently completed and three further breweries scheduled to open in the current year.

In **Asia**, lager volumes increased by 4% organically in China. The Snow brand, now one of the largest beer brands in the world by volume, enjoyed strong growth of 19%. Although margins in China remain slender, we're pleased that the price increases put through at the end of the prior year seem to be holding. Volumes in India grew by 5% despite continued regulatory issues, particularly in the key market of Andhra Pradesh. EBITA for Africa and Asia combined grew by 16% on an organic, constant currency basis.

In **South Africa**, lager volumes were 2% down on the prior year as consumer spending weakened, sales were hit by new provincial legislation in the Western Cape and the high-selling Easter period fell later in the calendar year. Revenue growth of 11% on a constant currency basis reflected strong pricing in both lager and soft drinks. However, this was not enough to offset higher input costs and EBITA margin consequently declined. In a competitive

Our strategic priorities	Key Performance Indicators
Creating a balanced and attractive global spread of businesses Our geographical spread of operations enables us to capture growth in total volumes in the developing markets, and value growth as consumers around the world trade upwards from economy to mainstream and from mainstream to premium brands.	Organic lager volume growth **0%** 2009 Group revenue growth (organic, constant currency) **9%** 2009
Developing strong, relevant brand portfolios in the local market Our aim is to develop an attractive brand portfolio that meets consumers' needs in each of our markets. In many markets, because the growth is fastest at the top end, we've been focusing on our local premium brands, such as Cusqueña in Peru.	Growth in Peruvian premium brand Cusqueña volumes **59%** 2009 Growth in premium volume in our Latin American business **27%** 2009
Constantly raising the performance of local businesses Good operational performance has always been an SABMiller strength. While operational standards are already high we are continually striving to push them higher, as evidenced by growing EBITA on an organic, constant currency basis. EBITA margin was impacted by rising input costs which exceeded group revenue growth and cost efficiencies.	EBITA growth (organic, constant currency) **5%** 2009 Group EBITA margin **16.3%** 2009
Leveraging our global scale We are leveraging our global scale to grow the business. Our business platform enables us, for example, to distribute our international premium brands and build our regional brands. In addition we are using our scale to transfer skills, methods and our operational performance and efficiency.	Group revenue CAGR for the last three years **14%** 2009 International growth of Peroni Nastro Azzurro volumes **17%** 2009

We benefit from a balanced and attractive spread of businesses spanning 75 countries on six continents. At the same time, we're seeking to develop strong, relevant brand portfolios to meet the needs of consumers within each market.

environment, we launched two new premium lager brands and a premium, dry, apple-flavoured lager and intensified our sales and marketing. Constant currency EBITA fell 8% with reported EBITA down 26% – the difference due to the weakening rand exchange rate against the dollar.

Strategic priorities

Our performance in a difficult year underlines the continuing relevance and success of our four strategic priorities.

The first, the creation of a balanced and attractive spread of businesses which now extends across 75 countries on six continents, has served us well in that not all markets have suffered from the economic crisis at the same time or to the same extent. And not only are we widely spread, we're deeply rooted: in more than 80% of the countries where we have a brewing presence, our businesses are number one or number two in the market.

Our business portfolio gives us good representation in emerging markets where beer growth rates are projected to outstrip the global average of 3%*. There are sound reasons for these forecasts.

With populations still growing, the demographics in developing countries are in our favour. Disposable incomes are likely to keep rising and consumers continue to shift from informal or home-brewed alcohol, which represents some 50% of global consumption, to commercially produced alcohol. As beer is the most affordable, and moderate, commercial alternative to local, subsistence alcohol, it tends to be the first choice over higher priced spirits and is therefore gaining share within the total alcohol market. Indeed, if Africa's per capita consumption of commercial beer were to match that of South Africa, the African beer market would be nine times bigger than it is today.

* Compound annual growth rates as forecast by Plato Logic, January 2009.

While our global weighting towards emerging markets offers strong potential for the medium term, we also benefit from our bias in the developed world towards markets where there's opportunity to increase our share in terms of value. One example is the USA which is the world's biggest profit pool for the beer industry.

After building a global portfolio of businesses, our second strategic priority is to develop strong, relevant brand portfolios within each market. With over 200 brands at our disposal, our ability to cover all price points and consumer needs from economy to premium beers, allows us to benefit whichever way the market moves. As consumers in recent years have aspired to move up the price scale, we've met their demand for local and international premium brands. But we also benefit from our strong presence in the mainstream segment where SABMiller brands are typically number one or two in the market. The mainstream segment is generally where the greatest profits lie and we've invested heavily in recent years to build and maintain our leadership there.

In Poland, for example, we've built the regional Tyskie brand into the country's leading, national, mainstream beer and the most profitable brand in the country. In Romania, we've carefully nurtured the strong local heritage of Timisoreana to lead the mainstream there. In South Africa, we've upgraded the image of the entire mainstream category by introducing 430 million restyled returnable bottles to the benefit of brands such as Castle and Hansa Pilsener. With these and other investments (some of which are described on pages 12 to 31), we're rejuvenating our mainstream offerings around the world.

Nor are we neglecting the economy segment. In Africa, we're increasing the use of locally grown crops such as sorghum and cassava to produce affordable brands along the lines of the highly successful Eagle. In so doing, we're both capturing the trend from home-brewed beers to more aspirational commercial brands and providing economic opportunities for local farmers. In the quest for affordability, we're also introducing smaller bottle sizes, as with the Aguila brand in Colombia, and making draught beers more available in countries such as Mozambique and Botswana.

Our investments over many years are proving their value in the powerful equity that many of our local brands now enjoy. In countries such as Poland, Romania, Peru, the UK and Uganda, we've been able to increase prices and still gain market share.

19%

growth of the Snow brand in China

Maintaining full brand portfolios in so many different markets is not easy and we believe we have an industry-leading capability in this area. That said, we still have more to learn. Through the framework and processes set out in the SABMiller Marketing Way and now being rolled out across the group, we're continuing to identify the tastes and preferences of consumer segments and to align our portfolios with the growth opportunities in each market.

Priority number three is to keep raising the operational performance of our local businesses. This is an area of focus for our local management and has helped SABMiller to maintain its position as a low-cost operator. As a consequence, we have not felt it necessary in the recent past to launch large-scale, one-off, cost-cutting programmes.

Nevertheless, given the economic challenges, we're looking hard at all our costs with a view to making further

Principal risks

The principal risks facing the group, which have been considered by the board, are detailed below. The group's well developed risk management process is detailed in the Corporate Governance section and our financial risks are discussed in the Chief Financial Officer's review and in note 22 to the consolidated financial statements.

Risk description	Mitigation
The global brewing industry is expected to continue to consolidate. Participation in industry consolidation provides opportunities to enter growth markets, and to create value from scale benefits including applying the group's best operating practices. There is a risk that failure to participate in attractive value-adding transactions may inhibit our ability to grow and exploit scale benefits. There is also a risk that expected benefits from participating in consolidation and integrating acquisitions may not be captured or may be inadequate, or that we may not fully leverage our scale across business operations.	■ Our existing portfolio of businesses which spans six continents gives the group access to growth markets and already provides scale benefits. ■ Potential transactions are subject to rigorous analysis to assess potential to create value. ■ Application of proven integration processes and procedures are applied to deliver expected returns. ■ Programmes to leverage scale, including in areas such as procurement, are continuously being enhanced.
Our expertise in marketing, together with our strong and growing brand portfolios, position us well to benefit from changing consumer preferences in both developed and developing markets. However, markets continue to evolve and competitor activity is increasing. Should the group fail to ensure the relevance and attractiveness of its brands, and continuously improve its marketing and related sales capability, there is the risk that opportunities for profitable growth may not be realised.	■ Ongoing focus on building our marketing and sales capabilities through continued roll-out and enhancement of the Marketing Way. ■ Continually ensuring that our brand equities are strong and fresh through compelling marketing programmes and relevant innovation. ■ Consistent evaluation of our brand portfolios in every market ensuring that they adequately cover current and future growth opportunities.
The group now operates on six continents and it is essential to develop and retain a global management capability. Our global growth potential could be jeopardised should we fail to develop and maintain a sufficient cadre of talented management or to capture shared learnings and leverage expertise through effective management practices.	■ Well developed global strategic people resourcing and talent management processes. ■ A strong culture of accountability, empowerment and personal development. ■ Standardisation of key processes and best practices across the group through the roll out of the SABMiller Ways.
In many countries, debates continue over the need for regulatory constraints and restrictions on alcohol products, taxes and duties. There is a risk that regulatory authorities when making impositions on beer do not recognise the positive contribution of our businesses, and effective ways of addressing health and social concerns. In affected countries, our ability to grow profitably and contribute to our local communities could be adversely affected.	■ Rigorous adherence to the principle of self regulation backed by appropriate policies and management review. ■ Engagement with government and thought leaders on alcohol-related issues. ■ Investment to expand positively the economic impact of our businesses in local communities in partnership with governments and NGOs.
The supply of, and demand for, certain brewing and packaging raw materials have been out of balance during recent years which has led to supply shortages and price volatility of key raw material inputs. Supply pressures have now eased and prices have fallen, but should the group fail to ensure an adequate supply of brewing and packaging raw materials at competitive prices, there is the risk that margins could fall.	■ Contractual agreements with suppliers covering multiple time horizons, combined with an active hedging programme. ■ Programmes to support development of local sourcing for certain key commodities, such as barley in Africa, India and Latin America.
The global economy is facing a widespread recession with GDP projected to fall in 2009. Consumer demand has softened in many countries in which we operate, and in some of these countries currency weakness has exacerbated the reduction. The availability of funding in the capital markets is less predictable and more expensive. We are responding to the changed conditions, but given the uncertainties in the global economic outlook, there is a risk that our plans and responses may not be adequate.	■ Preparation of contingency plans based on various scenarios. ■ Actions to restructure operations in certain countries to reflect the current and expected deterioration in local economic conditions. ■ Maintaining and extending our local industry leadership positions through appropriate investments in our brands, a focus on local execution and development of commercial capability. ■ Increased focus on cash flow management.

We continue, consistently and relentlessly, to tighten our efficiency and raise the performance of each local business. We also seek to gain maximum value from our global scale by transferring skills and proven ways of working across the organisation.

incremental cuts to meet local circumstances. We're re-examining all capital expenditure and applying stringent criteria that reflect the risks and opportunities in each country. We have also restructured a number of our businesses, particularly in Latin America and Europe. In Poland, for example, one depot and two packaging lines at the recently acquired Browar Belgia have been closed and 100 job losses announced. In the Czech Republic, we are shedding 150 jobs to improve productivity.

In North America, the integration of MillerCoors' business processes and systems will streamline costs and make for faster decision making. The project to have every Coors and Miller brand produced at all breweries across the combined network is also proceeding well with more than 60% of the planned production relocations completed in the financial year. Through these and other projects, the company expects to realise US$128 million in synergies by 30 June 2009, exceeding its original goal of US$50 million for the first 12 months of operations. The overall target, well within reach, is a per annum saving of US$500 million by the third year of operation.

As well as restructuring and saving costs, we're honing our skills in dealing with the retail trade – another discipline where we believe we can differentiate ourselves from the competition and gain competitive advantage. As the retail sector evolves and becomes more complex and demanding, we're developing new and better ways to get the right products to the right outlets down the right channels – and doing so from an advantageous position, thanks to the strength of our brands among our consumers.

Here again, the SABMiller Marketing Way and other global initiatives are improving our performance and helping to spread best practice across the group. Our success in Ecuador (see page 15) shows how we've raised the game by rethinking our distribution strategy and effectively implementing a new model.

The fourth of our strategic priorities is to gain maximum value from our global scale by efficiently transferring skills and proven ways of working throughout the organisation. Among other projects, we're examining best practice in respect of back office processes, and looking to reduce costs through shared services. The process is already under way at the regional level and we intend to implement it globally in due course. We're also moving towards a more centralised procurement function to make our sourcing and supply chain more efficient.

While the application of these four strategic priorities has delivered excellent financial results over the last few years, we continue to refine them as circumstances change. We have, for example, been working on a series of initiatives to sharpen our focus and capabilities in the commercial area and will roll these out in the coming year.

Addressing risks

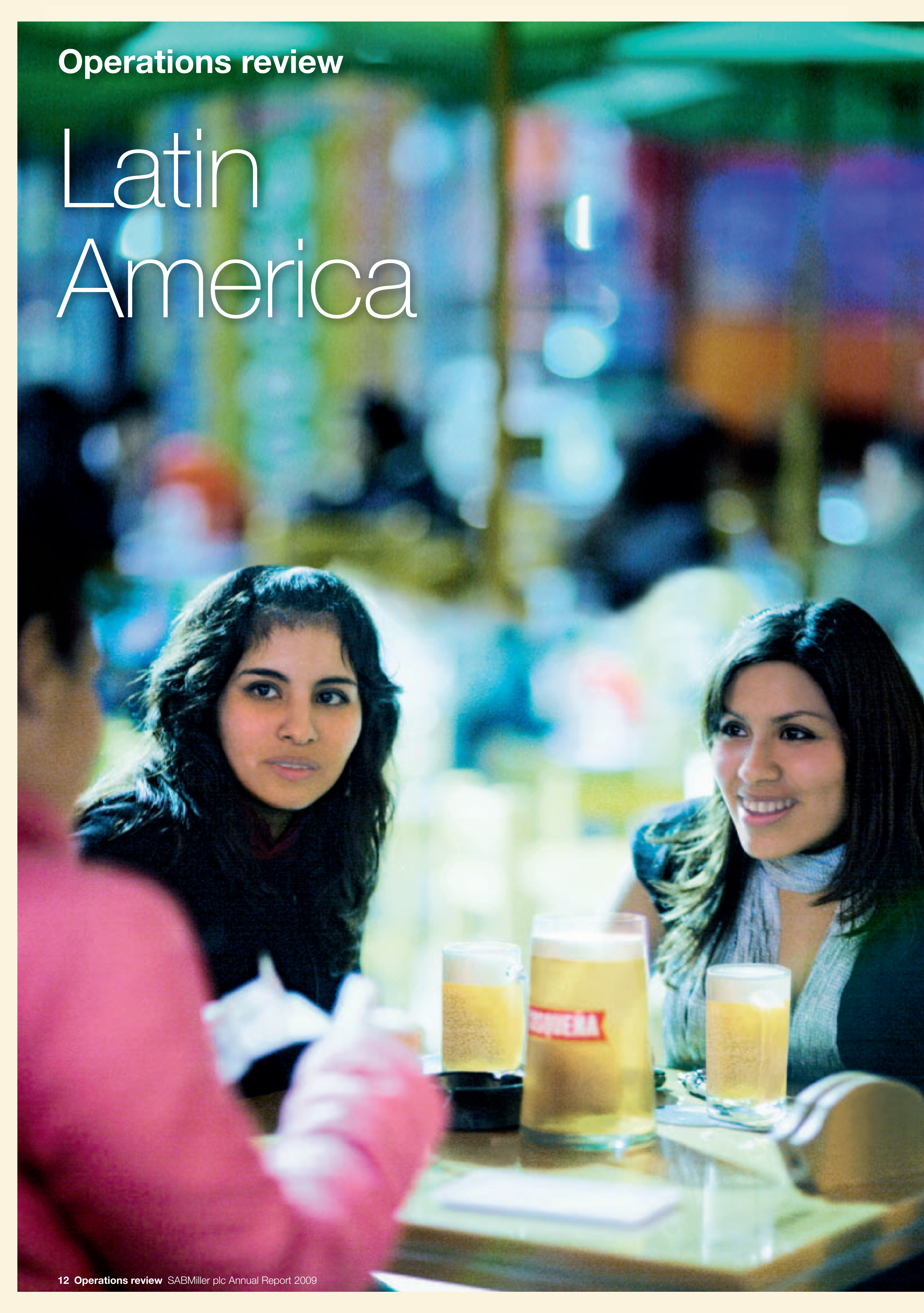
The current economic crisis makes it even more important to keep scrutinising the risks facing the business. We know that risks present opportunities as well as threats, and we aim to maximise the former and minimise the latter in a way that generates the best return for our shareholders. Working to a well developed risk management process (see page 55), we continue to identify and monitor the principal risks to the business and deal with them appropriately. The main operational risks we face are summarised opposite while financial risks are discussed on pages 37 and 105 to 111.

Looking ahead

Despite the immediate challenges our medium-term prospects remain strong. While there is little we can do to influence the macro-economic environment at the present time, there is much that remains within our control – not least, to keep building our local brands, to develop the beer category and to increase the share of beer within the alcohol market in developing countries. SABMiller's long experience and inbuilt resilience provide strong grounds for confidence in the testing year we undoubtedly face.

Graham Mackay Chief Executive

Latin America



The gold of the Incas

When the Peruvian brewer, Backus, joined the SABMiller group as part of the 2005 Bavaria transaction, the company's brands were mostly in the crowded mainstream segment. The portfolio lacked a distinctive, local premium beer.

Research showed that of all the brands in the Backus portfolio, the one with the most potential for a premium positioning was Cusqueña. The reason was partly its exotic origins in Cusco (capital of the Incas) and partly its international cachet (Cusqueña was, and is, exported to the USA and UK under the banner, 'The gold of the Incas').

But Cusqueña, at the time, barely warranted a premium ranking. Although the non-returnable bottle sold at a premium in Lima, most of Cusqueña's sales were mainstream priced and limited to its home territory in the south of the country. Its bottles were old and scuffed and the original recipe had been compromised to save costs.

Relaunching Cusqueña as a national premium beer meant first upgrading the product. The business reinstated the original recipe and installed new water treatment plants to guarantee the purity of the Andean water used in the product. It also created an innovative, engraved bottle depicting the precisely carved, interlocking stones of an Inca temple – the message being that 'the magic is in the details'.

The marketing, too, was innovative. Although premium, the relaunched Cusqueña is positioned as a beer for anyone who wants to celebrate. Initially adopted by higher socio-economic groups, it has started to be enjoyed by consumers at all social levels as distribution has extended to non-premium outlets and availability has increased. Now the first or second choice of over 80% of consumers, Cusqueña has emphatically claimed the national premium segment as its own.

Key focus areas

- Further enhance the beer category's appeal across consumer segments and occasions
- Increase share of alcohol, capitalising on well differentiated brand portfolios
- Optimise and extend distribution network and sales reach
- Pursue operational excellence and efficiency in our businesses, optimising resources and costs

Financial summary

	Group revenue[1] (US$m)	EBITA[2] (US$m)	EBITA margin (%)
2009	5,495	1,173	21.4
2008	5,251	1,071	20.4
Change	+5%	+10%	

Sales volumes[3] (hl 000)

	Lager	Soft drinks	Soft drinks organic
2009	37,138	18,509	18,509
2008	36,846	18,484	18,140
Change	+1%	0%	+2%

1 Including share of associates.
2 In 2009 before net exceptional credits of US$45 million (2008: net exceptional charges of US$61 million) being profits on disposal of the Colombian water business and the Bolivian soft drinks operations of US$89 million net of integration and restructuring costs of US$31 million and a US$13 million charge in respect of litigation.
3 Volume figures have been restated for the prior period following the revision of the group's volume definitions. Further details are provided in the Chief Financial Officer's review on page 32.

Latin America's initiatives to develop increasingly differentiated brand portfolios and to enhance sales activities resulted in a rising share of beer within the alcohol market. Our brands demonstrated resilience in tough consumer and economic environments in Colombia and Central America while favourable trading conditions and improved market execution in Peru and Ecuador boosted lager volume performance. Continued robust pricing and productivity enhancements offset increased commodity costs, resulting in an improvement in EBITA margin of 100 bps and EBITA growth of 10%. The Brisa water brand in Colombia and the soft drinks bottling operations in Bolivia were sold realising a profit of US$89 million. Reduced capital expenditure across the region improved cash generation. In response to economic conditions, the region embarked on a number of restructuring programmes during the year.

Following several years of strong growth, lager volumes in **Colombia** declined 6% reflecting the economic recession in the country, high interest rates and depressed consumer spending. GDP growth for the quarter to December 2008 slowed sharply to -0.7% from 7.6% in 2007. National retail sales fell by 4% and industrial output fell by 13% in February versus the prior year. Despite the volume decline, we gained share of the alcohol market throughout the year with March reaching a record high of 68%, up 400 bps on the prior year. Poker, Pilsen and Aguila Light all recorded healthy growth. The Aguila brand benefited from the introduction of the 225ml bottle in the northern part of the country. Premium volumes grew by 12%, driven by 10% growth of Club Colombia and a strong performance by Redd's following its launch in late 2007. Marketing expenditure declined following several years of significant brand renovations and launches while strong pricing, beneficial mix and cost productivity improved EBITA margin.

In **Peru** lager volumes grew 9%, despite a slowdown in the fourth quarter. Market share ended the fourth quarter 400 bps ahead of the prior year due to the successful positioning of Pilsen Trujillo as a national

Malt drink brand continues to evolve

Colombia's Pony Malta is a category-leading, non-alcoholic, malt beverage competing directly with carbonated soft drinks, juices and dairy beverages.

Following the principles of SABMiller's Marketing Way, the Colombian business continued the brand's evolution in 2008 by positioning the product as a 'natural balance between nutrition and refreshment'. The challenge, then, was to differentiate the brand from rival categories while appealing to audiences with different priorities – children and young people who mainly drink it for refreshment and their mothers who value its nutritional properties.

The resulting campaign mixed traditional advertising with point-of-sale merchandising, prize giveaways and multi-media promotions. Initiatives included the 'Pony Futbol' event involving more than 25,000 young footballers around the country.

In the year to 31 March 2009, the brand increased its sales volumes by 3.4%. Having consolidated its position as number two in Colombia's carbonated soft drink category, after Coca-Cola, Pony Malta is well placed to continue growing.

59%

Volume growth of Cusqueña in Peru

37%

Growth of non-alcoholic malt beverages in Panama

economy brand. Our premium brand Cusqueña also performed well with volume growth of 59% and market share growth of 280 bps. A price increase introduced across most of our brands in March 2009 reflects the strength of our lager portfolio in a very competitive market, while an earlier 9% increase on Pilsen Trujillo followed our competitive success in the economy segment. We launched a new brand, Quara, in March 2009 aimed at female consumers but with potential appeal to all consumer segments. The second half of the year benefited from improved route to market and direct store delivery.

Our **Ecuador** business continued to perform well benefiting from brand renovation, improved route to market and sales execution, investment in refrigeration and the introduction of national pricing. These improvements, together with greater disposable income following two increases in the national minimum wage, grew lager volumes by 14%. In the premium segment, the Club brand was repositioned as more distinctly premium and the pack was extended to include a new 550ml bottle resulting in premium sector growth of over 100% for the year. Premium brands now account for 8% of our portfolio. The launch of Conquer, a new mainstream brand, in the second half of the year had a promising start. The flagship mainstream brand Pilsener continued to perform well, following its renovation last year, with growth of 13%.

Panama's lager volumes were level with last year. Strong performance from Balboa, following its relaunch in 2008, and our super premium brands offset the softer performance of Atlas. Price increases were taken selectively on lager to offset increased commodity costs. Soft drinks volumes grew 9% with sparkling soft drinks up 5%, led by the Schweppes brands and PET growth while non-alcoholic malt beverages grew 37%, supported by upgraded brand imagery and the introduction of a new PET pack.

Operations in **Honduras** had a challenging year with the US economic slowdown

Our Ecuador business continued to perform well with the help of renovated brands, better sales execution, investment in refrigeration, streamlined distribution and the introduction of national pricing.

affecting remittances and local unemployment rising to 28%. Disposable income has been impacted, particularly in the fourth quarter. Lager volumes were level with prior year despite good growth in the super premium segment which offset some volume loss from our Imperial brand. Lager prices were increased on average by 8% to help absorb commodity price increases. Investment in refrigeration continued in the second half, embedding the cold beer culture in the trade. Soft drinks volumes grew 3% driven by 7% growth in Tropical, the launch of Coca-Cola Zero and new Coca-Cola multi-serve PET packages. Price increases on soft drinks offset marginally negative mix driven by higher sales of non-returnable family packs.

In **El Salvador** we relaunched the mainstream Pilsener brand with more attractive packaging and a new 330ml returnable bottle. Despite the success of the relaunch, tight economic conditions led to a decline in lager volumes of 6%. Soft drinks volumes were level with the prior year.

Streamlined distribution cuts prices and raises volumes

When SABMiller first entered Ecuador through its subsidiary, Cervecería Nacional, one of its priorities was to streamline the distribution system.

Previously, the company's 120 independent distributors collected their stock direct from the brewery and marked up the price to the retailer depending on transport costs. The result was inconsistent pricing that was often highest in the poorer, more remote regions. The company introduced single, national prices and streamlined its distribution. Under the new system, distributors no longer come to the brewery to collect their orders. Instead, a third-party logistics company transports the beer to the distributor's warehouse while the distributor concentrates on his own franchise area and meets specified service and efficiency standards. Other improvements include the introduction of carbon-efficient vehicles and a cut in overall distances travelled, all helping to reduce fossil fuel emissions and save costs.

Thanks to these and other improvements, SABMiller has met its pledge to bring down the price of beer, increase its penetration of rural areas and raise volumes. Having also carried out a detailed segmentation of its 110,000 customers, Cervecería Nacional is in a much better position to deliver the right brands and point of sale material to the right outlets by the most efficient route.

Europe

Miller Brands bucks the market trend

In the past year, total UK beer sales have fallen by 6% with premium lager brands seeing a 5% decline. But while other brewers are struggling to maintain market share, Miller Brands (UK) has seen good results across its portfolio.

Believing that international premium brands can still command growth, even in a mature market, the business has chosen to position Peroni Nastro Azzurro and Pilsner Urquell at the top of the UK market and to back them with exciting and distinctive marketing. The strategy is working. Both brands are bucking the market trend and the business as a whole has increased volumes by 20% in the course of the year.

The best performer has been Peroni Nastro Azzurro which recorded an increase of almost 40% in sales volume. With a carefully nurtured brand image firmly linked to Italian style, Peroni Nastro Azzurro is appealing to a broad range of consumers, many of them not traditional lager drinkers. This image is reinforced through marketing activities such as Miller Brands' recent collaboration with fashion designer, Antonio Berardi.

To maintain its exclusivity, Peroni Nastro Azzurro Draught is available in only 3,500 carefully selected outlets. Bottled Peroni Nastro Azzurro, the number one premium packaged lager in UK restaurants, is also doing well, not just through on-premise outlets but through off-premise retailers as well.

Pilsner Urquell – the original pilsner from Plzen – increased its sales by over 20%. As a brand, it's two or three years behind Peroni Nastro Azzurro in its development and Miller Brands, again, is focusing draught sales on a few, selected, premium outlets. Its forthcoming sponsorship of the British Open Golf Tournament will further enhance its reputation.

A third brand in the UK portfolio, Miller Genuine Draft, is also showing growth, especially in Scotland where the brand sponsors music venues in Edinburgh and Glasgow.

Key focus areas

- Drive our full brand portfolios in growth segments in key markets
- Further develop our positions in high value export markets
- Continue to innovate in product, packaging and dispense systems
- Build strong brand equities through innovative 360 degree marketing programmes
- Leverage our scale

Financial summary

Group revenue[1] (US$m)	**EBITA**[2] (US$m)	**EBITA margin** (%)
6,145 2009	**944** 2009	**15.4** 2009
5,248 2008	952 2008	18.1 2008
+17%	–1%	

Sales volumes[3] (hl 000)

Lager	**Lager** organic
47,237 2009	**43,912** 2009
43,826 2008	43,826 2008
+8%	0%

1 Including share of associates.
2 In 2009 before net exceptional costs of US$452 million (2008: US$nil) being the impairment of non-current assets of US$392 million, integration and restructuring costs of US$51 million and the unwind of fair value adjustments on inventory following the acquisition of Grolsch of US$9 million.
3 Volume figures have been restated for the prior period following the revision of the group's volume definitions. Further details are provided in the Chief Financial Officer's review on page 32.

In **Europe**, reported lager volumes grew 8% while organic lager volumes were level with the prior year. Economic conditions deteriorated sharply in most markets in the second half which put pressure on consumer spending and constrained beer volume growth. Our competitive strength allowed us to gain volume share in Poland, Romania and the UK with strong momentum behind key brands. In the Czech Republic, we maintained our leadership position and focused on growing value in this mature market. In Russia, poor summer weather and high distributor stocks adversely affected volumes, although recent trends are positive.

Organic constant currency revenue per hectolitre grew 6% as we maintained strong pricing in most markets. Despite this, significantly higher raw material and distribution costs negatively impacted the EBITA margin. Marketing expenditure was selectively reduced but fixed costs rose, particularly in support of growth in Romania and our new operations in Russia. Reported EBITA declined 1%, while on an organic, constant currency basis it declined 5%. Action has been taken to reduce the European cost base by restructuring some businesses.

Impairment charges of US$392 million have been taken of which US$42 million relates to our investment in Ukraine and US$350 million relates to our Grolsch acquisition in the Netherlands.

In **Poland**, our organic volumes were up 3% in a market which levelled off as consumer disposable income was impacted by the economic downturn and increasing unemployment. Market share gains were driven by strong sales execution, additional fridge placement and trade promotional programmes around the Olympics and the Euro 2008 soccer championships. Market share improved by 150 bps due to more focused sales and marketing investment. Volumes of Tyskie and our premium brand Lech were both up 4%, while Zubr grew 2% and Redd's and Peroni Nastro Azzurro showed double-digit growth. A number of innovations were introduced during the year, including a complete renovation of Tyskie's packaging and the introduction of new 'sleek' cans for non-alcoholic and flavoured brands. Revenue per hectolitre grew 6% following three price increases during the year, helping to offset significant raw material cost increases and a substantial rise in excise.

Timisoreana, local Romanian brand becomes national leader

Since entering Romania in 1996, SABMiller has progressed by turning local brands into strong national brands. An example is Timisoreana which, when acquired by Ursus Breweries in 2001, was concentrated in the west of Romania and making little headway against larger, national competitors.

In 2005, Ursus Breweries set itself the ambitious target of turning Timisoreana into the country's best selling beer. With competitors relying heavily on TV advertising, 'fun with friends' imagery and discount offers in plastic bottles, Ursus Breweries went against the grain by avoiding discounts and focusing on Timisoreana's 300-year heritage. The brand proposition – 'the honest craftsman of beer' – was a deliberate appeal to traditional, unshowy Romanian values. To support this distinctive positioning, the company has reinvented the medieval beer festival, developed theme pubs and sponsored the Romanian Football Cup which brings together both large and small teams.

The objective was achieved three years ahead of plan. From sixth place in 2005, Timisoreana became market leader in January 2007 and remains the country's fastest growing mainstream brand.

18%

Volume growth in Romania against market growth of 3%

39%

Growth of Peroni Nastro Azzurro in the UK

In the **Czech Republic** we continued to focus on value leadership with our premium-biased portfolio, accepting a volume share decline of 60 bps in a market which declined 4%. The economic slowdown was reflected in fewer tourists in Prague, lower on-premise consumption, and some down-trading. Our premium brands Pilsner Urquell, Frisco, Master and the non-alcoholic Birell all performed well. In mainstream, Kozel was up 8%, becoming the country's number two national brand, while volume decline in Gambrinus was halted in the final quarter by the launch of the higher priced '11 degree' variant, which already leads in the semi-premium category. Revenue per hectolitre growth of 5% together with efficiency in marketing investment and productivity in overheads offset raw material cost increases.

In **Romania**, strong volume growth of 18% was achieved within market growth of 3%, but both the economy and the beer market slowed noticeably in the second half. We increased our market share by 390 bps for the year. Our improved performance is due to our strong brand portfolio which covers all price segments, and increased PET and can availability. Better distribution and merchandising in the off-premise channel also contributed to our strong results. Our Timisoreana brand has continued to be the key growth driver, consolidating its leading market position and growing volumes 27%. Ursus, Peroni Nastro Azzurro and Redd's all performed well in the premium segment, and benefited from extended distribution, tailored service packages and increased refrigeration coverage. Pricing above inflation was achieved and revenue per hectolitre increased 8%. The recent acquisition of the Azuga brand will underpin our portfolio in the economy segment.

In **Russia**, the economy entered into recession in quarter four which, together with poor weather during summer 2008, resulted in beer industry production volumes declining 2%, with the Moscow region down by 6%. SABMiller Russia sales to retailers (STRs) were level with the prior year, while organic sales to wholesalers (STWs) were 7% down reflecting distributor de-stocking, mainly during the third quarter. Despite the downturn, our Kozel and Redd's brands

Strong brands and superior operational execution in Europe allowed us to gain market share by volume in Poland, Romania and the UK. We also maintained our market leadership in the Czech Republic and focused on growing value.

showed good growth, driven by product and pack innovations, although Zolotaya Bochka volume fell. Sales of Miller Genuine Draft declined during the year but showed value share growth in the last quarter, following the launch of Miller Midnight. Industry pricing was robust and our revenue per hectolitre was up 12%. We have increased sales staff by 10% in preparation for supply from our new Ulyanovsk brewery in the summer. In June 2008, we acquired LLC Vladpivo in the Russian far-east region and are nearing completion of the integration process. In July 2008, CJSC Sarmat in **Ukraine** was acquired and quality upgrades and brand repositioning are underway.

In the **Netherlands**, the beer industry has had to contend with a number of new challenges. These include a 30% excise increase, a public area smoking ban, alcohol advertising restrictions and a weak economic environment with low consumer confidence. The beer market declined 4% with the on-premise channel down 7%. In this context, Grolsch branded volumes were down 4% and market share remained in line with prior year.

In **Italy**, as elsewhere in Western Europe, economic conditions have worsened and the beer market declined 4%, with a sharp decline in the fourth quarter. In particular, the on-premise channel has suffered from down trading and an accelerating consumer switch to off trade. Against this background, Birra Peroni's branded volumes declined 3% although market share was held for the year. Sales of brand Peroni were in line with prior year, assisted by national sports sponsorships including Euro 2008, on-pack promotions, a new 50cl can and limited edition packs. Prices increased on average by 9% in November 2008 but due to down trading, revenue per hectolitre was only up 3%. The Bari brewery has returned to full operation after a major fire in July 2008.

In **Hungary**, **Slovakia** and the **Canaries**, economic conditions are severe and the beer markets are in decline. We held market share in Hungary and retained our leadership position in the Canaries.

In the **United Kingdom**, despite a beer market decline of 6% and an on-premise decline of 10%, our lager volumes grew 20%, with Peroni Nastro Azzurro growth of 39%. Pilsner Urquell performed well in export territories with double digit growth in the UK and Germany.

A new niche for a non-alcoholic lager

Czech beer drinkers have always prided themselves on recognising a quality beer, which is why Radegast Birell, with its genuine beer flavour, retains its position as the country's favourite non-alcoholic lager.

The introduction of stringent drink-drive laws in 2006 triggered a rapid expansion of the non-alcoholic market. While Birell naturally benefited, the change also attracted a flood of competitors. To retain its near two-thirds share of the market segment, the Czech business took a new look at how Birell could be made to stand out from the crowd.

The answer was to exploit the product's unique flavour and to position the brand not as a second best to alcoholic beers but as a quality beverage in its own right. The subsequent marketing campaign linked the brand to occasions and activities (drinking at work and sports such as cycling, for example) that would have been impossible for an alcoholic product.

By claiming this particular niche, Birell has not only maintained its lead against 23 competing brands, but is helping the business to extract maximum benefit from a non-alcoholic market which has been growing at over 40% a year.

North America

Integration and savings ahead of schedule

MillerCoors opened for business on 1 July 2008 with a big ambition – to become "America's best beer company". By exploiting the complementary strengths of the two companies and speedily completing the integration process, it promised to achieve US$500 million in annual cost savings by its third year of operation.

The bulk of the savings will come from producing both Coors and Miller products at all eight of the major breweries in its expanded network. By shortening shipping distances from brewery to market, the new production pattern will save 45 million freight miles a year – speeding delivery, cutting freight and fuel costs and reducing the company's carbon footprint. Originally scheduled to take 18 months, the integration of the company's breweries is running ahead of plan.

The cost savings are also flowing faster than expected. This has been driven by the speed at which the new organisation has come together, as well as the integration of the IT systems and the consolidation of services such as marketing and insurance.

The original plan was to achieve US$50 million in synergies in the first 12 months of operations. This figure is now expected to be US$128 million.

These successes show clear progress towards MillerCoors' ambition. With its brands, people and scale, the business is already demonstrating that it's a stronger, more competitive brewer than its constituent parts could have been on their own.

Key focus areas

- Win in mainstream light with complementary positioning of Coors Light, Miller Lite and MGD 64
- Drive value and volume for Miller High Life and Keystone Light
- Capitalise on MillerCoors' broad import and craft portfolio to grow in worthmore
- Create value through strong net revenue management
- Achieve superior growth in retail chain sales
- Deliver US$500m synergy target and continuing cost efficiencies

Financial summary

Group revenue[1] (US$m)	**EBITA**[2] (US$m)	**EBITA margin** (%)
5,227[4] **2009**	**581**[4] **2009**	**11.1**[4] **2009**
5,120 2008	477 2008	9.3 2008
+2%	+22%	

Sales volumes[3] (hl 000)

Lager excluding contract brewing	**Soft drinks**
45,629[4] **2009**	**54**[4] **2009**
48,211 2008	87 2008
–5%	–38%

MillerCoors' volumes (hl 000) 1 July to 31 March

Lager excluding contract brewing	**Sales to retailers** (STRs)
30,930 2009	**31,303 2009**
31,528[5] 2008	31,420[5] 2008
–2%	0%

1 Including share of joint ventures.
2 In 2009 before a net exceptional credit of US$325 million being the profit on the deemed disposal of the Miller business of US$437 million and exceptional costs of US$28 million in relation to the integration and restructuring costs for MillerCoors, together with the group's share of MillerCoors' integration and restructuring costs of US$33 million, the group's share of the unwind of the fair value inventory adjustment of US$13 million and the group's share of the impairment of the Sparks brand of US$38 million (2008: US$51 million in relation to retention arrangements and other integration costs relating to MillerCoors).
3 Volume figures have been restated for the prior period following the revision of the group's volume definitions. Further details are provided in the Chief Financial Officer's review on page 32.
4 Volumes, group revenue, and EBITA presented represent 100% of Miller Brewing Company performance in the first quarter of the year ended 31 March 2009 and the group's 58% share of MillerCoors' performance and the retained wholly owned Miller Brewing Company business (principally MBI) for the balance of the year.
5 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 nine months ended 31 March 2008. 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.

North America delivered strong profit growth for the financial year with a very good earnings contribution from Miller Brewing Company in the first quarter and a strong financial performance from MillerCoors since it began combined operations on 1 July 2008. Lager volumes, excluding contract brewing, declined 5%. The early progress with MillerCoors' integration accelerated the delivery of synergies which, combined with robust pricing, helped to deliver a 22% increase in EBITA[4] versus the prior year. The sale of hops which were surplus to Miller's requirements and the phasing of marketing spend enhanced the result.

MillerCoors

For the first nine month period of MillerCoors' operations, US domestic sales to retailers (STRs) were down 0.4% on a *pro forma*[5] basis, while domestic sales to wholesalers (STWs) were down 1.9% on a *pro forma* basis largely due to reductions in distributor inventories since 1 July 2008. On a *pro forma* basis contract brewing volumes fell by 6.3%, while profits from contract brewing remained in line with the prior year.

The integration of MillerCoors' business processes and systems designed to enable faster local decision-making and streamlining of costs is proceeding well with the network optimisation project ahead of schedule.

US$500 million

MillerCoors' target for annual cost savings by third year of operation

US$128 million

Synergy savings expected by 30 June 2009

Pricing remained strong; total net revenue per hectolitre for the nine months grew by mid single digits on a *pro forma* basis, driven by strong front line pricing and reduced promotion and discounts. MillerCoors continues to realise supply chain-related synergies and deliver savings from its cost leadership programmes, but costs of goods sold per hectolitre increased mid single digits due to significant commodity cost-related increases in brewing and packaging materials. Marketing, general and administrative costs decreased driven by timing and management of marketing and sales spending and the accelerated timing of synergy delivery. EBITA grew by 29% on a *pro forma* basis driven by increased revenue as well as the realisation of synergies from the joint venture.

For the nine month period to 31 March 2009, premium light brand STRs were up slightly versus prior year due to solid growth of Coors Light and acceleration of MGD 64, despite price increases across the segment. Coors Light was up a low single digit percentage versus prior year. Miller Lite STRs were down by a mid single digit percentage although the rate of decline slowed in the final quarter.

A new marketing campaign for Miller Lite was launched in late March focusing on the long standing consumer equity associated with the brand's taste. Innovative new packaging, reinforcing the brand's taste platform, was rolled out nationwide during May 2009. MGD 64 volume growth has continued to accelerate since its national launch in September 2008. In the quarter to 31 March 2009, MGD 64 exceeded Miller Genuine Draft Light volumes and pushed the MGD franchise into positive growth. Coors Banquet continued to generate good growth.

The craft and import portfolio rose a mid single digit percentage for the nine months to 31 March 2009, led by the strong performance of Blue Moon and Peroni Nastro Azzurro, offset by declines in Pilsner Urquell and Weinhard's.

The domestic above premium portfolio declined by a double digit percentage due to lower Miller Chill volume. The Sparks franchise continued to grow following reformulation of the product.

The below premium portfolio was up by a low single digit percentage compared to the prior year, as the strong performance of Keystone Light and accelerated growth of Miller High Life more than offset declines in Milwaukee's Best and Icehouse.

The integration of MillerCoors' business processes and systems, designed to enable faster local decision making and streamlining of costs, is proceeding well. The MillerCoors' network optimisation project is ahead of schedule, as more than 60% of the planned brewing production relocations were completed within the financial year. Construction of the new MillerCoors' Chicago corporate headquarters is nearing completion with an expected occupancy date in mid 2009.

A total of US$78 million in synergy savings has been realised since 1 July 2008, exceeding MillerCoors' original goal of US$50 million for the first 12 months of operations. MillerCoors now expects to realise US$128 million of synergies by 30 June 2009.

By the end of calendar year 2009, MillerCoors expects to achieve a total of US$238 million in synergies, surpassing its original forecast of US$225 million. While the timing of synergy delivery has accelerated, the US$500 million annual synergy goal is unchanged.

MGD 64 strengthens MillerCoors' portfolio
As a full-calorie beer in a market that increasingly prefers lighter beers, Miller Genuine Draft had been in decline in the USA since the 1990s. Even the lighter variant, MGD Light, had failed to make much impression.

After a series of marketing campaigns failed to reverse the trend, it was clear that a different approach was needed. Last year MGD Light was reformulated to create MGD 64. With its crisp flavour and just 64 calories per 12-ounce serving, the new product – marketed as being 'as light as it gets' – is designed to appeal to healthy-living, calorie-conscious consumers.

Supported by national TV advertising, the launch and roll-out of MGD 64 have struck a chord with the target market. MGD 64 sales were higher in the 2008 calendar year than those of MGD Light in 2007 – even though MGD 64 was not available nationally until September 2008. MGD 64 has joined Miller Lite and Coors Light in the MillerCoors line up of premium light beers.

MGD 64 also has created a halo effect over the MGD name. Consumers are rediscovering Miller Genuine Draft and the franchise as a whole is growing for the first time in a decade.

Africa and Asia

Overview | Business review | Governance | Financial statements | Shareholder information

Affordability at both ends of the brand portfolio

Many of the beer brands sold in Africa are made from imported raw materials. With prices inflated by import costs and government tariffs, such brands can be expensive and out of reach for a large percentage of African consumers.

Recognising an opportunity, SABMiller is looking to develop affordable products brewed from local African crops. The sorghum-based Eagle brand – previously launched in Uganda, Zambia, Zimbabwe, Tanzania and Swaziland – is now available in some markets in smaller bottles and draught form to make it easier on the pocket. In addition, the business is carrying out trials to see what other locally available raw materials might be used in the brewing process for both new and existing brands.

Affordable products will enable consumers to move from unregulated home brews to commercial beers produced to international brewing standards. As the sector becomes more formal and regulated, governments will benefit from higher excise payments. Importantly, the strategy will provide economic opportunities for local producers of sorghum, barley, maize and cassava and so benefit the community. Some 12,000 local farmers already supply raw materials for SABMiller's affordable beers in Africa and this number is expected to reach 44,000 by 2012.

The quest for affordability also extends to the premium end of SABMiller's African portfolio. Given that many mainstream consumers would like to buy a premium beer more often but find imported international brands beyond their means, the business is introducing local premium brands to meet the need. Recent launches include Ndovu in Tanzania, Maluti in Lesotho and, in December 2008, a premium variant of the highly regarded Laurentina in Mozambique. These moves are another step in SABMiller's African strategy to ensure not just good distribution and wide availability, but an ever greater degree of choice at both ends of the brand portfolio.

Key focus areas – Africa

- Spur growth in beer and soft drinks with expanded brand portfolios across a wider price range
- Further develop sales and distribution to enhance our outlet presence and extend our geographic coverage
- Optimally manage our capital investment programme to enable continuing growth
- Mitigate high imported input costs through innovation and local supply chains

Key focus areas – Asia

- Further build market leadership in China and enhance profitability
- Continue to drive Snow, the largest beer brand in China
- Pursue market liberalisation in India to achieve a reasonable trading environment for the beer industry
- Develop our operations in Vietnam and Australia as well as our broader regional presence

Financial summary

	2009	2008	Change
Group revenue[1] (US$m)	4,132	3,367	+23%
EBITA (US$m)	642	568	+13%
EBITA margin (%)	15.5	16.9	

Sales volumes[2] (hl 000)

	2009	2008	Change
Lager	54,440	51,256	+6%
Lager organic	53,423	51,256	+4%
Soft drinks	8,352	8,305	+1%
Soft drinks organic	8,336	7,411	+12%
Other alcoholic beverages	4,079	3,210	+27%

1 Including share of associates and joint ventures.
2 Volume figures have been restated for the prior period following the revision of the group's volume definitions. Further details are provided in the Chief Financial Officer's review on page 32.

Africa continued to perform strongly with organic total volume growth of 10% for the year. Asia organic total volumes grew in the second half of the year ending 4% ahead of the prior year with strong fourth quarter performances in both China and India. Organic, constant currency revenue grew 26% in Africa reflecting price increases generally in line with inflation, and 26% in Asia largely as a result of positive pricing and sales mix trends in China. Combined EBITA grew 16% on an organic, constant currency basis.

Africa

Our strategy of broadening the brand portfolio with premium and affordable lager offerings helped us to achieve organic lager volume growth of 5%. A refocused approach to other beverage offerings delivered strong soft drinks and traditional beer growth of 12% and 25% respectively on an organic basis. In the latter part of the year, we acquired water businesses in Ghana and Nigeria as well as a brewery in Nigeria to support our full beverage portfolio strategy for Africa. Markets across the region continued to grow in line with the broader economies, however, momentum slowed in the fourth quarter in many countries.

Tanzania achieved lager volume growth of 4% despite inconsistent energy supply and infrastructure challenges which continue to constrain growth. A decline in volumes in the fourth quarter followed the economic downturn and price increases which were necessitated by substantial increases in commodity costs. The launch of Eagle in a 300ml returnable bottle at an affordable price led to strong growth for the brand. Progress continued on our new brewery in the south where production is expected to commence in September 2009. This will free up capacity in our Dar es Salaam brewery, while allowing us to reduce distribution costs in the southern region.

Confidence spurs further investment

Contrary to many people's perception, Africa's economic growth since 2002 has been above the world average. Recent years have brought greater political stability, better governance and further investment in infrastructure while urbanisation and rising incomes have lifted many people from subsistence living and fuelled consumer demand.

These trends have contributed to almost 20% compound annual growth in SABMiller's profits in Africa since 2002. Having invested heavily in the continent in the past, the business continues to demonstrate its confidence in Africa's future.

Following a US$37 million investment in Juba, the new Southern Sudan Beverages brewery began operating in April 2009. As a result, Sudan is now producing beer for the first time in 25 years. Three more greenfield breweries are under construction in Angola, Mozambique and Tanzania. Representing a total investment of over US$160 million and due to open later this year, these new plants will increase capacity, create jobs, bring production closer to consumers and contribute further to Africa's economic development.

Mozambique's lager volumes were slightly ahead of prior year despite a fourth quarter decline. The south of the country was affected by reduced tourism while improved infrastructure led to healthy economic growth in the north, supporting our decision to open a new brewery in Nampula which will be commissioned in the second half of our current financial year. Productivity improvements were achieved following the expansion of the Maputo and Beira breweries. Marketing spend was increased behind the launch of Laurentina Premium, a local premium brand which has achieved good initial volumes. Average price increases of 10% were below inflation but positive mix helped deliver revenue per hl growth of 13%.

Botswana lager and traditional beer volumes slowed dramatically after the implementation of a 30% levy on alcoholic beverages introduced on 1 November 2008. Since the levy, lager volumes have reduced significantly resulting in a decline of 8% in the full year. This reduction has been compounded by the downturn of an economy dependent on diamonds and consequently heavily affected by the global recession. The returnable bottle pack continued to show good growth and now represents 25% of volumes. Soft drinks had strong growth of 19% driven by focused marketing and good weather.

Angola's economy remained strong with GDP growth of 18% for the year. Soft drinks volumes had strong growth of 17%. Port congestion is resulting in a long supply chain and logistics difficulties, constraining our ability to meet demand. Our new 2 million hl soft drinks facility in Luanda is expected to commence production in the second half of 2009 which will alleviate the reliance on imported product. In the south, our lager business continued to perform well with volume growth of 31% following investment in new capacity. In addition, we have commenced construction of a brewery in North Luanda which will allow us to compete in the fast growing beer market in this part of the country. Commissioning of this brewery is set for late 2009.

An excise reduction to incentivise local farming led to good growth in the economy segment in **Uganda**, albeit at slightly lower margins, while **Ghana's** growth was temporarily constrained by capacity. **Zambia** volumes were resilient, despite a challenging economy, assisted by an excise reduction.

Traditional beer continued a year of strong growth with volumes up 25% on the back of good agricultural harvests in **Zambia** and **Malawi** together with intensified focus across the continent including product launches in additional markets, greater product affordability and innovative supply chain initiatives.

Castel continued to deliver solid performance with organic lager volumes growing 9% and organic soft drinks volumes growing 11% on the back of strong performances in Angola, Cameroon and Algeria. The growth in Angola follows the commissioning of new breweries in Luanda and Cabinda, while in Cameroon growth followed the acquisition of a competitor during the year. Castel has also acquired new businesses in Guinea, Nigeria and Gambia.

Asia

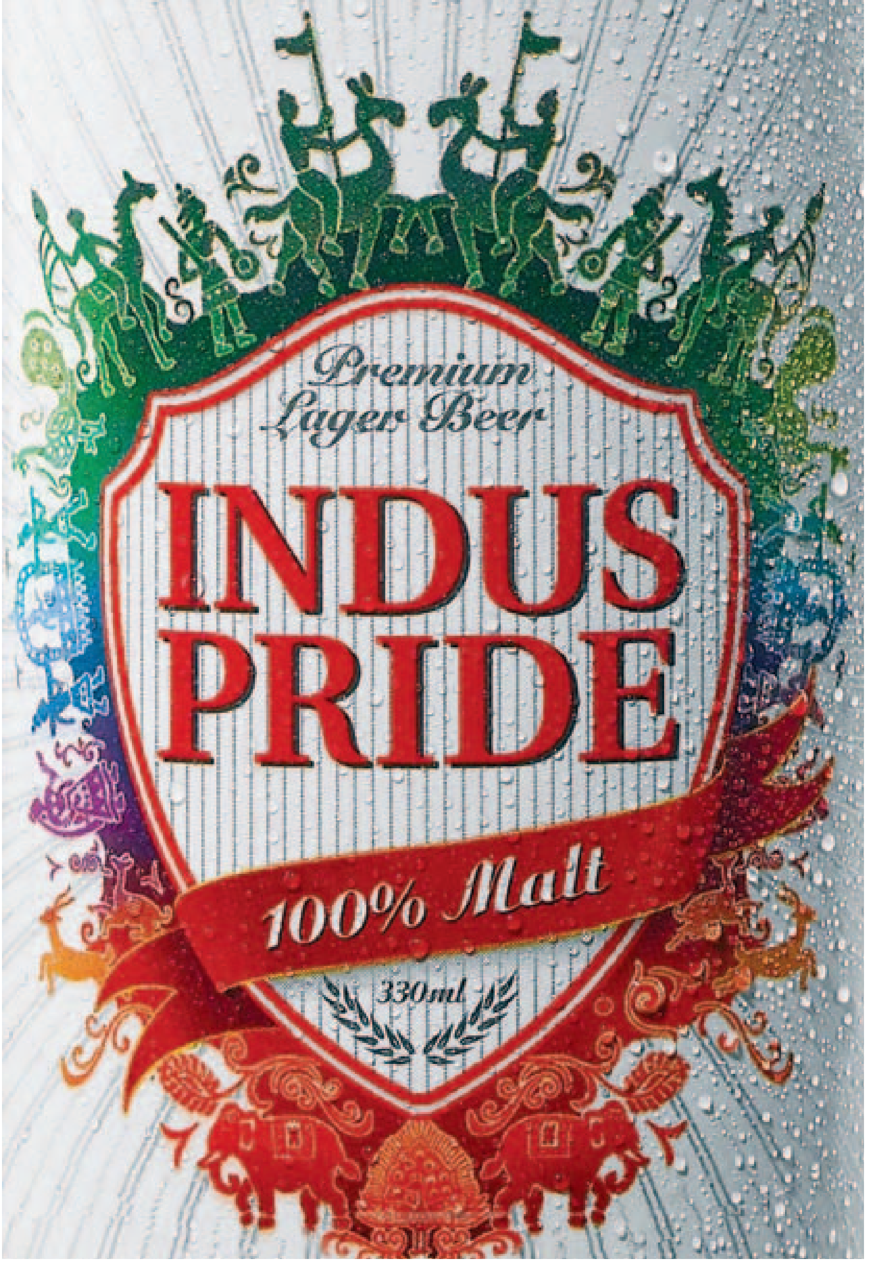
China lager volumes benefited from a strong final quarter ending the year 6% ahead of the prior year. Organic growth of 4% was below recent levels, adversely affected by the Sichuan earthquake disaster in May 2008, but volumes showed increasing resilience through the course of the year as consumer acceptance of new pricing levels improved. Snow brand renovation during the year, emphasising its local provenance, saw brand sales in excess of 60 million hl for the first time, 19% ahead of the prior year, cementing its position as one of the largest beer brands in the world by volume. EBITA margin growth was achieved on the back of improved pricing and brand mix.

India had strong lager growth in the fourth quarter to end the year 5% ahead of the prior year, despite continued regulatory issues especially in the key market of Andhra Pradesh. The Haywards 5000 brand gained further market share during the year, while Foster's made significant market share gains. A new brand, Indus Pride, was launched successfully in Rajasthan, exceeding initial expectations, and a national roll out is planned.

Our joint venture in **Australia** had another successful year with good growth in the premium segment. Overall organic volume grew by more than 60% with strong performances by Miller Chill and Bluetongue.

We took full ownership of our associate in **Vietnam** during March 2009 which will allow us to expand the brand portfolio thereby growing our market share.

In Africa, traditional beer continued to grow strongly, reflecting an intensified focus across the continent with product launches in more markets and innovative supply chain initiatives.



Celebrating India's passions

Since SABMiller entered India in 2000, the business has made rapid progress and is now the country's second largest brewer with a market share of 34%. Of the two main beer segments, it enjoys a narrow leadership in strong beer but trails some way behind the market leader in the mild segment.

In looking to challenge the country's leading mild beer, the business decided to supplement its current offering through the creation and launch of a new mild beer with strong Indian origin and heritage.

In mapping out the market landscape, the business identified a gap for a product that would celebrate India's pride and passions. After further research into name, labelling and brand concept, it came up with Indus Pride – a 100% malt beer which reflects and celebrates two of India's greatest passions, cricket and Bollywood.

Indus Pride was trialled in Rajasthan and launched there in October 2008. By March 2009 Indus Pride had achieved a volume performance of 25% above target, and an exit market share of 20% of the mainstream mild segment. Following this strong start, the brand was launched in a second test market, Karnataka, in March 2009 and the plan is to take the brand nationwide in 2010.

South Africa

Enhancing the appeal of mainstream beers

With the strong growth of the South African economy in recent years, the main increase in beer sales has been in the premium segment. Now, with recession biting and consumer spending tightening, the trend has slowed. With price-conscious consumers buying fewer premium beers less often, the segment is no longer growing as rapidly as it was.

At the same time, mainstream consumers are becoming more sophisticated and demanding in terms of image, packaging and presentation. They want value, but not at the expense of quality or appearance.

Mainstream brands are the heartland of SABMiller's South African business and SAB is well placed to respond. As part of its continuing investment in the sector, it recently introduced 430 million new-style returnable bottles for its mainstream beers. The redesigned bottle has improved the image of the mainstream category and lends itself to new labelling technology which enhances the appeal of individual brands. The move has made the mainstream sector even more relevant and compelling to South African consumers.

The main beneficiary has been SAB's Hansa Pilsener. With its message of 'affordable aspiration', the brand has proved a natural choice for consumers looking for premium image at mainstream prices. Its success follows an earlier boost to its sales when a rival, premium brand was unavailable in South Africa for a number of months and Hansa was seen as a near-equivalent. Supported by the well established Castle Lager, Hansa is the growth leader within SAB's mainstream segment.

Key focus areas

- Fortify the foundation, and strengthen productivity edge
- Engage the competitor
- Ensure key brands resonate
- Shape superior routes to market
- Ensure societal leadership

Financial summary

Beverages

	Group revenue[1] (US$m)	EBITA (US$m)	EBITA margin (%)
2009	3,955	764	19.3
2008	4,446	1,026	23.1
Change	–11%	–26%	

Sales volumes[2] (hl 000)

	Lager	Soft drinks	Other alcoholic beverages
2009	25,949	17,303	1,325
2008	26,526	16,657	1,176
Change	–2%	+4%	+13%

Hotels and Gaming

	Group revenue[3] (US$m)	EBITA[4] (US$m)	EBITA margin (%)	Revpar[5] (US$)
2009	348	122	34.9	67.4
2008	396	141	35.6	76.1
Change	–12%	–14%		–11%

1 Including share of associates.
2 Volume figures have been restated for the prior period following the revision of the group's volume definitions. Further details are provided in the Chief Financial Officer's review on page 32.
3 Share of associate.
4 In 2009 before exceptional costs of US$7 million in relation to the group's share of fair value mark to market losses on financial instruments (2008: US$nil).
5 Revenue per available room.

Beverages

Consumer spending in South Africa was hampered by high interest rates and high fuel prices in the first half of the year and by the effects of the global economic downturn in the second half. Growth in gross domestic product slowed to 3.1% in the 2008 calendar year from 5.1% in 2007, and fell 1.8% in the quarter to December 2008. Retail sales for the 11 months to February 2009 were down 0.7% year on year, while sales for the month of February were down 4.5% year on year.

Lager volumes were down 2% on the prior year, affected by a decline in both premium beer and flavoured alcoholic beverage (FAB) volumes. Fourth quarter sales volumes were further impacted by provincial legislation against the informal retail liquor trade in the Western Cape, and by the timing of Easter. The mainstream category, which accounts for the bulk of total lager sales, remained in growth despite robust price increases, supported by strong performances by both Hansa Pilsener and Castle Lager.

The mainstream category in South Africa, which accounts for the bulk of total lager sales, remained in growth, supported by strong performances by both Hansa Pilsener and Castle Lager.

430 million

Number of restyled returnable bottles introduced in South Africa

8%

Increase in marketing expenditure in South Africa

As anticipated, the loss of the Amstel brand has reduced our share of the premium category and we are revitalising our premium brand portfolio to deliver growth in this competitive environment. Cost efficiency savings are being made to reinvest in marketing and sales execution initiatives.

Soft drinks volumes grew by 4% with strong growth in sparkling soft drinks outweighing a marginal decline in alternative beverages following the discontinuation of a number of low margin fruit cordial brands. Market share gains were achieved following the launch of Coca-Cola Zero and flavoured Sparletta brands.

Revenue grew by 11% on a constant currency basis, with two price increases in each of the beer and soft drinks businesses. Despite the price increases, EBITA declined by 8% on a constant currency basis due to increased commodity and energy costs and higher inflation. The weakening of the rand against key trading currencies compounded the impact of underlying commodity price increases. Distribution costs increased only marginally due to distribution efficiencies which offset higher fuel costs. Marketing expenditure grew by 8% as we intensified our marketing and sales initiatives for competitive reasons. Increased container depreciation resulted from the company's replacement of the mainstream bottle pool, which commenced in the prior year and was completed in September 2008. EBITA was also adversely impacted by fair value movements on procurement-related foreign currency contracts.

Two premium lager brands, Grolsch and Dreher, were launched in the first half of the year, together with a new premium dry apple ale, Blakes and Doyle, expanding our premium and FAB portfolios. We continued to focus on generating excitement and appeal around existing brand equities, introducing new pack designs for Brutal Fruit, upgrading pack designs for Miller Genuine Draft, introducing new artwork for Castle Milk Stout and aligning Hansa Marzen Gold and Hansa Pilsener packaging.

Appletiser volumes were in line with prior year but the loss of the Just Juice packaging contract put margins under pressure.

Distell volumes continued to show strong growth which, combined with robust pricing and cost efficiency, helped to offset increased commodity costs to deliver improved profitability.

Hotels and Gaming

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

The gaming industry in South Africa continued to grow, albeit at a slower rate than in prior years, reflecting reduced consumer disposable income and the entry of new competition. Tsogo Sun acquired a 23% share of Gold Reef Resorts Limited, a listed operator with seven casino licences in South Africa, in October 2008.

The South African hotel industry has been negatively impacted by the economic downturn, particularly in the second half of the year, with a decline in demand in the key corporate and leisure markets. Revpar growth of 10% was achieved in constant currency as room rate increases offset the decline in occupancy. However, due to the strengthening of the dollar compared to the rand, Revpar declined 11% in US dollars.

Grolsch fills a crucial gap

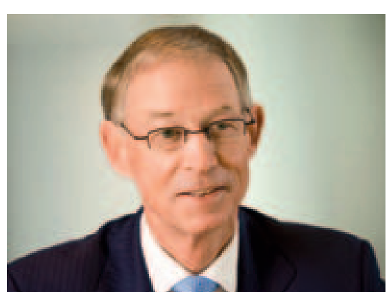
SABMiller's acquisition of Grolsch in 2008 opened opportunities around the world, not least in the South African international premium market. The SAB portfolio already included Miller Genuine Draft from the USA, Pilsner Urquell – the original pilsner from Plzen and Peroni Nastro Azzurro, with its associations of Italian style. However, the business needed a strong, northern European brand to match the credentials of its main rival. Grolsch neatly filled the gap.

Launched in South Africa in June 2008, Grolsch has been well received by trade and consumers alike. It has proved a powerful addition to SAB's portfolio of international premium brands, with potential to grow both the sector and SAB's share within it.

Although recession has slowed the expansion of South Africa's premium sector in recent months, the market continues to develop and Grolsch remains an important contributor. Longer term, it's a key element in SAB's strategy of building the premium portfolio for such time as the economy recovers and the trend to premium beers resumes its momentum.

Chief Financial Officer's review

SABMiller has delivered a resilient performance. We have successfully raised prices in response to higher raw material prices, while maintaining lager volumes, and effectively managing our fixed costs.



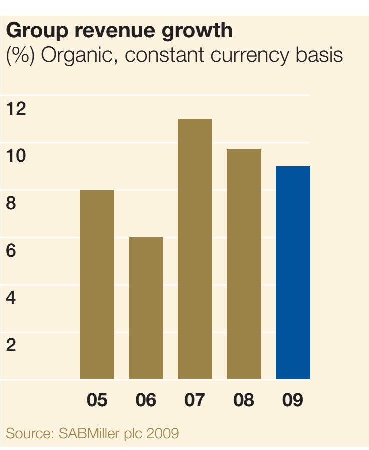
Malcolm Wyman, Chief Financial Officer

Lager: organic volume growth
(%)

10
8
6
4
2
-2
05 06 07 08 09

Source: SABMiller plc 2009

Group revenue growth
(%) Organic, constant currency basis



Source: SABMiller plc 2009

Key performance indicators (KPIs)

SABMiller has a clear strategic focus, with four strategic priorities, as noted in the Chief Executive's review. Management use a range of KPIs to monitor progress against these priorities. Some of the most important measures are detailed in the table on page 33.

Certain KPIs are discussed in further detail within the review of the year's financial performance. Financial and non-financial KPIs are also discussed in the Chief Executive's review and in the operations review.

Selected disclosures of results on an organic, constant currency basis are made to illustrate underlying performance excluding the effects of acquisitions net of disposals and changes in exchange rates. Results on an organic basis exclude the first 12 months' results in the case of acquisitions and the last 12 months' results of any disposals. Constant currency results have been determined by translating the local currency denominated results for the year ended 31 March 2009 at the exchange rates for the comparable period in the prior year.

Volumes

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

In the determination and disclosure of aggregated volumes, the group aggregates 100% of the volumes of all consolidated subsidiaries, associated companies and joint ventures. Contract brewing volumes are excluded from aggregated volumes although revenue from contract brewing is included within revenue. Aggregated volumes exclude intra-group sales volumes.

The chart adjacent shows the group's organic growth in lager volumes for each of the last five years based on the revised definition.

This year's volumes reflect the high comparable growth rates achieved last year and the weakening of consumer demand in many of SABMiller's markets, as a result of the global economic slowdown. Total volumes, including soft drinks and other alcoholic beverages volumes, grew by 1% on an organic basis and 2% on a reported basis to 260 million hl. Within this total, lager volumes at 210 million hl were up 2% on a reported basis and level on an organic basis. Particularly strong growth in lager volumes was achieved in Africa and Asia. On a reported basis, aggregated beverage volumes, including soft drinks and other alcoholic beverages, grew 10% to 359 million hl and aggregated lager volumes increased 11% to 292 million hl, reflecting the acquisitions in Europe, Africa and Asia and the MillerCoors joint venture.

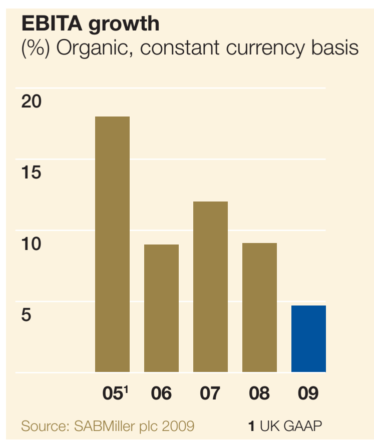
Revenue

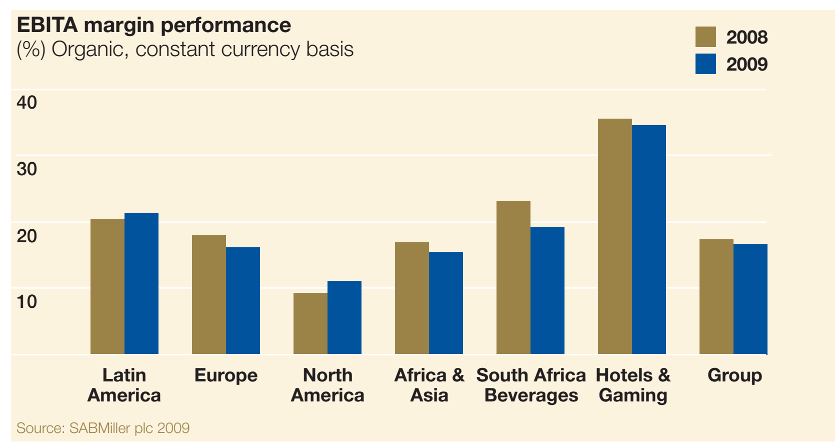
Group revenue (including the group's share of joint ventures' and associates' revenue of US$6,599 million) was US$25,302 million. This represented an increase of 9% on an organic, constant currency basis and exceeded the growth in organic volumes. Price/mix gains of 8% were achieved, with Africa and Asia and South Africa Beverages the more significant contributors.

Group revenue growth demonstrated the group's success in raising prices in response to significantly higher raw material costs despite limited volume growth, capitalising on the strength of the group's brands. The adjacent chart illustrates the organic growth in group revenue for each of the last five years with performance shown in constant currency.

Key Performance Indicators

Indicator	Definition	Performance
Organic growth in lager volumes	Organic growth in lager volumes is measured by comparing lager volumes in the year with those in the prior year excluding the effects of acquisitions and disposals (organic information is defined on page 156). Lager volumes are measured as 100% of the volumes of all consolidated subsidiaries and the group's equity accounted percentage share of the volumes of associates and joint ventures (contract brewing volumes are excluded).	**0% 2009** +6% 2008
Group revenue growth (organic, constant currency)	Growth in group revenue compared to the prior year is measured on a constant currency basis (as defined on page 156) and excluding the effects of acquisitions and disposals (organic information is defined on page 156). Group revenue is defined as revenue plus the group's equity accounted percentage share of the revenue of associates and joint ventures.	**+9% 2009** +10% 2008
Growth in volumes of premium brands	Growth in premium brand volumes is compared with the prior year. Premium brands are defined in terms of their selling price relative to the market average selling price within their local market (premium segment is defined on page 156). Volumes are measured as 100% of volumes of consolidated subsidiaries and the group's equity accounted percentage share of the volumes of associates and joint ventures.	**Latin America** **+27% 2009** +9% 2008
Volume growth of selected international and regional premium brands outside home markets	Growth in the volume of Peroni Nastro Azzurro sold (outside the home market of Italy) compared with the prior year. Volumes include 100% of volumes of all consolidated subsidiaries, associates and joint ventures.	**+17% 2009** +72% 2008
EBITA growth (organic, constant currency)	EBITA growth compared to the prior year is measured on a constant currency basis (as defined on page 156) and excluding the effects of acquisitions and disposals (organic information is defined on page 156). EBITA is defined as operating profit before exceptional items and the amortisation of intangible assets (excluding software) and includes the group's equity accounted percentage share of associates' and joint ventures' operating profit on a similar basis.	**+5% 2009** +9% 2008
EBITA margin progression	EBITA margin progression is measured by the change in bps of EBITA margin compared with the prior year. EBITA margin is EBITA (as defined above) as a percentage of group revenue (including the group's equity accounted percentage share of the revenue of associates and joint ventures).	**–110 bps 2009** 0 bps 2008
Adjusted earnings per share growth (EPS)	Growth in adjusted EPS is measured by comparing the adjusted EPS for the current year with that of the prior year. Adjusted EPS is measured using adjusted earnings divided by the basic number of shares in issue. Adjusted earnings are measured using the definition on page 156.	**–4% 2009** +19% 2008
Hectolitres of water consumed per hectolitre of lager produced	Water consumption divided by the volume of lager produced. All consolidated subsidiaries are included on a 100% basis together with the equity accounted percentage share of the MillerCoors joint venture.	**4.5 hl 2009** 4.6 hl 2008





The majority of the currencies in which the group operates weakened against the US dollar, reducing reported group revenue by 5%. The transactions completed in the financial year in the Ukraine and Russia, partially offset by the disposal of soft drinks businesses in Colombia and Bolivia, had the effect of increasing reported group revenue by 2%.

In the past five years, the group has grown revenue strongly, both on an organic basis and by acquisition. The compound annual organic growth rate in volumes was 4.6% (2008: 5.4%), and compound annual growth in group revenue was 8.6% (2008: 8.5%) over the same period.

The contribution of the US and Puerto Rico operations into the MillerCoors joint venture during the year and the resultant exclusion of the group's share of MillerCoors' revenue from the reported statutory measure of revenue has had the effect of reducing reported revenue to US$18,703 million.

Input costs

Over the past two years raw material input cost pressures have had a significant impact on our cost base. In the past year, total raw material costs have risen by 16% per hectolitre on a constant currency basis following a 9% increase in the prior year. Input cost pressures in the year were primarily driven by higher brewing raw material costs which saw malt and barley prices rising more than 32% per hectolitre on the prior year on a constant currency basis. Packaging raw materials were up high single digits on the same basis. Similarly, total cost of goods sold were up 12% on the same basis compared with a rise of 6% in the previous year reflecting the benefit of lower distribution costs in the second half of the past year when crude oil prices dropped from their peak. Local input costs have also been adversely affected by the strength of the US dollar, the predominant currency in which our raw materials are purchased.

The group takes out supply contracts for future commodity requirements and actively engages in a hedging programme to mitigate the effect of commodity price increases. Although the market prices of commodities reduced considerably in the second half of the year, the group did not benefit from these lower prices as a result of the rates and timing of its forward contracts and the hedging programme. The group expects that some benefits will be felt progressively during the second half of the forthcoming year.

EBITA

The group chooses to report EBITA in its results in order to accord with the manner in which the group is managed. SABMiller believes that the EBITA profit measures give shareholders additional information on trends and make it easier to compare different segments. Segmental performance is reported after the apportionment of attributable head office service costs.

The chart above shows the organic increase in EBITA for each of the last five years with each year's performance shown in constant currency. In the year EBITA grew 5% on an organic, constant currency basis. Reported EBITA, which includes the impact of currency movements, acquisitions and disposals, was in line with the prior year at US$4,129 million, as the effects of weaker currencies and higher input costs offset the impact of increased revenue and cost productivity and efficiency savings.

Double digit growth in organic, constant currency EBITA was achieved in Latin America, North America and Africa and Asia, enabling the group to absorb the declines in South Africa and Europe and still achieve a good overall performance for the year.

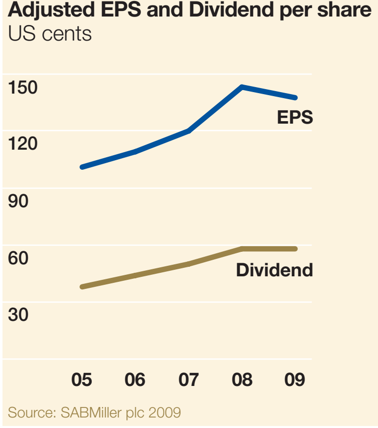
EBITA margin

The group has a strong record in protecting and developing profitability to raise the performance of local businesses as reflected in group EBITA margin trends in the chart above. In the year under review, group revenue growth and cost efficiencies were insufficient to offset fully the effects of the significant rise in input costs, together with currency weakness and consequently the group's reported EBITA margin was 110 bps lower than the prior year at 16.3%. EBITA margin on an organic, constant currency basis of 16.7% was 40 bps higher than reported EBITA margin, primarily owing to lower margins earned in acquired businesses in Europe, and 70 bps lower than prior year due to higher input costs.

Exceptional items

Items that are material either by size or incidence are classified as exceptional items. Further details on the treatment of these items can be found in note 4 to the consolidated financial statements.

Net exceptional charges of US$89 million before finance costs and tax were reported during the year (2008: net charges of US$112 million) including net exceptional charges of US$91 million (2008: US$nil) related to the group's share of joint ventures' and associates' exceptional charges. The net exceptional charge included a charge of US$110 million for integration and restructuring costs in Latin America, Europe and North America, impairment charges of US$392 million in Europe, a charge of US$9 million for the unwinding of fair value adjustments on inventory relating to the acquisition of Grolsch and a US$13 million litigation charge, partially offset by US$437 million profit on the deemed disposal of 42% of the US and Puerto Rico operations of Miller and US$89 million profit on the disposal of soft drinks businesses in Colombia and Bolivia. The group's share of joint ventures' and associates' exceptional charges of US$91 million included a charge of US$33 million related to the group's share of MillerCoors' integration and restructuring costs, a US$13 million charge for the group's share of the unwinding of fair value adjustments on inventory in MillerCoors,



a charge of US$38 million for the group's share of the impairment of the Sparks brand intangible in MillerCoors and a charge of US$7 million being the group's share of fair value mark to market losses on financial instruments in Tsogo Sun.

In addition, there was an exceptional gain in the year of US$20 million (2008: US$nil) within net finance costs relating to the early termination of financial derivatives.

In 2008 net exceptional charges of US$112 million were reported, of which US$78 million related to restructuring costs incurred in Latin America, partially offset by a net profit of US$17 million on the disposal of soft drinks businesses in Costa Rica and Colombia. In North America, costs of US$51 million were recorded in relation to retention accruals pending the completion of the MillerCoors joint venture and certain integration costs.

Finance costs and tax

Net finance costs increased to US$706 million, a 55% increase on the prior year's US$456 million. Finance costs in the current year include a net loss of US$27 million (2008: gain of US$35 million) from the mark to market adjustments of various derivatives on capital items for which hedge accounting cannot be applied. Finance costs in the year also included a US$20 million gain on the early termination of financial derivatives. The mark to market loss and the financial derivative termination gain have been excluded from the determination of adjusted finance costs and adjusted earnings per share. Adjusted net finance costs were US$699 million, up 42%. While year end net debt was favourably impacted by currency movements over the last quarter, average net debt balances during the year increased. This reflected funding of capital expenditure and the timing of the acquisitions of Grolsch, CJSC Sarmat and LLC Vladpivo. Interest cover, as defined on page 156, has decreased to 6.6 times from 9.2 times in the prior year.

The effective tax rate of 30.2% before amortisation of intangible assets (other than software), exceptional items and the adjustments to finance costs noted above, was below that of the prior year (2008: 32.5%). The key drivers were a more favourable geographic profits mix, certain statutory tax rate reductions and continuing initiatives to seek efficiency in the group's effective tax rate.

Currency

The rand declined against the US dollar during the year, ending the financial year at R9.61 to the US dollar compared with R8.15 at the start of the year, while the weighted average rand/dollar rate weakened by 20% to R8.87 compared with R7.13 in the prior year. The Colombian peso (COP) weakened by almost 29% against the US dollar compared to the prior year and ended the financial year at COP2,561 to the US dollar compared with COP1,822 at 31 March 2008. The weighted average COP/dollar rate weakened by 3% to COP2,061 from COP1,997 in the prior year.

Profit and earnings

Adjusted profit before tax of US$3,405 million decreased by 6% over the prior year primarily as a result of higher commodity costs, increased finance costs and the impact of the translation of local currency results into US dollars. On a statutory basis, profit before tax of US$2,958 million was 9% lower, including the impact of exceptional items and the adjustments to net finance costs noted above.

The group presents the measure of adjusted basic earnings per share, which excludes the impact of amortisation of intangible assets (other than software) and other non-recurring items including post-tax exceptional items, in order to present a more useful comparison of underlying performance for the years shown in the consolidated financial statements. Adjusted earnings decreased by 4% to US$2,065 million and the weighted average number of basic shares in issue for the year was 1,502 million, up marginally from last year's 1,500 million.

Adjusted earnings per share were 4% lower at 137.5 US cents. The group's adjusted earnings per share showed double-digit increases when measured in rand and sterling. On a statutory basis, basic earnings per share of 125.2 US cents were 7% lower. A reconciliation of the statutory measure of profit attributable to equity shareholders to adjusted earnings is shown in note 8 to the consolidated financial statements.

Dividends

The board has proposed a final dividend of 42 US cents to make a total of 58 US cents per share for the year – unchanged from the prior year. This represents a dividend cover of 2.4 times based on adjusted earnings per share, as described above (2008: 2.5 times). The group's guideline is to achieve dividend cover of between 2.0 and 2.5 times adjusted earnings. The relationship between the growth in dividends and adjusted earnings per share is demonstrated in the adjacent chart. Details of payment dates and related matters are disclosed in the directors' report.

Acquisitions and disposals

In June 2008 the group acquired the Russian brewer LLC Vladpivo ('Vladpivo') and in July 2008, it acquired a 99.84% interest in the Ukrainian brewer CJSC Sarmat ('Sarmat').

During the year the group acquired an effective 57% interest in Pabod Breweries ('Pabod') in Nigeria and an effective 80% interest in Voltic International Inc ('Voltic'), which has water businesses in Ghana and Nigeria. These acquisitions, together with the group's investment in southern Sudan, are held on an 80:20 basis with Castel.

In March 2009 the group acquired the 50% interest in the Vietnamese brewing business, SABMiller Vietnam JV Company, which it did not already own.

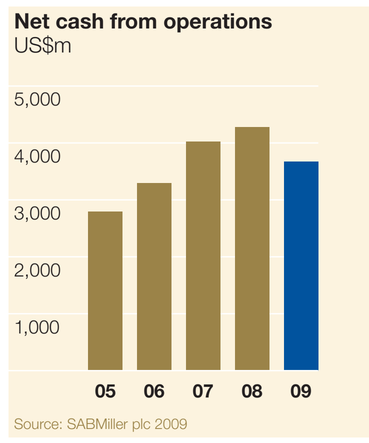
On 30 June 2008, SABMiller and Molson Coors Brewing Company announced the completion of the transaction to combine the US and Puerto Rico operations of their respective subsidiaries, Miller Brewing Company and Coors Brewing Company, in a joint venture, MillerCoors, which began operating as a combined 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.

The group completed the disposals of its water business in Colombia and its soft drinks business in Bolivia in February and March 2009 respectively.

In China, our associate, CR Snow, has continued to consolidate its position as the country's largest brewer with the purchase of a further three breweries.

Subsequent to the year end, the group has acquired the outstanding 28.1% minority interest in its Polish subsidiary, Kompania Piwowarska S.A. in exchange for the issue of 60 million ordinary shares of SABMiller plc.

Chief Financial Officer's review continued



Cash flow and investment highlights

The group has a good record of generating cash, as shown in the chart above. Net cash generated from operations before working capital movements (EBITDA) of US$4,164 million was US$354 million (8%) lower than last year. The decrease was due primarily to the reduction in EBITDA from North America following the formation of the MillerCoors joint venture, since EBITDA as defined excludes cash flows from associates and joint ventures. Dividends received from the MillerCoors joint venture (reported within cash flows from investing activities) amounted to US$454 million. EBITDA together with the MillerCoors dividends grew by 2% in the year. There has been a cash outflow from working capital of US$493 million due principally to an increase in receivables, reflecting higher pricing, selective extension of credit terms and increased sales to key accounts, and an increase in inventory mainly resulting from higher prices of commodities and the timing of Easter. As a result cash generated from operations decreased by 14% over the prior year to US$3,671 million.

Tax paid has decreased by 21% to US$766 million from US$969 million reflecting the timing of payments and one-off settlement payments in the prior year which were not repeated in the year.

The group has re-evaluated its capital expenditure programme in light of the changing consumer environment and is selectively maintaining investment to support future growth, including brewery expansions in Poland and Romania and new breweries in Russia, Angola, Mozambique, southern Sudan and Tanzania. Capital expenditure for the year has grown to US$2,073 million (2008: US$1,978 million). Capital expenditure including the purchase of intangible assets was US$2,147 million (2008: US$2,037 million). The group continues to re-evaluate its capital expenditure programme and this is expected to result in lower capital expenditure in the forthcoming year.

The following table summarises the group's funding structure at 31 March 2009:

	2009 US$m	2008 US$m
Overdrafts	**(300)**	(485)
Borrowings	**(9,308)**	(9,160)
Derivatives	**487**	(75)
Finance leases	**(10)**	(13)
Gross debt	**(9,131)**	(9,733)
Cash and cash equivalents	**409**	673
Net debt	**(8,722)**	(9,060)
Maturity of gross debt:		
Within one year	**(2,156)**	(2,062)
Between one and two years	**(101)**	(380)
Between two and five years	**(4,324)**	(3,932)
Over five years	**(2,550)**	(3,359)

Source: SABMiller plc 2009

Balance sheet profile

The group has continued to strengthen its market position through acquisitions. In addition, during the year the group contributed its US and Puerto Rico operations to create a joint venture, MillerCoors. These transactions have altered the balance sheet profile of the group and details are given in note 29 to the consolidated financial statements.

The purchase price allocation for Grolsch has been finalised during the year following its acquisition in February 2008 which has resulted in the recognition of additional intangible assets and a reduction in goodwill, as outlined in note 28 of the consolidated financial statements, and the restatement of the balance sheet as at 31 March 2008.

Total assets decreased to US$31,619 million from the prior year's US$36,082 million (restated) predominantly as a result of currency weakness. There was also an increase of US$39 million in equity earnings attributable to minorities.

Goodwill decreased by US$6,399 million, compared to the restated prior year amount, primarily as a result of the contribution of goodwill relating to the Miller business into the MillerCoors joint venture and the impact of foreign exchange rate changes on goodwill denominated in currencies other than the US dollar. In addition, goodwill was reduced by impairments in Europe, partially offset by goodwill arising on acquisitions in Europe and Africa and Asia.

Intangible assets decreased by US$1,307 million primarily reflecting foreign exchange movements on intangible assets denominated in currencies other than the US dollar, the contribution of intangible assets relating to the Miller business into the MillerCoors joint venture and amortisation.

Financial structure and liquidity

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. In this way, the group avoids over-reliance on any particular liquidity source. The group seeks to mitigate the effect of structural currency exposures by borrowing, where cost effective, in the same currency as the functional currency of its main business units. The group borrows principally in US dollars, South African rand, euros, Polish zloty and Colombian pesos at both fixed and floating rates of interest.

The group also enters into derivative transactions to manage the currency, commodities and interest rate risk arising from its operations and financing activities. It is group policy that no trading in financial instruments is undertaken.

Gross debt at 31 March 2009, comprising borrowings together with the fair value of derivative assets or liabilities held to manage interest rate and foreign currency risk of borrowings, has decreased to US$9,131 million from US$9,733 million at 31 March 2008. Net debt comprising gross debt net of cash and cash equivalents has decreased to US$8,722 million from US$9,060 million at 31 March 2008. The level of net debt benefited from the weakening of local currencies in which the debt is denominated against the US dollar in the last quarter of the year. An analysis of net debt is provided in note 27b. The group's gearing (presented as a ratio of debt to equity) has increased to 54.1% from 49.7% at 31 March 2008.

In July 2008 SABMiller plc completed a US$1,250 million bond issue. The notes have been issued pursuant to Rule 144A and Regulation S under the US Securities Act of 1933 (as amended), in two tranches: US$550 million of 5.5 year notes with a coupon of 5.7% and US$700 million of 10 year notes with a coupon of 6.5%. The net proceeds of the bond issue have been used to repay certain existing indebtedness. Also in July 2008 the group established a US$5,000 million Euro Medium Note Programme to allow the group to further diversify its sources of funding in the future although no notes have been issued under the programme at this time.

In August 2008 US$600 million 4.25% Guaranteed Notes 2008, originally issued by Miller Brewing Company but assumed by SABMiller plc on 30 June 2008, matured and were refinanced in full by a three year committed bank facility. During the year the maturity date on the US$1,000 million 364 day facility was extended from October 2008 to 7 October 2009 with a one year term-out clause.

The average loan maturity in respect of the fixed rate debt portfolio is 4.1 years (2008: 3.9 years). The weighted average interest

rate for the total gross debt portfolio at 31 March 2009 was 7.1% (2008: 7.3%) reflecting the currency profile of the debt and movements in rates during the year.

The group uses cash in hand, cash from operations and short-term borrowings to manage its liquidity. As at 31 March 2009, the group had cash and cash equivalent investments of US$409 million (2008: US$673 million).

The group's strong financial structure gives it adequate resources to facilitate ongoing business along with medium-term flexibility to invest in appropriate growth opportunities and manage the balance sheet. As a result of the aforementioned re-financings as well as the completion of a number of smaller committed facilities, the group has increased committed undrawn borrowing facilities from US$1,222 million at 31 March 2008 to US$2,093 million at 31 March 2009. The group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient undrawn financing facilities to service its operating activities and ongoing capital investment. Maturing facilities in the next 24 months include a US$300 million bond maturing in July 2009, the aforementioned US$1,000 million 364 day facility maturing in October 2009 (currently undrawn and with a one year term-out option) and a number of local bank facilities. Current committed headroom is sufficient to cover all maturing facilities over the next 16 months. The group has continued to be able to access sufficient and significant funding from a number of sources since the start of the financial crisis and expects to renew maturing facilities as they fall due.

Interest rate, foreign exchange and credit risk management

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, in order to mitigate against the impact of an upward change in interest rates, the extent to which group debt may be in floating rates is restricted to the lower of (a) 75% of consolidated net debt and (b) the amount of net borrowings in floating rates that would, with a 1% increase in interest rates, increase finance costs by an amount equal to (but not more than) 1.2% of pre-exceptional EBITDA and including the dividends received from MillerCoors. This policy excludes borrowings arising from recent acquisition activity and inflation linked debt. Based on this policy as at 31 March 2009, 35% of net borrowings were at fixed rates taking into account financial derivatives, compared with 50% in 2008.

Exposure to movements in interest rates on group borrowings is managed through interest rate swaps and forward rate agreements. A 1% move in interest rates would result in a 1.08% (2008: 0.65%) impact to EBITDA including dividends received from MillerCoors but excluding exceptional items.

Most of the group's net assets are denominated in currencies other than the US dollar with the result that the group's US dollar balance sheet can be significantly affected by currency movements. The group seeks to mitigate this impact, 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 currency swaps. Other than this, the group does not hedge translation exposures.

The group is also exposed to transactional currency risk on sales and purchases. Committed transactional exposures are fully hedged and a proportion of other transactional exposures for a period of up to 18 months are also hedged; this is principally achieved using forward exchange contracts.

The group's counterparty credit risks arise mainly from exposure to customers and financial institutions. The group limits the exposure to financial institutions arising from cash, deposits of surplus funds and derivative financial instruments by setting credit limits based on the institutions' credit ratings and generally only with counterparties with a minimum credit rating of BBB- and Baa3 from Standard & Poors and Moody's respectively. There is no significant concentration of credit risk with respect to trade receivables as the group has a large number of internationally dispersed customers.

Shareholder value

The value that a company returns to its owners is best measured by total shareholder return (TSR) – a combination of share price appreciation and dividends returned over the medium to long term. Recent measures of shareholder return have been affected by the volatility of equity indices. Nevertheless, since SABMiller moved its primary listing to the London Stock Exchange 10 years ago in 1999, the FTSE 100 has produced a TSR of –12% to 31 March 2009 (to 31 March 2008: 23%) while the group has delivered a TSR of 204% (to 31 March 2008: 215%) in sterling terms over the same period. Over the last five years the group has delivered a TSR of 87% (five years to 31 March 2008: 217%) whereas the FTSE 100 has produced a TSR of 7% (to 31 March 2008: 87%) in sterling terms over the same period.

Accounting policies and definitions

The principal accounting policies used by the group are shown as note 1 to the consolidated financial statements. Note 1 also includes recent accounting developments, none of which is expected to have a material impact on the group.

In addition, note 1 details the areas where a high degree of judgement has been applied in the selection of a policy, an assumption or estimates used. These relate to the assumptions used in impairment tests of carrying values for goodwill and intangible assets; judgements in relation to provision for taxes where the tax treatment cannot be fully determined until a formal resolution has been reached with the relevant tax authority; assumptions required for the calculation of post-retirement benefit obligations; estimates of useful economic lives and residual values for intangible assets, property, plant and equipment; judgements in relation to the fair values of assets and liabilities on acquisition; and judgements as to the determination of exceptional items.

The group's operating results on a segmental basis are set out in the segmental analysis of operations, and the disclosures are in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles.

Translation differences on non-dollar assets and liabilities are recognised in the statement of total recognised income and expense. It is not the group's policy to hedge foreign currency earnings and their translation is made at weighted (by monthly revenue) average rates.

Malcolm Wyman Chief Financial Officer

Sustainable development

Despite the difficult economic conditions we will not compromise our commitment to sustainable development. It is a core part of our business. It underpins our ability to grow and our licence to operate. We understand that our long-term profitability depends on being part of successful economies where jobs are created, incomes grow and quality of life improves.

Integrating sustainable development into business planning

Our 10 sustainable development priorities focus us on the risks and opportunities that the company faces from environmental, social and economic issues. These priorities were developed through extensive internal and external dialogue. Our approach reflects our decentralised corporate structure and style of management, allowing operations to function within a global framework while giving them the flexibility to implement programmes that best meet their local circumstances. The table on pages 40 and 41 details our 10 priorities, our progress against them in the last financial year, and our targets for the coming year.

Sustainable development is integrated into business strategy and planning at local, regional and group executive committees and reviewed by regional and group Corporate Accountability and Risk Assurance Committees (CARACs).

25% reduction

Our target for reduction in our average water use per hectolitre of lager by 2015

In 2008 we undertook further internal dialogue and analysis to understand which of the 10 priorities were most material to our businesses around the world. The exercise highlighted alcohol responsibility, water and enterprise development as the top three. Focusing our resources in this way enables us to pioneer new approaches, form productive partnerships and make a meaningful difference on issues material to our business and our stakeholders. In the last 12 months, for example, we've developed new models for managing our water resources and enterprise development and have continued to embed our new Alcohol Framework across the business.

A new water strategy

Water is a key raw material for beer. Our analysis suggests that 12 markets across all continents will face water scarcity by 2025. During the year we announced a new water strategy which takes a comprehensive approach to managing water risks within our value chain.

At the core of the strategy is a target to improve our own water efficiency by 25% per litre of lager produced, reducing consumption from 4.6 hectolitres of water per hectolitre of lager produced (hl/hl) to 3.5 hl/hl by 2015. We have also made commitments to engage with agricultural suppliers to understand the water risks they face and to work with local communities to provide clean water where we can. In addition, we are building partnerships with NGOs such as WWF and The Nature Conservancy to reduce water risk in some of the agricultural areas and watersheds where we operate.

We have also developed a robust strategy in response to the critical issue of climate change. At the heart of this strategy is a new target to reduce fossil fuel emissions from energy use on our sites by 50% per hectolitre of lager produced by 2020. We aim to achieve this through greater energy efficiency and by utilising renewable energy opportunities such as spent grains from the brewing process.

Enterprise development

Our value chains can have a major impact on national economies. As we reported last year, independent research showed that while we employed around 9,000 people directly in South Africa, nearly 380,000 depended on our value chains for their jobs – a multiple of nearly 1:40 or 3% of employment in South Africa. This year, Professor Ethan Kapstein of INSEAD Business School researched the impact of our business in Uganda. Here he found that while we employ around 430 people directly, some 44,000 depend on the value chain for employment – a factor of around 1:100. The challenge now is how we can enhance this contribution.

During the year we engaged PricewaterhouseCoopers to review our smallholder farming projects around the world. Typically, smallholder farmers own small plots of land, often less than four hectares, on which they grow crops such as barley or sorghum for use in our breweries. Our aim was to understand how these projects could best be structured, both to deliver business value and to improve their socio-economic impact. Covering five markets in Africa and India, the review concluded that the most successful projects were those based on genuine partnerships in which governments, local NGOs and international agencies played different and appropriate roles.

Our business in Africa is creating new lower cost beers for consumers who currently buy alcohol produced in the informal sector with all its associated risks of lack of regulation and dangers to health. We are striving to use locally sourced crops in our products, creating employment for both smallholder farmers and distributors. In Africa we have plans to buy crops from up to 44,000 local farmers by 2012.

Discouraging irresponsible drinking

Following the launch of our Alcohol Framework last year, we have developed a comprehensive internal alcohol education programme, which is currently being rolled out across our business. The programme provides a common platform for all our employees to further understand, debate and embrace their role in promoting alcohol responsibility in the workplace, at home and in the community. It also has a module for employees who work in marketing, trade marketing and sales to ensure that we continue to market and advertise our beers responsibly.

We launched the TalkingAlcohol.com website last year. The site provides accurate and balanced information to parents, retailers, medical and health experts, policy makers and consumers. It has been translated into six languages – Czech, Hungarian, Italian,

For our full Sustainable Development Report go to **SABMiller.com**

Protecting the watershed that supplies our brewery in Bogotá

Polish, Russian and Spanish. All of these sites have now been launched with the exception of the Italian version which will go online in the next year.

For further details refer to Principal Risks on page 10.

50% reduction

Our target for fossil fuel emissions from our on-site energy use per hectolitre of lager produced by 2020

Partnerships for sustainable growth

Any business that wants to succeed over the long term knows that flourishing, sustainable communities are at the heart of development. We support the principles of the United Nations Global Compact (UNGC) and we were a founding signatory of the UNGC CEO Water Mandate. As part of our support of the Millennium Development Goals (MDGs), we're seeking partners from civil society and government to help improve the development impact of our business activities. Through our engagement with the Business Call to Action on the MDGs, as a member of Business Action for Africa and as a partner company of the World Economic Forum, we are learning from civil society and other businesses and sharing our own insights.

Valuing and empowering our people

We attract, develop and reward people who are passionate about the growth of the business and want to make a significant contribution. We recognise our employees' desire to make a difference and seek to provide a culture of accountability, challenge and opportunity that will enable them to do so. We reward employees for their contribution and aim to provide a safe, fair and rewarding working environment.

We invest in training and development in many forms including structured courses and management and executive learning programmes delivered through the latest e-learning technologies or facilitated by leading educational institutions.

Our employees cover a vast mix of cultures, beliefs and backgrounds. We value and respect this diversity and seek to create an inclusive culture where variety is positively encouraged. We recognise that diversity is applied differently according to local norms and regulations, but we require all operations to establish policies and processes covering ethnicity, gender and disability.

Health and safety

During the year we recorded 1,310 industrial injuries, down from the 1,446 reported last year. Overall days lost through injury are down to 11,728 from 12,809 in 2008.

It is with regret that we report three employee fatalities in our business during the year. The first involved one of our sales representatives in Honduras who was killed during a robbery. In response we have established a mini-depot to reduce the number of smaller customer visits that we have to make in the area. In Malawi an employee, together with a contractor, were both killed during a robbery when returning from a sales visit. The third occurred in Angola and related to an accident at one of our operations.

Transparency and Ethics

During the year we introduced a new Code of Business Conduct and Ethics which applies to all employees. We also expect all third parties acting on our behalf to comply with this code in all their interactions. We have a whistleblowing system to alert senior management to any cases where individuals may fall short of legislation and our internal codes and standards. For further details refer to the corporate governance report on page 56.

The Sustainable Development Report is available on our website and contains a detailed overview of our activities across each of the 10 sustainable development priorities.

Colombia: Working in partnership to protect a river basin

Our Colombian business, Bavaria, is working with The Nature Conservancy and Bogotá Water Company to protect the basin that provides water to Bogotá. The basin is being seriously deforested, particularly by cattle breeders wanting to create grazing land to produce milk. Deforestation affects the local ecosystems and, while it doesn't reduce the capacity of the basin to produce water, it means that more sediment is washed into the supply. This in turn means higher costs for the water company and ultimately its customers.

Bavaria has invested US$145,000 in the project. This money will be used to develop partnerships with the cattle breeders to improve their production methods and reduce sedimentation in the river.

Overview of progress

Our 10 sustainable development priorities focus on the opportunities and risks resulting from the overall impact of our activities – environmental, social and economic. The table below shows why we consider each to be a priority, the progress we've made and our future direction

Discouraging irresponsible drinking	Making more beer with less water	Reducing our energy and carbon footprint	Packaging reuse and recycling	Working towards zero-waste operations
Why it is a priority Our beer adds to the enjoyment of life for the overwhelming majority of consumers. We care about the harmful effects of irresponsible alcohol consumption and we engage stakeholders and work collectively with them to address irresponsible consumption.	**Why it is a priority** Water quality and availability are under threat in some parts of the world. We aim to be more efficient in our water use, understand our watersheds and engage with our suppliers. This will cut costs, reduce risks and benefit local communities.	**Why it is a priority** We use energy to produce and transport our products. We must become more efficient, manage our carbon footprint and explore cleaner sources of energy. This will save money and resources and reduce our greenhouse gas emissions.	**Why it is a priority** Packaging protects our products but has wider impacts. By reducing the weight of our packaging, reusing bottles and encouraging recycling, we're saving money and raw materials and reducing pressure on local waste services.	**Why it is a priority** Much of our waste can be a valuable resource for farmers and food producers as well as a potential energy source. We aim to minimise the amount of waste we send to landfill, so saving money and reducing its environmental impact.
Targets we set last year ■ Conduct an alcohol education programme for all SABMiller employees. ■ Continue to engage with key alcohol stakeholders at the local and international level. ■ Launch a website to provide accurate and balanced resources on alcohol for our consumers, employees and other interested stakeholders.	**Targets we set last year** ■ Improve water efficiency. ■ Undertake watershed mapping exercises for around 30 sites in areas at risk of long-term water stress. ■ Undertake a detailed water footprinting exercise to evaluate the water use in our supply chain.	**Targets we set last year** ■ Improve energy efficiency. ■ Develop a flexible carbon footprinting tool to evaluate the carbon impact of business decisions such as choice of packaging material or distribution method. ■ Partner Coca-Cola to trial 'eKO' low greenhouse gas emission fridges in our soft drinks division in South Africa.	**Targets we set last year** ■ Trial biodegradable shrink-wrap in further markets with different climate conditions e.g. South Africa. ■ Identify more sustainable packaging materials and inks. ■ Evaluate recycling and reuse infrastructure for markets which may introduce PET packaging.	**Targets we set last year** ■ Reduce the percentage of waste going to landfill. ■ Investigate new opportunities for our brewing wastes, including renewable energy.
Progress we have made ■ Strengthened internal capabilities by developing a comprehensive employee alcohol education programme. Training of employees continues. ■ Engaged with a range of stakeholders including the WHO. ■ Launched TalkingAlcohol.com website to provide accurate and balanced information.	**Progress we have made** ■ Developed new water strategy. ■ Agreed new global water target i.e. reduce water used per hectolitre of lager by 25% by 2015. ■ Improved water efficiency to 4.5 hl/hl. ■ Undertook watershed mapping in approximately 30 sites. ■ Completed detailed value chain water footprinting exercise in South Africa.	**Progress we have made** ■ Established new carbon strategy and target i.e. reduce fossil fuel emissions from our sites per hectolitre of lager by 50% by 2020. ■ Improved energy efficiency to 143 MJ/hl lager. ■ Developed carbon footprinting tool – now deployed throughout European brewing operations. ■ Trialled low-carbon fridges in South Africa.	**Progress we have made** ■ Biodegradable shrink-wrap trial successfully completed in South Africa. ■ PET recycling and reuse infrastructure research begun but not completed. ■ Researched sustainable packaging material and inks to determine their potential.	**Progress we have made** ■ Percentage of waste we reuse or recycle has reduced to 89%, this is partly due to improved data collection and reporting. ■ Formed partnership with UK Government and University of Nottingham to look at generating energy from spent grains.
Targets for this year ■ Continue with the alcohol education training programme for all SABMiller employees. ■ Continue regular engagement with independent experts on alcohol-related issues. ■ Promote TalkingAlcohol.com to more stakeholders.	**Targets for this year** ■ Make progress towards new global water target. ■ Undertake detailed value chain water footprint in the Czech Republic. ■ Develop new stakeholder partnerships to address water supply and quality risks. ■ Invest in a total of four new waste water treatment plants within our African, European and Latin American regions.	**Targets for this year** ■ Make progress towards new carbon target. ■ Develop renewable energy toolkit for our operations. ■ Improve our management of carbon in distribution and retail refrigeration.	**Targets for this year** ■ Extend the evaluation of recycling and reuse PET infrastructure with market reviews in Honduras, Romania, South Africa, USA and Zambia. ■ Develop bottle selection tool to assist lightweighting.	**Targets for this year** ■ Investigate more ways to reuse brewery waste. ■ Increase percentage of waste recycled/reused in line with aspiration to achieve a zero-waste brewery system.
www.sabmiller.com/alcoholresponsibility	www.sabmiller.com/water	www.sabmiller.com/energy	www.sabmiller.com/packaging	www.sabmiller.com/waste

Encouraging enterprise development in our value chains

Why it is a priority
We recognise that our influence extends beyond our own immediate operations to include those of our value chain partners – for example, suppliers of raw materials and distributors of our products.

Targets we set last year
- Review our smallholder farmer programmes to understand the business and social value added and expand and improve their impact.
- Include social, ethical and environmental criteria in evaluating suppliers of raw materials such as packaging.

Progress we have made
- PricewaterhouseCoopers (PwC) review of smallholder farmers completed and report published.
- Created new enterprise development model reflecting best practice.
- Developed and launched smallholder farming project toolkit.
- We continued to communicate our Responsible Sourcing Principles to suppliers.

Targets for this year
- Publish analysis of the economic impact of our activities in the value chain in Honduras and Uganda.
- Increase number of smallholder farmers within our value chain.

www.sabmiller.com/enterprisedevelopment

Benefiting communities

Why it is a priority
The prosperity of communities and that of our operations are co-dependent. Our corporate social investment (CSI) activities aim to improve the quality of life for local people, helping us to build strong relationships with communities, consumers and our employees.

Targets we set last year
- Improve the focus of our activities on our strategic CSI issues of water, enterprise development and HIV/Aids.
- Continue to expand our entrepreneurship programmes and identify the value added to improve the quality of these activities.

Progress we have made
- Increased our focus on the global priorities of water and enterprise development.
- Undertook internal review of entrepreneurship programmes and developed best-practice guide.

Targets for this year
- Expand scope and funding of our entrepreneurship development programmes.
- Develop water CSI programme for Africa.

www.sabmiller.com/communities

Contributing to the reduction of HIV/Aids

Why it is a priority
The HIV/Aids pandemic is particularly relevant to our operations in Africa. We have programmes in place for our employees and their families and are developing programmes for local communities and suppliers where appropriate. These initiatives are helping to ensure the wellbeing of our staff and the stability of our workforce.

Targets we set last year
- Increase participation of employees and their spouses in annual voluntary counselling and testing (VCT).
- Increase the percentage of HIV-positive spouses and dependants on managed healthcare programmes.
- Increase number of peer educators in our businesses.

Progress we have made
- Increased the percentage of employees and spouses participating in annual VCT.
- Of the spouses forecast to be HIV-positive, 20% are now on managed healthcare programmes.
- Increased the number of peer educators by 47%.

Targets for this year
- Further increase percentage of HIV-positive employees and spouses on our managed healthcare programme.
- Undertake an updated cost/benefit analysis of our HIV/Aids programmes.

www.sabmiller.com/hivaids

Respecting human rights

Why it is a priority
We conduct our business with respect for national cultures and different local laws, norms and traditions. We promote the values of the international community, notably the Universal Declaration of Human Rights.

Targets we set last year
- Introduce our new Code of Business Conduct and Ethics.
- Contribute to human rights dialogues on a national and global level.

Progress we have made
- New Code of Business Conduct and Ethics launched and rolled out across the group.
- Engaged in human rights dialogues in Colombia and elsewhere.

Targets for this year
- Engage in community impact studies of the value chains of our soft drinks business in El Salvador and Zambia.
- Participate in international dialogues on the basic right to water through UN CEO Water Mandate.

www.sabmiller.com/humanrights

Transparency and ethics

Why it is a priority
There is both a demand and an opportunity for companies to be more transparent about their sustainable development (SD) performance. We're committed both to transparent SD reporting and to high ethical standards in general. To this end, we have a Code of Business Conduct and Ethics which applies to all employees. We also expect all third parties acting on our behalf to comply with this code in all their interactions.

Targets we set last year
- Conduct detailed investigations into sustainable development issues throughout the value chain in four of our emerging markets.
- Improve qualitative dialogue between operations through training sustainable development champions within each region.

Progress we have made
- Conducted detailed investigations in 10 markets through internal reviews and PwC farming review.
- Began training sustainable development champions.

Targets for this year
- Train regional sustainable development champions through web seminars with leading experts.
- Continue stakeholder dialogues on alcohol, water and enterprise development.

www.sabmiller.com/transparency

Board of directors

Graham Mackay (59) ● ▲
BSc (Eng), BCom
Chief Executive

Graham Mackay joined The South African Breweries Limited (SAB Ltd) 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 director of Philip Morris International Inc.

Malcolm Wyman (62) ● ▲
CA (SA)
Chief Financial Officer

Malcolm Wyman joined SAB Ltd in 1986, and joined the board as Group Corporate Finance Director in 1990. He was appointed to the board of South African Breweries plc upon its listing on the London Stock Exchange in 1999.

He became Chief Financial Officer in 2001, with responsibility for the group's finance operations, corporate finance and development, and group strategy. Prior to joining SAB Ltd, he was an Executive Director of UAL Merchant Bank, South Africa.

Meyer Kahn (69) ● ■
BA (Law), MBA, DCom (hc), SOE
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 SAB Ltd 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.

Geoffrey Bible (71) ■
FCA (Aust), ACMA

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. He is a member of the board of Trian Acquisition 1 Corp.

John Manzoni (49) ● ◆
BEng, MEng, MBA

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 advisory board of the Stanford Graduate School of Business and the Accenture Energy Advisory Board.

Miles Morland (65) ■ ◆ ❖

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 Chairman of Indochina Capital Vietnam Holdings, a director of The Dubai Group, Ukraine Opportunity Trust plc, SouthWest Energy (BVI) Ltd, and of various companies investing in the emerging world.

Dambisa Moyo (40)
Ph.D, MPA, MBA, BSc

Dambisa Moyo joined the board in June 2009. She is an economist and commentator on international aid strategies and economics, and worked at Goldman Sachs for eight years in the debt capital markets, hedge fund coverage and global macro-economics teams. Previously she 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 Alejandro Pérez Dávila (46)
BA, MPhil

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. and the Queen Sofia Spanish Institute. He was previously an investment banker at Goldman Sachs & Co., S.G. Warburg & Co. and Violy, Byorum & Partners.

- ● Corporate accountability and risk assurance committee (CARAC)
- ▲ Executive committee
- ■ Nomination committee
- ◆ Remuneration committee
- ❖ Audit committee

Dinyar Devitre (62) ❖
BA (hons), MBA

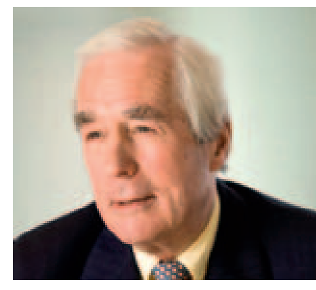
Dinyar Devitre joined the board in 2007 as a nominee of Altria Group, Inc. He is a member of the board of Altria. Between April 2002 and March 2008 he was Senior Vice President and Chief Financial Officer of Altria and prior to his appointment to this position had held a number of senior management positions within the Altria group. He is a director of Western Union Company and a special advisor to General Atlantic LLC. He was a director of Kraft Foods Inc. from 2002 until March 2007. He serves as a Trustee of the Asia Society and the Brooklyn Academy of Music and is a director of the Lincoln Center for the Performing Arts, Inc.

Liz Doherty (51) ❖
BSc (hons), FCMA

Liz Doherty joined the board in 2006. She is Chief Financial Officer of Brambles Limited. Prior to joining Brambles in December 2007 she was Group International Finance Director of Tesco PLC. Before joining Tesco in 2001, she held a number of commercial and strategic positions in Unilever PLC, including Senior Vice President Finance – Central & Eastern Europe, Financial Director – Unilever Thai Holdings and Financial Director, Frigo, España.

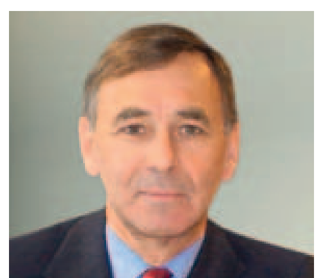
Robert Fellowes (67) ● ■ ◆ ❖

Lord Fellowes joined the board in 1999. He is Chairman of Barclays Private Bank (Barclays Wealth) and was Private Secretary to the Queen from 1990 until 1999, having joined the Royal Household in 1977 from a career in the London Money Market. He is a trustee of the Rhodes Trust and the Mandela-Rhodes Foundation. He is also on the board of the British Library.



John Manser (69) ● ■ ◆ ❖
CBE, DL, FCA

John Manser joined the board in 2001. He is Chairman of Intermediate Capital Group plc and Shaftesbury PLC and Deputy Chairman of Colliers CRE plc. 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.



Rob Pieterse (66) ●

Rob Pieterse joined the board in 2008. He is chairman of the supervisory boards of Mercurius Groep B.V., and Royal Grolsch N.V. He is a member of the supervisory boards of Essent N.V. and CSM N.V. He serves on the boards of VEUO, the association of Dutch listed companies, and of EuropeanIssuers.

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 November 2007 and January 2009.

Cyril Ramaphosa (56) ● ■
Bproc LLD(hc)

Cyril Ramaphosa joined the board of SAB Ltd 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 Executive Chairman of Shanduka Group, Joint Non-Executive Chairman of Mondi plc and Mondi Limited and holds directorships in Macsteel Global B.V., MTN Group Ltd, The Bidvest Group, Standard Bank and Alexander Forbes. He also serves on the board of the Commonwealth Business Council.

Alejandro Santo Domingo Dávila (32) ■
BA

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 and is also a member of the board of the US-based DKMS Americas Foundation.

Executive committee

The executive committee (excom) is appointed by the Chief Executive. It comprises the Chief Financial Officer, divisional managing directors and directors of group functions. Its purpose is to support the Chief Executive in carrying out the duties delegated to him by the board. In that context, excom co-ordinates brand and operational execution and delivers strategic plans and budgets for the board's consideration. It also ensures that regular financial reports are presented to the board, that effective internal controls are in place and functioning, and that there is an effective risk management process in operation throughout the group.

Norman Adami (54)
BBusSc (hons), MBA
Managing Director and Chairman, SAB Ltd

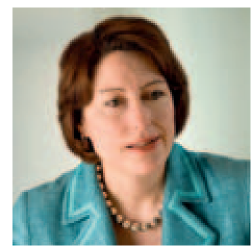
Norman Adami was reappointed Managing Director and Chairman of The South African Breweries Limited (SAB Ltd) in October 2008. He first joined SAB Ltd in 1979 and has held a number of senior positions in the group. These include Regional Director, Operations Director, Managing Director and Chairman, SAB Ltd, President and Chief Executive Officer, Miller Brewing Company and President and Chief Executive Officer, SABMiller Americas.

Mark Bowman (42)
BCom, MBA
Managing Director, SABMiller Africa

Mark Bowman was appointed Managing Director of SABMiller Africa in October 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 (ABI) (now the Soft Drinks Division of SAB Ltd) and Chairman of Appletiser.

Alan Clark (49)
MA, DLitt et Phil
Managing Director, SABMiller Europe

Dr Clark was appointed Managing Director, SABMiller Europe in 2003. He joined 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, ABI 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 (45)
BSc (hons), MBA
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.

John Davidson (50)
MA, BCL (Oxon)
General Counsel and Group Company Secretary, SABMiller plc

John Davidson joined the group as General Counsel and Group Company Secretary in 2006. Before joining the group, he spent his entire legal career at Lovells, a leading international law firm, where he had been a partner since 1991. He has worked on numerous projects for SABMiller since Lovells was first appointed as the group's principal UK legal adviser in 1998, including the London listing in 1999, the Miller, Peroni and Bavaria Group transactions, and various bond and equity financings.

Nick Fell (55)
BA (hons)
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 (51)
BA (hons)
Director: Supply Chain & Human Resources, SABMiller plc

Tony van Kralingen was appointed Director: Supply Chain & Human Resources for the SABMiller 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 & Chief Executive Officer, Plzeňský Prazdroj a.s. and, most recently, Chairman and Managing Director: SAB Ltd. He is accountable for the Global Technical function and Chairman of the Global Sourcing Council.

Ari Mervis (45)
BCom
Managing Director, SABMiller Asia

Ari Mervis was appointed Managing Director of SABMiller Asia in 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.

Barry Smith (59)
BSc, MBA
President, SABMiller Latin America

Barry Smith was appointed President, SABMiller Latin America in 2007 and prior to this he was President, SABMiller South America from 2005. He joined SAB Ltd in 1984 and has held a number of senior positions in the group. These include Marketing Director, SAB Ltd, Managing Director, Kompania Piwowarska S.A. and Senior Vice President, Market Development and Strategy, Miller Brewing Company.

Directors' report

The directors have pleasure in submitting their report to shareholders, together with the audited annual financial statements for the year ended 31 March 2009.

Principal activities and business review

SABMiller plc is a holding company which has brewing and beverage interests across six continents. The principal subsidiaries, associates and joint ventures of the company are listed in note 34 to the consolidated financial statements. The principal activities of the group are the manufacture, distribution and sale of beverages.

The company is required by the Companies Act 2006 to produce a fair review of the business of the group including a description of the principal risks and uncertainties it faces, its development and performance during the year and the position of the group at the end of the year. The business review, including a review of the development and performance of the group during the financial year, its position at the end of the year, likely future developments in the business of the group, key performance indicators and a description of the principal risks and uncertainties facing the group, is set out on pages 4 to 37 of this annual report. Other key performance indicators and information relating to environmental matters, employee matters and social and community issues required by the business review are set out in the sustainable development review on pages 38 to 41 of this annual report.

Significant acquisitions, disposals, financing transactions, investments and material developments during the year.

In May 2008 the company announced that it had agreed to acquire a 99.84% interest in the Ukrainian brewer CJSC Sarmat. The acquisition was subject to approval by the Ukrainian competition authorities and completed in July 2008.

Also in May 2008 the company announced that it had reached an agreement in principle with Anheuser-Busch ('AB') to acquire the US import rights for the Grolsch brand which AB had acquired prior to the company's acquisition of Grolsch. This agreement was concluded in July 2008, with the rights being transferred to the group's US joint venture, MillerCoors, with effect from 1 August 2008.

In June 2008 the company announced that, subject to customary pre-closing conditions, it had agreed to acquire the Russian brewer LLC Vladpivo. Those conditions were satisfied the same month.

On 1 July 2008 MillerCoors began operating as a combined entity. The company and Molson Coors Brewing Company had signed a definitive agreement to combine the US and Puerto Rico businesses of their subsidiaries, Miller and Coors, in December 2007. Closing of the transaction was subject to obtaining regulatory clearance and this was obtained in June 2008 after the US Department of Justice completed its antitrust review. SABMiller has a 58% economic interest in MillerCoors and Molson Coors has a 42% economic interest. Voting interests are shared equally.

Also in July 2008 the company announced the completion of a US$1,250 million bond issue. The notes were issued in two tranches, US$550 million of 5.5 year notes with a coupon of 5.7% and US$700 million of 10 year notes with a coupon of 6.5%. The net proceeds of the offering were used to repay existing indebtedness. In the same month the company announced the establishment of a US$5,000 million Euro Medium Term Note Programme to allow the group to further diversify its sources of funding in the future. No notes have been issued under the programme at this time.

In August 2008 the company announced that its Colombian subsidiary Bavaria S.A. had agreed to dispose of its Agua Brisa bottled water business and assets to Coca-Cola FEMSA and The Coca-Cola Company for a consideration of US$92 million. The sale, which was subject to approval by the Colombian competition authorities and other customary pre-closing conditions, was completed in February 2009.

In December 2008 the group acquired an interest in Pabod Breweries in Nigeria and in the following month agreed to acquire an interest in Voltic International Inc. Voltic has water businesses in Ghana and Nigeria. In accordance with an agreement with Castel, Castel subsequently acquired an interest in the holding company of Pabod and Voltic and at year end the group held a 57% effective interest in Pabod and an 80% effective interest in Voltic.

In January 2009 the company announced that its Romanian subsidiary, Ursus Breweries ('Ursus'), had acquired a 71% interest in the Romanian brewer Bere Azuga. The acquisition was subject to approval by the Romanian competition authorities and this was granted after 31 March 2009. In accordance with local securities laws, Ursus will launch a mandatory public tender offer for the shares it does not own as soon as regulatory approval is given.

Also in January 2009 the company announced the establishment of a guaranteed medium-term note programme by SABMiller plc and its wholly-owned subsidiary, Racetrack Perú S.A. The maximum aggregate principal amount of notes that may be outstanding at any time under the programme is PEN 1,500 million (approximately US$500 million) although no notes have yet been issued under the programme. Should any notes be issued in the future, the company expects they will be admitted to the Official List of the UK Listing Authority and admitted to trading on the Professional Securities Market of the London Stock Exchange.

In February 2009 China Resources Snow Breweries Limited ('CR Snow'), an associate of the company and a subsidiary of China Resources Enterprise, Limited, announced that it had agreed to acquire three breweries in the Anhui, Liaoning and Zhejiang provinces of China in three separate transactions. CR Snow acquired the respective brewing assets of Anqing Tianzhu Beer Company Limited, Liaoning Songlin Brewery Group Company Limited and Zhejiang Luck Beer Company Limited through three newly-formed subsidiaries in which it owns 80%, 85% and 100% equity interests respectively.

In March 2009 CR Snow announced that it had agreed to acquire the brewing assets of Shandong Hupo Brewery through the formation of a new joint venture. CR Snow will initially own a 90% equity interest, and plans to acquire the additional 10% within three years of the formation of the joint venture.

Also in March 2009 the company announced that it had acquired the residual 50% interest in SABMiller Vietnam JV Company Limited held by its joint venture partner Vietnam Dairy Products Joint Stock Company.

In the same month the company announced that subsidiaries of Bavaria S.A. had completed the sale of Bebidas y Aguas Gaseosa Occidente SRL, its Pepsi bottling operations in Bolivia, to subsidiaries of Quilmes Industrial S.A. (Quinsa), a subsidiary of Anheuser-Busch InBev SA/NV, for a total consideration of US$27 million.

Post balance sheet events

In May 2009 the company acquired the outstanding 28.1% minority interest in its Polish subsidiary, Kompania Piwowarska S.A. from Kulczyk Holding S.A. ('Kulczyk') in exchange for 60 million new SABMiller shares. Following completion of the transaction on 29 May 2009, Kulczyk held approximately 3.82% of the enlarged issued ordinary share capital of SABMiller.

Dividends

An interim dividend of 16 US cents per share was paid to shareholders on 5 December 2008, in respect of the year ended 31 March 2009. Details of the final dividend proposed by the board for the year ended 31 March 2009 are set out below:

Amount of final dividend proposed by the board:	42 US cents per share
Total proposed dividend for the year ended 31 March 2009:	58 US cents per share

If approved, the final dividend will be payable to shareholders on either section of the register at 21 August 2009 in the following way:

Dividend payable on:	28 August 2009
Currency of payment:	South African rands – to shareholders on the RSA section of the register,
	US dollars – to shareholders shown as having an address in the USA and recorded on the UK section of the register (unless mandated otherwise),
	Pounds sterling – to all other shareholders on the UK section of the register.
Ex-dividend dates:	17 August 2009 for shares traded on the JSE Limited, South Africa.
	19 August 2009 for shares traded on the London Stock Exchange (LSE).

The rate of exchange for conversion from US dollars will be calculated on 30 July 2009 and published on the RNS of the LSE and the SENS of the JSE Limited on 31 July 2009.

Note 9 to the consolidated financial statements discloses dividends waived.

Directors

The names and biographical details of the current directors are set out on pages 42 and 43. With the exception of Mr Pieterse (who was appointed to the board on 15 May 2008) and Dr Moyo (who was appointed to the board on 1 June 2009) all directors served throughout the period. Both Lord Renwick and Ms Ramos also served on the board during the period. Lord Renwick served as a director of the company until his retirement on 31 July 2008. Ms Ramos was appointed to the board on 15 May 2008 but, in consequence of her accepting an appointment as Group Chief Executive of ABSA Group Limited in South Africa, was unable to continue to act as a director of the company and resigned with effect from 26 February 2009. Details of the interests in shares and/or options of the directors who held office during the period and any persons connected to such directors are set out in the remuneration report on pages 57 to 65.

Corporate governance

The directors are committed to maintaining high standards of corporate governance, which they see as fundamental to discharging their stewardship responsibilities. The board strives to provide the right leadership, strategic oversight and control environment to produce and sustain the delivery of value to all of the company's shareholders. The board applies integrity, principles of good governance and accountability throughout its activities and each director brings independence of character and judgement to the role.

All of the members of the board are individually and collectively aware of their responsibilities to the company's stakeholders. Statements of our application of the Combined Code on Corporate Governance are set out in the corporate governance report on pages 49 to 56 and the remuneration report on pages 57 to 65.

Share capital

During the year, the issued ordinary share capital of the company increased from 1,505,779,276 shares of 10 US cents each to 1,585,366,969 shares of 10 US cents each. 2,219,355 new ordinary shares were issued to satisfy the exercise of options granted under the SABMiller plc Mirror Executive Share Purchase Scheme, the SABMiller plc Approved Executive Share Option Scheme, the SABMiller plc Executive Share Option (No. 2) Scheme and the SABMiller plc International Employee Share Scheme.

In connection with the unwinding of the Safari structure during the year, as referred to in last year's directors' report and notice of annual general meeting, 77,368,338 non-voting convertible participating shares of 10 US cents each in the capital of the company were converted into ordinary shares and were acquired by the company on 26 February 2009, and are now held as treasury shares within the meaning of Section 162A(3) of the Companies Act 1985.

In addition, the company has 50,000 deferred shares of £1 each in issue. No non-voting convertible participating shares, convertible participating shares or deferred shares were issued during the year.

Purchase of own shares

At the last annual general meeting, shareholder authority was obtained for the company to purchase its own shares up to a maximum of 10% of the number of ordinary shares in issue on 14 May 2008. This authority is due to expire at the earlier of the next annual general meeting or 31 October 2009, and remains exercisable provided that certain conditions relating to the purchase are met. The notice of annual general meeting proposes that shareholders approve a resolution updating and renewing the authority allowing the company to purchase its own shares.

Shares in the company were purchased during the year by the trustee of the company's employee benefit trust, details of which are provided in the remuneration report. Additionally, as noted above, in connection with the unwinding of the Safari structure the company acquired 77,368,338 shares which it now holds as treasury shares. While the total consideration paid for these shares amounted to US$1,176,875,166, the whole amount of the consideration was paid between group companies. The company did not repurchase any further shares during the year for the purpose of cancellation, holding in treasury or for any other purpose.

Annual general meeting

The company's annual general meeting for 2009 will be held at the InterContinental London Park Lane, One Hamilton Place, London, W1V 7QY, UK at 11:00 am on Friday 31 July 2009. Notice of this meeting may be obtained from the company's website.

Donations

During the year the group invested US$34.8 million in corporate social investment programmes, of which US$8,865,000 represented charitable donations. Of this amount US$994,302 were charitable donations made by the company and Miller Brands (UK) Limited for the benefit of various causes, both in the UK and overseas, comprising donations in respect of community development, health and education, the environment and other causes. This included a donation of US$84,448 made to the Down's Syndrome Association, a charity registered in England and Wales (during her time in office Ms Ramos waived all board and committee fees due to her and asked that a donation equivalent to those fees be made by the company to this charity).

It remains the group's policy that political donations are only made by exception, and where permitted by local laws, and must be consistent with building multi-party democracy.

In March 2009 the board announced, following due consideration, that the group would provide funding to political parties in the 2009 South African elections. These contributions amounted to US$0.6 million (R5 million) and were distributed across six parties. The group made contributions at the same level in the run up to the 1999 and 2004 elections and has not made any other political donations in South Africa outside of the national election cycle. It is the board's belief that great strides have been made in recent years to foster a vibrant, multi-party democracy in South Africa and SABMiller is proud to have made a contribution to that achievement.

Miller Brewing Company made contributions to individual candidates for political office and to party committees in the USA, where permitted by applicable campaign finance laws. Political donations in the USA are an accepted part of the local socio-political environment. These contributions amounted to US$245,312 in aggregate.

The group's subsidiary in El Salvador made donations totalling US$160,000 to a number of parties participating in the legislative and presidential elections. Additionally, a donation of soft drinks to the value of US$4,822 was made to support volunteers of the various political parties during the election process. In Honduras the group's subsidiary donated soft drinks to the value of US$3,579 to participants in the primary elections for the benefit of volunteers assisting during the elections.

The board has reaffirmed the group's policy not to make donations to political organisations in the European Union.

Employment, environmental and social policies

The aim of the group is to be the employer of choice in each country in which it operates. In order to achieve this, each operating company designs employment policies which attract, retain and motivate the highest quality of staff.

The group is committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement. Within the constraints of local law, it is our policy to ensure that everyone is treated equally, regardless of gender, colour, nationality, ethnic origin, race, disability, marital status, sexual orientation, religion or trade union affiliation. In the event of employees becoming disabled, efforts are made to allow them to continue in their role, or a suitable alternative role, through making reasonable adjustments.

All employees of all SABMiller group companies must adhere to a refreshed code of business conduct and ethics. This sets out our core principles of business conduct and ethics, including being fair and ethical in all our dealings and treating people with dignity and respect. The group is committed to the 10 principles of the United Nations Global Compact. This framework sets out universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. The company's website sets out these principles and the group's progress towards them.

The group is committed to regular communication and consultation with employees and encourages employee involvement in the performance of the company. During the year the group launched a quarterly global newsletter. The newsletter is distributed to all of the group's businesses to help inform employees about what is happening in our businesses globally. Further information is provided to employees at a regional/country level by way of newsletters and electronic communication. Certain employees throughout the group are eligible to participate in the group's share incentive plans.

The sustainable development review on pages 38 to 41 gives an overview of the progress on the group's 10 environmental and social sustainable development priorities.

Research and development

To ensure improved overall operational effectiveness, the group places considerable emphasis on research and development in its global technical activities. This enables us to develop new products, packaging, processes and manufacturing technologies. Good progress was made in the group's on-going research in the key areas of raw materials, brewing, flavour stability, packaging materials and energy and water saving. Our total investment in research and development in the year under review was US$7 million (2008: US$9 million).

Payment of suppliers

The group's policy is to pay invoices in accordance with the terms of payment agreed in advance. At the year end, the amount owed by the group to trade creditors was equivalent to 36.3 days (2008: 32.8 days) of purchases from suppliers.

Overseas branches

The company does not have any branches registered overseas.

Going concern and audit

Page 66 details the directors' responsibilities for preparing the consolidated financial statements. As set out in that statement the directors are satisfied that SABMiller plc is a going concern.

So far as each director is aware, there is no relevant audit information of which the group's auditors are unaware, and each director has taken all the steps necessary that he or she ought to have taken as a director in order to make himself or herself aware of the relevant audit information and to establish that the group's auditors are aware of that information.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and resolutions proposing their re-appointment and authorising the board to set their remuneration will be submitted to the forthcoming annual general meeting.

Directors' indemnities

The company has granted rolling indemnities to the directors, uncapped in amount, in relation to certain losses and liabilities which they may incur in the course of acting as directors of the company or of one or more of its subsidiaries. The Company Secretary and Deputy Company Secretary have also been granted indemnities, on similar terms, covering their roles as Company Secretary and Deputy Company Secretary respectively of the company and as directors or as company secretary of one or more of the company's subsidiaries. The board believes that it is in the best interests of the group to attract and retain the services of the most able and experienced directors and officers by offering competitive terms of engagement, including the granting of such indemnities.

The indemnities were granted at different times according to the law in force at the time and where relevant are categorised as qualifying third-party indemnity provisions as defined by Section 309B of the Companies Act 1985 and Section 234 of the Companies Act 2006. They will continue in force for the benefit of directors and officers for as long as they remain in their positions.

Substantial shareholdings

Details of notifications received by the company in accordance with the Disclosure and Transparency Rules as at 1 June 2009 and of persons with significant direct or indirect holdings known to the company at year end are set out in the ordinary shareholding analyses on page 157 of this annual report.

Financial instruments

Information on the financial risk management objectives and policies of the group and details of the group's exposure to price risk, credit risk, liquidity risk and cash flow risk are contained in Note 22 to the consolidated financial statements.

Other Companies Act disclosures

The company does not have any contractual or other arrangements that individually are essential to the business of the company.

Following the implementation of the Takeovers Directive into UK law, the directors' report is required to disclose certain additional information, irrespective of whether the company is involved in a takeover situation.

The structure of the company's share capital, including the rights and obligations attaching to each class of share and the percentage of the share capital that each class of share comprises, is set out in Note 25 to the consolidated financial statements. There are no securities of the company that grant the holder special control rights.

At year end the company's employee benefit trust held 5,746,387 ordinary shares in the company. By agreement with the company, the trustees do not exercise the voting rights attached to these shares.

The directors are responsible for the management of the business of the company and may exercise all the powers of the company subject to the company's memorandum and articles of association and relevant statutes. Powers of the directors relating to the issuing and buying back of shares are set out in the articles of association. Such powers are subject to renewal by the shareholders of the company each year at the annual general meeting.

The company's articles of association give the board of directors power to appoint directors. The articles of association may be amended by special resolution of the shareholders. Directors appointed by the board are required to submit themselves for election by the shareholders at the next annual general meeting of the company. Additionally, as disclosed in the corporate governance report on pages 49 to 56, Altria Group, Inc ('Altria') and BevCo Ltd ('BevCo') have power under their respective relationship agreements with the company to nominate directors for appointment to the board and certain committees. These relationship agreements also regulate processes applicable in relation to the acquisition or disposal of shares by Altria and BevCo.

The company's articles of association allow directors, in their absolute discretion, to refuse to register the transfer of a share in certificated form which is not fully paid or the transfer of a share in certificated form on which the company has a lien. If that share has been admitted to the Official List, the board may not refuse to register the transfer if this would prevent dealings in the company's shares from taking place on an open and proper basis. They may also refuse to register a transfer of a share in certificated form unless the instrument of transfer is lodged, duly stamped (if stampable), at the address at which the register of the company is held or at such other place as the directors may appoint, and (except in the case of a transfer by a financial institution where a certificate has not been issued in respect of the share) is accompanied by the certificate for the share to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer, is in respect of only one class of share and is in favour of not more than four transferees jointly.

Transfers of shares in uncertificated form must be made in accordance with and subject to the Uncertificated Securities Regulations (the 'Regulations'), the facilities and requirements of the relevant CREST system and such arrangements as the board may determine in relation to the transfer of certificated shares (subject to the Regulations).

Transfers of shares listed on the JSE Limited ('JSE') in uncertificated form must be made in accordance with, and subject to, the Securities Services Act 2004, the Rules and Directives of the JSE and STRATE Ltd. Certificated shares may be transferred prior to dematerialisation, but share certificates must be dematerialised prior to trading in the STRATE environment.

In addition, subject to the Regulations, and each Act and statutory instrument concerning and affecting companies for the time being in force, and in exceptional circumstances approved by the FSA, the board may refuse to register a transfer of a share (including a fully paid share) if the refusal does not disturb the market in the company's shares.

Pursuant to the company's code for securities transactions, directors and persons discharging managerial responsibilities require, and employees may in certain circumstances require, approval to deal in the company's shares.

No shareholder shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him/her to the company in respect of that share remains unpaid. In addition, no shareholder shall be entitled to vote if he/she has been served with a notice after failing to provide the company with information concerning interests in those shares required to be provided under Section 793 of the Companies Act 2006. Restrictions on the rights of the holders of convertible shares and deferred shares are set out in Note 25.

Votes may be exercised in person, by proxy, or in relation to corporate members by a corporate representative. The deadline for delivering proxy forms is 48 hours before the time for holding the meeting.

The company is also required to disclose any significant agreements that take effect, alter or terminate upon a change of control following a takeover bid. The company has a number of facility agreements with banks which contain provisions giving rights to the banks upon a change of control of the company. A change of control of the company would also give The Coca-Cola Company certain rights under its bottling agreements with various subsidiaries of the company. Similarly, in certain circumstances a change of control may give China Resources Enterprise, Limited the ability to exercise certain rights under a shareholder agreement in relation to the company's associate CR Snow. A change of control may also give the Molson Coors Brewing Company the ability to exercise certain rights under the MillerCoors operating agreement.

The company does not have any agreements with any director or officer that would provide compensation for loss of office or employment resulting from a takeover.

Listing Rules disclosures: related party transaction

On 13 May 2009, the company agreed to acquire the outstanding 28.1% minority interest in the company's Polish subsidiary, Kompania Piwowarska S.A., from Kulczyk Holding S.A. in exchange for 60 million new ordinary shares in the company. The acquisition was completed on 29 May 2009, and Kulczyk Holding S.A. now holds 3.82% of the company's enlarged issued ordinary share capital (excluding treasury shares). Based upon SABMiller's closing share price on Wednesday, 13 May 2009, of £12.20 per share and an exchange rate of £1=US$1.52, the value of the consideration for the transaction was US$1,110 million. Kulczyk Holding S.A. was a related party of SABMiller because it is a member of a group of companies connected to Dr Jan Kulczyk, who at the time the transaction was entered into was a non-executive director and member of the supervisory board of Kompania Piwowarska S.A.

John Davidson
General Counsel and Group Company Secretary
For and on behalf of the board of SABMiller plc
1 June 2009

Corporate governance

1. The directors' report on corporate governance

The directors are committed to maintaining high standards of corporate governance, which they see as fundamental to discharging their stewardship responsibilities. The board strives to provide the right leadership, strategic oversight and control environment to produce and sustain the delivery of value to all of the company's shareholders. The board applies integrity, principles of good governance and accountability throughout its activities and each director brings independence of character and judgement to the role. All of the members of the board are individually and collectively aware of their responsibilities to the company's stakeholders and the board keeps its performance and core governance principles under regular review.

The principal governance rules applying to UK companies listed on the London Stock Exchange are currently contained in the Combined Code on Corporate Governance adopted by the Financial Reporting Council in June 2006 (the Combined Code).

This report describes the board's approach to corporate governance and explains how it applies the Combined Code.

2. Application of the Combined Code

The board applied the principles and provisions of the Combined Code throughout the year ended 31 March 2009, except in the following respects:

a) for the first six weeks of the year, from 1 April to 14 May 2008, at least half the board, excluding the Chairman, were not independent for the purposes of the Combined Code. In furtherance of the board's commitment to the progressive renewal of its membership, two new independent directors, Ms Ramos and Mr Pieterse, were appointed and joined the board on 15 May 2008. With effect from 15 May 2008 therefore, and throughout the rest of the year to 31 March 2009, at least half of the board, excluding the Chairman, were independent for the purposes of the Combined Code.

b) the audit committee did not consist solely of independent directors, as the committee included Mr Devitre, an Altria Group, Inc. ('Altria') nominee, who is not independent for the purposes of the Combined Code.

The only non-executive directors (excluding the Chairman) who do not meet the independence requirements of the Combined Code are those four directors who were nominated by the company's major shareholders pursuant to agreements entered into in connection with transactions which were approved by the company's shareholders. The terms of these agreements (which also account for the audit committee not consisting solely of independent directors) are described more fully below.

3. Board of directors: composition and independence

Since the year end, a further independent non-executive director, Dr Dambisa Moyo, has been appointed to the board. This appointment enhances the independence and balance of the board, and continues the process of progressive renewal. Biographical details of Dr Moyo are included on page 42.

The board currently consists of the Chairman (Mr Kahn); eight independent non-executive directors (including Lord Fellowes, the Senior Independent Director); four non-executive directors who are not considered to be independent; and two executive directors (Mr Mackay, the Chief Executive, and Mr Wyman, the Chief Financial Officer). Biographical information concerning each of the directors is set out on pages 42 and 43.

The size and certain aspects of the composition of the board and of the audit, nomination and corporate accountability and risk assurance committees are determined primarily by the terms of our relationship agreement with Altria, which was originally approved by shareholders in 2002 as part of the Miller transaction, and was amended, with shareholders' approval, in 2005 as part of the Bavaria transaction, and by the terms of our relationship agreement with BevCo Ltd ('BevCo'), a holding company of the Santo Domingo Group, which was approved by shareholders in 2005 as part of the Bavaria transaction.

The agreement with Altria limits the size of the board to a maximum of 15 directors, of whom no more than two are to be executive directors, up to three are to be non-executive directors nominated by Altria, up to two are to be non-executive directors nominated by BevCo, and up to eight are to be non-executive directors appointed by the board. The agreement with BevCo allows BevCo to nominate up to two non-executive directors for appointment to the board.

The board is grateful to Altria for its indulgence in permitting for the time being the maximum number of directors allowed under the relationship agreement to be exceeded, in order to assist the company to meet the requirements of the Combined Code. Altria has also for the time being elected not to exercise its right to nominate a third director for appointment to the board.

Altria and BevCo have each exercised their right under their respective agreements to nominate one director for appointment to the nomination committee. BevCo has the right to nominate one director for appointment to the corporate accountability and risk assurance committee (CARAC) (although it has not exercised this right), and Altria has the right to nominate one director for appointment to the audit committee (which it has exercised).

The board considers eight directors – Ms Doherty, Lord Fellowes, Mr Manser, Mr Manzoni, Mr Morland, Dr Moyo, Mr Pieterse and Mr Ramaphosa – to be independent for the purposes of the Combined Code. The board considers four non-executive directors not to be independent for the purposes of the Combined Code: Mr Bible and Mr Devitre, as they are nominees of Altria, the company's largest shareholder; and Mr Santo Domingo and Mr Pérez, as they are nominees of the Santo Domingo Group, the company's second largest shareholder. The Chairman, Mr Kahn, who is a former chief executive of the company and has served continuously on the board, or on the board of the company's predecessor, since 1981 (although he has been a director of the company only since 1999) and, as Chairman, is deemed not to be independent under the Combined Code.

For ease of reference, directors' independence status for Combined Code purposes is indicated in the table on page 50.

Lord Renwick of Clifton retired from the board on 31 July 2008 after nine years of distinguished service as a non-executive director. Ms Maria Ramos and Mr Rob Pieterse were appointed to the board on 15 May 2008 as independent non-executive directors, but in consequence of her subsequent appointment as Group Chief Executive of ABSA Group Limited in South Africa, Ms Ramos was most regrettably unable to continue to act as a director of the company and was obliged to resign from the board on 26 February 2009. With effect from 1 June 2009, the board has appointed Dr Moyo as an additional independent non-executive director, to replace Ms Ramos.

The board continues to believe that its overall composition remains appropriate, having regard in particular to the independence of character and integrity of all of its directors, and the experience and skills which they bring to their duties.

It is now 10 years since the company listed on the London Stock Exchange. SABMiller has been fortunate to retain the services of several distinguished non-executive directors – the Chairman, Lord Fellowes, Mr Morland and Mr Ramaphosa – for the entire period. They have provided considerable stability to the board since the listing in 1999 and the board has benefited greatly from the presence of individuals who have over time gained valuable insight into the group, its markets and the industry. The provisions of the Combined Code require the board to consider, where a director has served for a period of more than nine years, whether that director continues to be independent. In respect of each of the three independent directors (Lord Fellowes, Mr Morland and Mr Ramaphosa) the board has considered specifically whether their length of service has compromised their independence. In each case the board has determined that the director concerned remained independent of character and judgment and that there were no relationships or circumstances which were likely to affect, or could appear to affect, the director's judgment, and that the independence of character and judgment of each of the directors concerned was not in any way affected or impaired by length of service. The board has also conducted a rigorous review of the performance of the Chairman, Lord Fellowes, Mr Morland and Mr Ramaphosa and considers that each of these directors brings invaluable integrity, wisdom and experience to the board and that they continue to contribute positively to board and committee deliberations. Therefore, the board is entirely satisfied as to the performance and continued independence of judgement of each of these directors.

Under the Combined Code, directors who have served for more than nine years are required to stand for annual re-election and, in line with the board's prior determination that they should do so, each of the Chairman and Lord Fellowes, Mr Morland and Mr Ramaphosa will again offer himself for re-election for a term of one year. The board does not consider it to be in the interests of the company or shareholders to require all directors who have served for nine years or longer to retire at the same time and strongly favours ensuring continuity and stability through orderly succession. As noted, Lord Renwick retired from the board on 31 July 2008 following nine year's service to the board. With the recent and unexpected resignation of Ms Ramos and her replacement having been recruited very recently, the board considered that the retirement of another experienced long-serving director this year would be undesirable and would not be in the interests of the company or its shareholders.

While recognising the benefits of the experience and stability brought by its long-standing directors, the board remains committed to the progressive renewal of board membership, having acted during the year to bring about the appointment of Ms Ramos, Mr Pieterse and Dr Moyo.

The board considers that the composition of the audit committee remains appropriate, given Altria's interest as the company's largest shareholder, and is satisfied that, having regard to the terms of the relationship agreement between the company and Altria, and the experience and background in financial matters of Mr Devitre, the independence and effectiveness of the audit committee in discharging its functions in terms of the Combined Code continue to be considerably enhanced and not compromised.

4. How the board operates

4.1 Board meetings and attendance

During the year there were six board meetings. Individual directors' attendance at board and committee meetings and at the annual general meeting is set out in the table below. In the few instances where a director has not been able to attend a board or committee meeting, any comments which he or she has had arising out of the papers to be considered at that meeting have been relayed in advance to the relevant chairman.

Directors' attendance (1 April 2008 to 31 March 2009) and committee memberships

		Board		Audit		Remuneration		Nomination		CARAC		
	Independent*	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	AGM
J M Kahn	N/A	6	6					1	1	2	2	✓
E A G Mackay	×	6	6							2	2	✓
M I Wyman	×	6	6							2	2	✓
G C Bible	×	5	6					0	1			✓
D Devitre	×	5	6	4	4							✓
M E Doherty	✓	6	6	4	4							✓
Lord Fellowes	✓	6	6	4	4	4	4	1	1	2	2	✓
P J Manser	✓	6	6	4	4	3	4	1	1	2	2	✓
J A Manzoni	✓	6	6			3	4			2	2	✓
M Q Morland	✓	6	6	4	4	4	4	1	1			✓
C A Pérez Dávila	×	6	6									✓
R Pieterse	✓	4	4							2	2	✓
M C Ramaphosa	✓	6	6					1	1	2	2	✓
M Ramos	✓	4	4	3	3							✓
Lord Renwick	×	3	3									✓
A Santo Domingo Dávila	×	6	6					1	1			✓

* considered to be independent for Combined Code purposes

- Mr Bible was unable to attend one meeting of the board and one meeting of the nomination committee as a result of the illness of a family member.
- Mr Devitre was unable to attend one meeting of the board as a result of a clash with an Altria board meeting.
- Mr Manser was unable to attend one meeting of the remuneration committee as a result of illness.
- Mr Manzoni was unable to attend one meeting of the remuneration committee as a result of a longstanding prior engagement.
- Dr Moyo is not included in the table as she joined the board with effect from 1 June 2009.

4.2 Operation of the board

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 monthly and quarterly performance reporting and budget updates. In addition, the board receives regular presentations, on a rotational basis, from the divisional managing directors as well as from directors of key group functions (marketing; corporate affairs; supply chain and human resources; and legal) enabling it to explore specific issues and developments in greater detail.

Board and committee meetings are held in an atmosphere of intellectual honesty of purpose, integrity and mutual respect, requiring reporting of the highest standard by management and direct, robust and constructive challenge and debate among board and committee members.

4.3 Matters reserved for the board

There is a schedule of matters which are dealt with exclusively by the board. These include approval of financial statements; the group's business strategy; the annual capital expenditure plan; major capital projects; major changes to the group's management and control structure; material investments or disposals; risk management strategy; social and environmental policy; and treasury policies.

The board governs through clearly mandated board committees, accompanied by monitoring and reporting systems. Each standing board committee has specific written terms of reference issued by the board and adopted in committee. The terms of reference of the audit, remuneration and nomination committees are available on the company's website or, on request, from the Company Secretary. All committee chairmen report orally on the proceedings of their committees at the next meeting of the board, and the minutes of the meetings of all board committees are included in the papers distributed to board members in advance of the next board meeting.

4.4 Conflicts of interest

From 1 October 2008, directors have been required to avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. As permitted by the Companies Act 2006, the articles of association of the company were amended at the 2008 Annual General Meeting to allow the board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. Procedures have been put in place for the disclosure by directors of any such conflicts and for the appropriate authorisation to be sought if a conflict arises. These procedures have been operating effectively.

4.5 The roles of executive and non-executive directors

The executive directors are responsible for proposing strategy and for making and implementing operational decisions. Non-executive directors complement the skills and experience of the executive directors, bring an independent judgement and contribute to the formulation of strategy, policy and decision making through their knowledge and experience of other businesses and sectors.

4.6 Information and training

The board and its committees are supplied with full and timely information, including detailed financial information, to enable directors to discharge their responsibilities. All directors have access to the advice of the Company Secretary. Independent professional advice is also available to directors in appropriate circumstances, at the company's expense, and the committees have been provided with sufficient resources to undertake their duties. None of the directors has sought independent external advice through the company. The Company Secretary is responsible for advising the board, through the Chairman, on matters of corporate governance.

Following the appointment of new directors to the board, directors are briefed on the duties they owe as directors to the company and tailored induction programmes are arranged which involve industry-specific training and include visits to the group's businesses and meetings with senior management, as appropriate. New directors are briefed on internal controls at business unit level and are advised of the legal and other duties they have as directors of a listed company as well as on relevant company policies and governance-related matters. The company arranges for major shareholders to have the opportunity to meet new appointees. The company is also committed to the continuing development of directors in order that they may build on their expertise and develop an ever more detailed understanding of the business and the markets in which group companies operate. Members of board committees are encouraged to attend internal and external briefings and courses on aspects of their respective committee specialities and regular updates on relevant legal, regulatory, corporate governance and technical developments are presented to committee members and, as appropriate, to the board.

4.7 Outside appointments

Non-executive directors may serve on a number of outside boards provided that they continue to demonstrate the requisite commitment to discharge effectively their duties to SABMiller. The nomination committee keeps the extent of directors' other interests under review to ensure that the effectiveness of the board is not compromised. The board is satisfied that the Chairman and each of the non-executive directors commit sufficient time to the fulfilment of their duties as Chairman and directors of the company, respectively.

The board believes, in principle, in the benefit of executive directors and members of the executive committee accepting non-executive directorships of other companies in order to widen their experience and knowledge for the benefit of the company. Accordingly, executive directors and members of the executive committee are permitted to accept external non-executive board appointments, subject to the agreement of the board, and are allowed to retain any fees received from such appointments.

Mr Mackay is a non-executive director of Reckitt Benckiser Group plc and is the Senior Independent Director and a member of the remuneration committee of that company. He is also a member of the board of Philip Morris International Inc. and serves on its compensation and leadership development, finance and product innovation and regulatory affairs committees. Fees earned by Mr Mackay from his appointments are set out in the remuneration report on page 62. The board is satisfied that these duties do not impinge on Mr Mackay's commitment and ability to discharge fully his duties to the company, and that his service on the boards of two global consumer product companies which operate in many of the developed and emerging markets in which the company also has businesses gives Mr Mackay additional insight and knowledge which enhance his ability to fulfil his duties as Chief Executive of the company. Mr Mackay is currently the only executive director or member of the executive committee serving on the board of another public company.

4.8 Chairman, Chief Executive and Senior Independent Director

The roles of Chairman and Chief Executive are separate with responsibilities divided between them. This separation of responsibilities is formalised in their respective letters of appointment, approved by the board. There were no significant changes to the Chairman's external commitments during the year.

The Chairman is available to consult with shareholders throughout the year and, in the month prior to the annual general meeting, he also invites major shareholders to meet with him to deal with any issues. The board is kept informed of the views of shareholders through regular updates from the Chairman, the Company Secretary and the executive directors, as well as through the inclusion in the board papers of reports on commentaries of, and exchanges with, shareholders and investor bodies.

The Senior Independent Director is Lord Fellowes. Lord Fellowes is chairman of CARAC, and also serves on the audit, remuneration and nomination committees. He is therefore well placed to influence the governance of the company and to meet his responsibilities as Senior Independent Director. Lord Fellowes serves as an additional contact point for shareholders should they feel that their concerns are not being addressed through the normal channels. Lord Fellowes is also available to fellow non-executive directors, either individually or collectively, to discuss any matters of concern in a forum that does not include executive directors or the management of the company. In the year under review, the Chairman hosted a meeting of the non-executive directors without the executive directors present. Lord Fellowes has, in addition, held a meeting of non-executive directors without the presence of the Chairman at which, among other things, the performance of the Chairman was discussed.

4.9 Board, committee and director performance evaluation

A formal evaluation of the performance and effectiveness of the board and of the audit, remuneration, nomination and corporate accountability and risk assurance committees is carried out each year, led by the Chairman, with input from the Senior Independent Director and in consultation with other directors and the Company Secretary. The process was this year facilitated by completion by each director of a detailed questionnaire examining the effectiveness and operation of the board and its committees. Dr Moyo was not included in this process, which had been completed before she joined the board.

The performance of the Chief Executive is reviewed by the remuneration committee and this review is shared with and considered by the board. The performance of the Chief Financial Officer is reviewed by the Chief Executive and the remuneration committee, and reported on to the board by the remuneration committee. Each non-executive director's performance is evaluated by the Chairman, in consultation with the Senior Independent Director, who in turn consults with the executive directors and the Company Secretary. The Chairman's performance is evaluated against the same criteria by the Senior Independent Director, the non-executive directors and the Company Secretary, taking into account the views of the executive directors.

In considering the contribution of individual directors for the year under review, performance was assessed against the company's selected criteria of strategy, expertise in their field, ethics and governance factors, commitment, profile, knowledge of the industry and team contribution, culminating in an overall contribution rating. The Chairman was satisfied that the performance criteria used adequately covered all of the appraisal factors suggested by the Higgs Report, with the exception of 'Attendance and preparation'. He was satisfied all directors attained a high level of attendance and preparation. A rating scale of 'Poor', 'Below Average', 'Average', 'Above Average' and 'Fully Satisfactory' was used in assessing directors' performance against the criteria. The performance and contribution of each director was assessed as either 'Above Average' or 'Fully Satisfactory', while recognising the importance of the different roles played by individual directors in bringing a balanced overall view to the board. In reviewing the performance of the board and its committees, the Chairman and the Senior Independent Director were aligned in their conclusion that, measured against the principal duties expected of it, the board (including by extension its standing and ad hoc sub-committees) continued to operate effectively and to meet in full its obligations to support management, to monitor performance across a wide area, and to maintain its strategic oversight.

In a meeting of the Chairman, the Senior Independent Director, the committee chairmen and the Company Secretary, the results of the performance and effectiveness evaluations conducted in respect of the board, each of the directors, the Chairman, the Senior Independent Director and each of the board's four standing committees were reviewed. Regarding the board committees, each of the committee chairmen expressed their views regarding the operation of his committee against its terms of reference and the performance and effectiveness of that committee. These views were discussed in an open and constructive manner with recommendations arising from the discussions being brought forward to the board and the respective committees. It was agreed that the minor matters which had been identified through the director questionnaire process as requiring further consideration would be addressed. The conclusion of this meeting was that the board was balanced and operated effectively and that the board committees discharged their duties under which their respective terms of reference operated effectively. Each of the directors and the Chairman had been assessed to be performing at least satisfactorily and continued to demonstrate commitment to their respective roles and to devote sufficient time to the fulfilment of their duties.

The results of the performance and effectiveness assessment process as outlined above were reviewed in full and approved by the board.

At the forthcoming annual general meeting four directors, Mr Bible, Ms Doherty, Mr Pérez and Mr Santo Domingo are required to seek re-election in accordance with the company's articles of association, having served for three years since their last election. As previously mentioned, the Chairman, Lord Fellowes, Mr Morland and Mr Ramaphosa have each served continuously on the board for more than nine years and, accordingly, offer themselves for re-election annually.

The Chairman confirms that each of the directors offering themselves for re-election continues to perform effectively and to demonstrate commitment to their role. In addition, the Chairman confirms that in relation to each of the directors who will have served for over nine years, the board is satisfied with their performance and has determined that the length of their service does not compromise their independence. Lord Fellowes, as Senior Independent Director, confirms that the Chairman continues to perform effectively and to demonstrate commitment to his role.

Biographical details of Dr Moyo, who is standing for election, and of the directors who are standing for re-election, are included on pages 42 and 43 of this report.

4.10 Retirement of directors

New directors are subject to election at the first annual general meeting following their appointment, and directors are subject to retirement and re-election by shareholders every three years. The reappointment of non-executive directors is not automatic. The board has determined that non-executive directors who have served for nine years will be asked to stand for re-election annually, provided that the board remains satisfied both with the director's performance and that nine years' continuous service does not compromise the director's continuing independence.

4.11 The Company Secretary

The Company Secretary acts as secretary to the board and its committees and he attended all meetings during the year under review.

5. The board's committees and the executive committee

5.1 The executive committee

The board delegates responsibility for determining and implementing the group's strategy and for managing the group to the Chief Executive, Mr Graham Mackay, who is supported by the executive

committee (excom), which he chairs. Excom members are appointed by Mr Mackay. The other members of excom are the Chief Financial Officer, Mr Wyman; the divisional managing directors responsible for managing the group's regional hubs (Latin America, Europe, Africa and Asia); the Managing Director of The South African Breweries Limited; the directors of key group functions (marketing; corporate affairs; and supply chain and human resources); and the General Counsel and Group Company Secretary. Excom's purpose is to support the Chief Executive in carrying out the duties delegated to him by the board and, in that context, excom co-ordinates brand and operational execution, delivers strategic plans, budgets and financial reports for the board's consideration and, through the Chief Executive, reports on these matters to the board.

Excom also ensures that effective internal controls are in place and functioning, and that there is an effective risk management process in operation throughout the group.

5.2 The disclosure committee

The disclosure committee consists of the Chairman, the Chief Executive, the Chief Financial Officer, a designated non-executive director (Lord Fellowes), 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, and to ensure that the routes of communication between excom 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 company is able to comply fully with its continuing obligations under the Disclosure and Transparency Rules and the Listing Rules.

5.3 The audit committee

During the year under review, the audit committee was chaired by Mr Manser, who has been chairman of the committee since May 2002. Mr Manser qualified as a chartered accountant in 1964 and was made a Fellow of the Institute of Chartered Accountants in 1976. Further biographical information concerning Mr Manser is set out on page 43.

Lord Fellowes, Mr Morland, Mr Devitre and Ms Doherty served on the committee throughout the year. Mr Morland has been a member of the committee from its first meeting on 13 April 1999. Lord Fellowes was appointed to the committee on 1 June 2001, Ms Doherty on 1 April 2006 and Mr Devitre on 16 May 2007. Ms Ramos was appointed to the committee with effect from 31 July 2008 and served until her resignation on 26 February 2009. The Chairman has recent and relevant financial experience, as does Ms Doherty, who is Chief Financial Officer of Brambles Limited and was previously Group International Finance Director of Tesco PLC, and Mr Devitre, having until 31 March 2008 held the position of Chief Financial Officer of Altria. The committee met four times during the year. The external auditors, the Chief Executive, the Chief Financial Officer and the Chief Internal Auditor attended each meeting by invitation. Other members of the management team attended as required.

The work of the committee during the year included consideration of the following matters:

- in respect of the 2008 year end: the annual financial statements and the preliminary announcement before their submission to the board for approval, including consideration of the group on a going concern basis, with particular reference to balance sheet and treasury considerations;
- the interim financial statements and interim announcement;
- reports from the external auditors on the annual and interim financial statements; approval of the audit plan and fee proposal for the 2009 year end;
- developments in accounting standards and the group's responses;
- the progress of the year's internal audit programme and matters arising;
- the effectiveness of the internal audit function;
- progress achieved during the year to position the group to achieve substantive compliance with section 404 of the US Sarbanes-Oxley Act (although the company is not an SEC registrant and is not required to comply with Sarbanes-Oxley standards);
- the results of the group's bi-annual letters of representation and management's investigation and follow-up of any instances of non-compliance;
- the internal control environment and risk management systems and the group's statement on internal control systems, prior to endorsement by the board;
- material litigation affecting the group;
- the recommendation to the board of the reappointment of PricewaterhouseCoopers LLP as the external auditors; and
- the terms of reference and the effectiveness of the committee.

The audit committee reports its activities and makes recommendations to the board. During the year, the audit committee discharged its responsibilities as they are defined in the committee's terms of reference, and has been engaged in ensuring that appropriate standards of governance, reporting and compliance are being met. The committee has advised the board on issues relating to the application of accounting standards as they relate to published financial information. During the year the Chief Internal Auditor left the company to pursue other career opportunities. While a permanent replacement is being recruited, an Interim Chief Internal Auditor has been appointed. The committee has been fully involved in this process.

The Chief Internal Auditor (including the Interim Chief Internal Auditor), has direct access to the committee, primarily through its chairman. The committee has access to subsidiary company internal audit leadership. The reports of the divisional audit committees are also available to the audit committee.

During the year, the committee met with the external auditors and with the Chief Internal Auditor without management being present.

5.4 The nomination committee

During the year, the nomination committee was chaired by Mr Kahn. Lord Fellowes, Mr Bible, Mr Manser, Mr Morland, Mr Ramaphosa and Mr Santo Domingo were members of this committee throughout the year. The committee is empowered to consider the composition of the board and its committees. It is asked to consider the retirement, appointment and replacement of directors, and is required to make appropriate recommendations to the board.

The nomination committee has continued to evaluate the balance of skills, knowledge and experience of the board and is committed to the progressive renewal of the board through orderly succession. Appropriate succession plans for the non-executive directors, for the executive directors and for senior management were also kept under review.

Where non-executive vacancies arise, the committee may use the services of external consultants in order to identify suitable candidates for the board to consider. Candidates are shortlisted for consideration by the nomination committee on the basis of their relevant corporate or professional skills and experience. In accordance with the terms of the relationship agreement with Altria, the only executive directors appointed to the board are the Chief Executive and the Chief Financial Officer.

5.5 The remuneration committee

The committee consists entirely of independent directors: Mr Morland (Chairman), Lord Fellowes, Mr Manzoni and Mr Manser.

The committee is empowered by the board to set short-term and long-term remuneration for the executive directors. More generally, the committee is responsible for the assessment and approval of a broad remuneration strategy for the group and for the operation of the company's share-based incentive plans. This includes determination of short-term and long-term incentives for executives across the group.

The remuneration committee has implemented its strategy of ensuring that employees and executives are rewarded for their contribution to the group's operating and financial performance at levels which take account of industry, market and country benchmarks. To ensure that the executives' goals are aligned to those of the company, share incentives are considered to be critical elements of executive incentive pay. During the year, the committee engaged the services of consultants, Kepler Associates. These consultants have no other connection with the company. At levels below the company's executive committee, the company's management consults, among others, Hay Consulting and Towers Perrin, on a project basis.

Specifically, during the year the work of the remuneration committee included:

- reviewing trends in UK executive remuneration and governance;
- reviewing the key elements of the group's long-term incentive schemes (including peer comparator group composition);
- considering and approving for submission to the company's shareholders new share option plans (to replace the then existing plans which had been due to expire);
- reviewing benchmarking methodologies and outcomes;
- reviewing and approving performance hurdles for short and long-term incentive awards;
- reviewing and approving long-term incentive awards for executive committee members;
- reviewing and approving total remuneration for the executive directors; and
- reviewing and approving the draft remuneration report.

More details of the company's remuneration policy can be found in the remuneration report on pages 57 to 65.

5.6 The corporate accountability and risk assurance committee (CARAC)

Lord Fellowes chaired the committee throughout the year. Mr Kahn, Mr Mackay, Mr Manser, Mr Manzoni, Mr Ramaphosa and Mr Wyman served as members for the entire period. Mr Pieterse joined the committee on 31 July 2008. Additionally, the Director of Corporate Affairs, Ms Clark, met regularly with the chairman of CARAC to discuss implementation and planning issues, and attended all meetings of the committee.

The objective of CARAC is to assist the board in the discharge of its responsibilities in relation to corporate accountability, including sustainable development, corporate social responsibility, corporate social investment and ethical commercial behaviour. More details of the committee's activities can be found in the sustainable development review section of this report and in the company's separate Sustainable Development Report which is available on the company's website and, upon request, in hard copy.

During the year, the CARAC focused on company-specific and industry issues which are critical to protecting the company's licence to operate.

6. Relationship with auditors

PricewaterhouseCoopers were appointed as auditors of the company on 8 February 1999, subsequently becoming PricewaterhouseCoopers LLP (PwC) in 2003.

The company has in place a formal policy on auditor independence and non-audit services, with which the external auditors are required to comply, to ensure that the independence of the auditors is not impaired by the nature of non-audit work. The policy stipulates work which is permitted or not permitted to be performed by the auditors, and provides for appropriate approval and oversight processes. As a further safeguard, PwC confirm in a formal report to the audit committee that processes to ensure compliance with this policy are in place and that these processes are monitored regularly. This report includes a statement that, in their opinion, PwC believe that the nature of its non-audit services has not impaired the audit of the company. Note 3 to the consolidated financial statements has a breakdown of non-audit services provided to the group by the auditors for the year under review.

The audit committee is satisfied that, for the period under review, the independence of the auditors has not been affected by the provision of non-audit services.

The committee has also implemented a formal system for the review of the effectiveness of the external auditors. This process involves the external auditors presenting to the committee their proposed audit strategy followed by the output of their initial discussions with management. At the audit committee meeting in May, the external auditors present the output of their detailed year-end work. In making its assessment of external auditor effectiveness, the committee reviews the audit engagement letters before signature by management, reviews the external auditors' summary of group and subsidiary issues and management's response to the summary, and conducts an overall review of the effectiveness of the external audit process and the external auditors. This review is facilitated by the use of templates that rate effectiveness across 18 critical criteria.

7. Relations with shareholders

During the year, the company has continued to promote dialogue with its major institutional shareholders. All shareholders were again encouraged to attend the annual general meeting, which provides shareholders with the opportunity to ask questions of the board and chairmen of all the board committees. All resolutions were put to a poll at the annual general meeting in 2008. Voting at the meeting was conducted electronically, with the results being published on the Regulatory News Service and on the company's website.

Alongside the facilities offered by the Company Secretary's department, the company maintains a dedicated investor relations function which reports to the Director of Corporate Affairs. The investor relations team builds and maintains long-term relationships with institutional investors and analysts and, in partnership with our corporate and divisional management teams and within the scope of regulatory constraints, gives presentations on regional business outlooks and strives to ensure that these are understood across the global equity markets in subsequent one-to-one meetings with investors. Occasional business site visits are also arranged. Dialogue on socially responsible investment is handled by the Head of Sustainable Development in the corporate affairs department, who undertakes focused briefings with interested investors and stakeholders.

In addition to scheduled management-led programmes in which executives interact with investors and analysts, the Chairman has,

independently, initiated formal contact with all shareholders (or their representatives) holding more than 1% of the issued share capital of the company. The purpose of this contact is to enable the Chairman to address any queries shareholders may have regarding the governance of the company or non-operational aspects of company strategy. It is also, more broadly, designed to give the board a greater awareness of shareholder concerns. Alongside the Chairman, the Senior Independent Director is also available to discuss issues with shareholders and views expressed will be communicated by the Chairman to the board. As part of this initiative, the Chairman offers to meet with significant shareholders in the month before the annual general meeting specifically to deal with issues arising from the annual report and notice of the annual general meeting. All non-executive directors of the company are invited to participate in this process. Institutional and shareholder comment on the annual report is conveyed to the board through the audit and remuneration committees and the Company Secretary.

8. Risk management

The group's risk management system is subject to regular review to ensure compliance with the requirements of the Combined Code and the Turnbull Guidance (2005) on internal control and risk management and is designed to deliver value to the operating businesses.

8.1 Risk and the board of directors

The directors are ultimately responsible for the group's risk management system and for reviewing its effectiveness. The risk management system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and there is an ongoing process in place for identifying, assessing, managing, monitoring and reporting on the significant risks faced by individual group companies and by the group as a whole. This process has been in place for the year under review up to the approval of the annual report and accounts. The principal risks and uncertainties facing the group are set out on page 10.

8.2 Executive committee

Excom has specific responsibility as the risk management committee for the group's system of risk management. Excom reviews the group's significant risks and subsequently reports to the board on material changes and the associated mitigating actions.

In accordance with the Turnbull Guidance (2005), reviews on the effectiveness of the risk management system were carried out by the risk management committee in April and September 2008 and in April 2009.

8.3 Enterprise-wide risk management

Excom views the careful and appropriate management of risk as a key management role. Managing business risk to deliver opportunities is a key element of all our business activities. This is undertaken using a practical and flexible framework which provides a consistent and sustained approach to risk evaluation. The business risks, which may be strategic, operational, financial, environmental or concerning the group's reputation, are understood and visible. The business context determines in each situation the level of acceptable risk and controls. We continue to seek improvement in the management of risk by sharing best practice throughout the organisation.

Key features of the group's system of risk management are:

- group statements on strategic direction, ethics and values;
- clear business objectives and business principles;
- an established risk policy;
- a continuing process for identification and evaluation of significant risks to the achievement of business objectives;
- management processes in place to mitigate significant risks to an acceptable level;
- ongoing monitoring of significant risks and internal and external environmental factors that may change the group's risk profile; and
- a regular review by the group of both the type and amount of external insurance that it buys, bearing in mind the availability of such cover, its cost and the likelihood and magnitude of the risks involved.

In addition to excom's bi-annual reports to the board on key risks, there is a process of regular reporting to the board through the audit committee on the status of the risk management process.

Key annual reports include those that identify, rank, monitor and measure strategic, operational and financial risks in each division and on a group basis.

9. Internal control

The Turnbull Guidance sets out best practice on internal control for UK listed companies to assist them in assessing the application of the Combined Code's principles and compliance with the Combined Code's provisions with regard to internal control.

The group's systems of internal control are designed and operated to support the identification, evaluation and management of risks affecting the group and the business environment in which it operates. As such, they are subject to continuous review as circumstances change and new risks emerge. The company has made significant progress towards achieving substantive compliance with s404 of the Sarbanes-Oxley Act through the Internal Financial Control (IFC) programme. This is a voluntary initiative, and has led to a further strengthening of internal control systems and processes within the group.

Key features of the systems of internal control are:

- the risk management system described in the preceding section;
- written policies and procedures within our businesses, which are detailed in policy manuals;
- clearly defined lines of accountability and delegation of authority;
- identification and regular testing of key financial controls through the IFC programme;
- key policies employed in managing operating risk involve segregation of duties, transaction authorisation, monitoring, financial and managerial and comprehensive reporting and analysis against approved standards and budgets;
- group treasury operations which manage exposure to interest rate, counterparty, liquidity and currency transaction risks and co-ordinate the activities of group companies in this area. Treasury policies, risk limits and monitoring procedures are reviewed regularly by the audit committee on behalf of the board;
- a group tax risk and tax operating framework which forms the basis of tax governance across the group and is managed by a group tax function which monitors tax risk and implements strategies and procedures to control it;
- minimisation of operating risk by using appropriate infrastructure, controls, systems and people throughout the businesses; and
- business continuity planning, including preventative and contingency measures, back-up capabilities and the purchase of insurance.

Assurance on compliance with systems of internal control and on their effectiveness is obtained through regular management reviews, review of key financial controls, internal audit reviews and quality assurance described in section 10 below, testing of certain aspects of the internal financial control systems by the external auditors during the course of their statutory examinations and regular reports to the audit committee by the external auditors. The group's divisional Finance, Control and Assurance committees consider the results of these reviews to confirm that controls are functioning and to ensure that any material breakdowns and remedial actions have been reported to the appropriate boards of directors. This does not apply in respect of the group's associated undertakings or joint ventures.

At the half year and at the year end the divisional managing directors and finance directors of all the group's operations, and each of the group's functional directors, are required to submit formal letters of representation on controls, compliance and notification of continuing or potential material financial and legal exposures.

These letters form the subject of reports to the audit committee. They cover all subsidiary companies but do not cover joint ventures or associates (except for MillerCoors and Tsogo Sun, which do submit letters of representation). Where material, group executives sit on the boards of associated companies. Directors and members of the executive committee also make annual written declarations of interests and are obliged to report without delay any potential or actual conflicts of interest which may arise.

The directors are responsible for the group's systems of internal control and for reviewing their effectiveness annually. The board has conducted a review of the effectiveness of the group's internal controls covering material financial, operational and compliance controls and risk management systems for the year under review. Necessary actions have been, or are being, taken to remedy any significant weaknesses identified from the board's review of the internal control system. The systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. In reviewing these, the board has taken into account the results of all the work carried out by internal and external auditors.

The board, with advice from the audit committee, has completed its annual review of the effectiveness of the system of internal control for the period since 1 April 2008 in accordance with the Turnbull Guidance, and is satisfied that this system is in accordance with that Guidance and that it has been in place throughout the year under review and up to the date of this report.

10. Internal audit

The global internal audit function consists of local and regional internal audit functions operating in each of the group's principal business units, centrally co-ordinated by the group internal audit team and led by the Chief Internal Auditor. As noted in section 5.3 of this report, during the year the Chief Internal Auditor left the company. While a permanent replacement is being recruited, an Interim Chief Internal Auditor has been appointed.

In keeping with the group's decentralised collaborative management structure, the local internal audit functions report to local senior finance management but have direct access to local audit committees, group internal audit and the Chief Internal Auditor. The local and regional audit functions have continuous, unfettered interface with the group internal audit function, which reports directly to the Chief Financial Officer and has direct access to the audit committee through the Chief Internal Auditor. Internal audit activities are performed either by teams of appropriate, qualified and experienced employees, or through the engagement of external practitioners upon specified and agreed terms with equivalent access. The Chief Internal Auditor prepares formal reports for each audit committee meeting as to the consolidated activities and key findings of the global internal audit function.

The global internal audit function utilises a standardised group-wide internal audit methodology and has implemented a formal global quality assurance and effectiveness programme. Accordingly, detailed quality review assessments are performed with regard to the local and regional internal audit teams, to ensure compliance with defined quality and performance measures. This process provides a basis for the annual review of the effectiveness of the global internal audit function and results in a formal report (prepared by the Chief Internal Auditor) to the audit committee to support the committee's formal annual assessment of the effectiveness of internal audit. In addition, periodic reviews by independent external consultants are undertaken when deemed necessary by the audit committee. The last independent review was completed in February 2008, reporting positive results and rating the group's internal audit function as 'high quality'.

The audit committee has therefore satisfied itself that adequate, objective internal audit assurance standards and procedures exist within the group, and that continuous improvement in the quality and objectivity of the global internal audit function remains a primary objective of the department.

11. Whistleblowing measures

All employees in subsidiaries within the group have the opportunity to make confidential disclosures about suspected impropriety and wrongdoing. The Company Secretary or the Deputy Company Secretary, in consultation with the Chief Internal Auditor, decides on the appropriate method and level of investigation. The audit committee is notified of all material disclosures made and receives reports on the results of investigations and actions taken. The audit committee has the power to request further information, conduct its own inquiries or order additional action as it sees fit.

John Davidson
General Counsel and Group Company Secretary
For and on behalf of the board of SABMiller plc

1 June 2009

Remuneration report

Introduction

This report and the recommendations of the remuneration committee have been approved by the board and will be submitted to shareholders for approval at the 2009 annual general meeting. This report complies with the Directors' Remuneration Report Regulations 2002, and the company applied throughout the year ended 31 March 2009 the provisions of the 2006 Combined Code relating to remuneration.

Information not subject to audit

Composition and terms of reference of the remuneration committee

During the year ended 31 March 2009, the members of the committee were Mr Morland (Chairman), Lord Fellowes, Mr Manser and Mr Manzoni. Mr Bible, Mr Santo Domingo and Mr Kahn joined meetings as observers. Also present were the Chief Executive, Mr Mackay, the General Counsel and Company Secretary, Mr Davidson, the Deputy Company Secretary, Mr Shapiro, and the Group Head of Compensation and Benefits, Mr Scoones, other than when their own remuneration was discussed.

The committee deals with the remuneration of the executive directors and other members of the executive committee, as well as approving all grants and awards under the company's share incentive plans, in accordance with terms of reference approved by the board. Consideration is also given to the company's group-wide compensation and incentive policies to ensure alignment. The committee has the discretion to consider corporate performance on environmental, social and governance issues when setting the remuneration of executive directors, and has oversight to ensure that the incentive structure for senior management does not raise environmental, social or governance issues by inadvertently motivating irresponsible or short-term behaviour.

Advisers

In the course of its deliberations, the committee considered the views of the Chief Executive on the remuneration and performance of the members of the executive committee. The Company Secretary and the Group Head of Compensation and Benefits also provided information to the committee on the co-ordination of global pay policies, expatriate and local pay for international deployments, and equity usage through share incentive plans.

Kepler Associates has been appointed by the committee to provide advice on market information and other remuneration matters. Kepler Associates does not provide any other advice or services to the group.

Remuneration policies

In terms of the group's remuneration philosophy, the committee remains of the view that the overall effect of the revisions which were made to the group's long-term incentive plans in 2006, taking account of the share option and performance share target numbers at current values, has been to target executive directors' total compensation – excluding pensions – at or near the comparative upper quartile, if and only if upper quartile performance is delivered. In its review of the incentive plans, the committee has placed shareholder interest and shareholder alignment at the forefront, alongside the need to reaffirm that senior executives, within the bounds of appropriate governance limitations, will have confidence that the incentive plans will deliver superior reward for superior performance, and little or no incentive reward for average or under-performance. Any review of the level of incentive performance will be guided by this philosophy.

The committee's policy is to ensure that executive directors and members of the executive committee are rewarded for their contribution to the group's operating and financial performance at levels which take account of industry, market and country benchmarks, and that their remuneration is appropriate to their scale of responsibility and performance, and will attract, motivate and retain individuals of the necessary calibre. The committee takes account of the need to be competitive in the different parts of the world in which the company operates.

The committee has implemented its policy of agreeing a remuneration package for each executive director comprising an annual base salary, an annual cash bonus, long-term incentives through participation in share option and share award plans, pension contributions, other security and health benefits, and benefits in kind. The base salaries, pensions and other benefits provided are intended to establish a level of fixed pay which is competitive with appropriate comparators. The variable pay elements provided by short-term and long-term incentives form a significant proportion of executive directors' pay and are intended to provide the opportunity for executives to earn superior total pay for superior company and individual performance. Share incentives are considered to be critical elements of executive remuneration policy, to align the interests of the executive directors and executive committee members with the interests of shareholders. The committee considers that all elements of the package are of importance in supporting the group's remuneration policy.

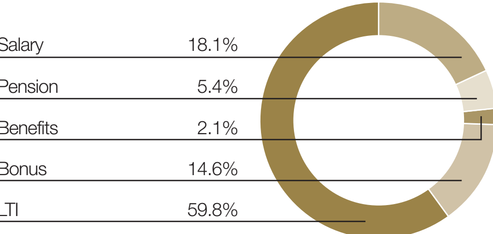
In setting target remuneration levels for the executive directors the committee has regard to the 30 FTSE companies ranked in the 15 places above and below SABMiller plc in terms of market capitalisation. The committee also continued to have regard to pay levels and practices in the company's principal international competitors and, where relevant, in companies comparable in size to the company's divisions in those countries in which SABMiller plc has a significant presence.

The table and charts below show the ratios of performance-related compensation to base salary and benefits of the executive directors, and the relative value of the different elements, including the target bonus and fair value of the long-term share-based compensation awarded in the year ended 31 March 2009. The ratios accord with the committee's policy on the balance between fixed and variable pay.

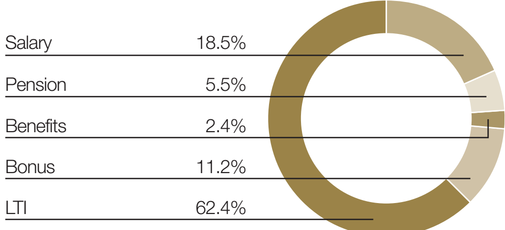
	Salary £	Retirement £	Benefits £	Bonus £	LTI £	Total £	Fixed %	Variable %
EAG Mackay	1,100,000	330,000	129,615	888,000	3,635,505	6,083,120	25.6	74.4
MI Wyman	660,000	198,000	86,254	400,000	2,230,229	3,574,483	26.4	73.6

Performance-related compensation

EAG Mackay



MI Wyman



The committee considers that alignment with shareholders' interests and linkage to SABMiller's long-term strategic goals is best achieved through a twin focus on earnings per share and total shareholder return and a blend of absolute and relative performance. Hence, for executive directors and senior executives, vesting for 50% of awards of performance shares are subject to SABMiller's Total Shareholder Return (TSR) performance condition, and 50% are subject to three-year adjusted earnings per share (EPS) growth, with targets set according to the committee's judgement after considering, among other factors, historical and forecast adjusted EPS growth for SABMiller's peers (listed on page 64). The committee also considers that the approach of adopting a fixed ratio for maximum awards to salary is inappropriate, and favours a fixed 'number of shares' approach to long-term incentive awards, in order to decouple salary from long-term incentive values and to avoid the perverse effect of the typical multiple of salary approach, which automatically awards more shares when the share price declines and fewer shares when the price increases. The fixed number of shares approach also avoids inappropriate changes in the size of awards simply as a result of share price volatility in times of market turbulence which is unrelated to company performance.

As to the future, the committee in 2006 expressed its intention that reviews of the structure of long-term incentives were expected to be conducted at approximately three-yearly intervals. The committee has determined that its next review will be conducted during the second half of 2009, and accordingly the structure of the group's long-term incentives has remained unchanged during the year ended 31 March 2009, and for the long-term incentive awards made in May 2009. The review in 2009 is intended to address all elements of the long-term incentive structures in place within the group to ensure that remuneration structures remain appropriate and continue to focus on alignment with shareholders' interests and linkage to SABMiller's long-term strategic goals.

In July and November 2008, the committee did, however, review the level of awards granted to the executive directors and certain members of the executive committee in light of new senior executive appointments and retirements during the year, and concluded that in order to maintain equity among executives, some adjustment was required to the fixed number of shares comprised in the awards, although the committee made no change in the structure of long-term incentives or the performance conditions attaching to them. The resultant additional awards to the executive directors in August and November 2008 are shown in the tables on pages 63 and 64.

Base pay

The committee reviews the salaries of executive directors at the beginning of each financial year. Details of the salaries applying from 1 April 2009 and the percentage changes from 31 March 2009 levels for the executive directors are shown in the table below:

Executive directors as at 31 March 2009	2009 Salary £	2010 Salary £	% change from 2009
EAG Mackay	1,100,000	1,145,000	4.1
MI Wyman	660,000	687,000	4.1

The committee received advice from consultants and the Chief Executive on appropriate pay levels for the other members of the company's executive committee:

- for those executives based in the UK, salaries were determined by reference to appropriate UK benchmarks; and
- for those executives whose primary responsibilities were for operations of business units outside the UK, part of base pay was related to appropriate benchmarks in their theatres of operation and the balance to UK pay levels on the basis that part of their time was spent on SABMiller plc duties and therefore related to the UK and global markets.

Annual incentive plans

Each of the executive directors and members of the executive committee is entitled to participate in an annual cash bonus plan that rewards the achievement of group financial, divisional financial (where applicable), strategic and personal performance objectives agreed by the committee. The Chief Executive may earn a bonus of up to 175% of base salary. The Chief Financial Officer may earn a bonus of up to 120% of base salary and other executive committee members may earn bonuses of up to between 120% and 150% of their base salary depending upon local market practices in the locations in which they are based.

The group financial performance targets for annual incentive plans for the executive directors and UK-based members of the executive committee relate to adjusted EPS growth and EBITA. The committee believes that linking short-term incentives to profit growth reinforces the company's business objectives. The divisional financial targets for executive committee members whose primary responsibilities are for the operation of business units outside the UK vary according to divisional value drivers derived from group needs and include EBITA, sales volumes, and other appropriate measurements. Financial performance targets comprise 60% of the incentive bonus potential. The strategic and personal targets which make up the remaining 40% are specific and measurable, and include a range of specific non-financial key performance indicators in appropriate circumstances. In setting individual strategic and personal targets, the committee has discretion to take into account all factors that it considers appropriate, including environmental, social and governance issues, as noted above.

At its meeting on 12 May 2009, the committee received assessments of the performance of the executives participating in the bonus plans against their agreed targets. In light of the achievement against the group financial targets and the levels of achievement against their strategic and personal objectives, the committee agreed the payment of bonuses as shown below to the executive directors:

	2009 Bonus £	% of salary	% achievement
EAG Mackay	888,000	81	46
MI Wyman	400,000	61	51

Long-term incentive plans

The descriptions of the long-term incentive plans in the section below have been audited.

Share Option Plans

At the time of its primary listing on the London Stock Exchange in 1999, the company established and has since operated:

- the SABMiller plc Approved Share Option Scheme (Approved Scheme) approved by Her Majesty's Revenue and Customs in the United Kingdom;
- the SABMiller plc Executive Share Option (No. 2) Scheme (No. 2 Scheme); and
- the SABMiller plc Mirror Executive Share Purchase Scheme (South Africa) (Mirror Scheme).

At the time of the Miller transaction in 2002, shareholders approved the establishment of share incentive arrangements for international employees of the group, principally in the Americas. These arrangements comprised:

- the SABMiller plc International Employee Share Scheme (International Scheme); and
- the SABMiller plc International Employee Stock Appreciation Rights Scheme (SARs Scheme).

The majority of the company's employee share incentive plans were adopted on the company's admission to the London Stock Exchange in 1999 and were due to expire in February 2009, and so at the annual general meeting held on 31 July 2008, shareholders approved the adoption of a number of new share incentive plans. The new plans broadly mirror the previous plans and the opportunity was taken to standardise key provisions between the different plans. The previous plans were closed for the purpose of new grants with effect from 14 November 2008, and all grants since then have been made under the new plans which consist of:

- the SABMiller plc Approved Executive Share Option Plan 2008 approved by Her Majesty's Revenue and Customs on 12 November 2008 (Approved Plan);
- the SABMiller plc Executive Share Option Plan 2008 (Option Plan);
- the SABMiller plc South African Executive Share Option Plan 2008 (SA Option Plan);
- the SABMiller plc Executive Share Award Plan 2008 (Award Plan);
- the SABMiller plc Stock Appreciation Rights Plan 2008 (SARs Plan); and
- the SABMiller plc Associated Companies Employees Share Plan 2008 (JV Plan).

All grants of options or rights over shares under these plans have to be at the market value of the company's shares at the time of grant. These are issued, usually annually, to participating employees on the basis of assessment of performance and potential and vest over defined time periods in line with local market conditions.

The tables on pages 63 to 65 give details of the grants made to the executive directors in the year ended 31 March 2009, those exercised during the year, those still outstanding and unexercised from previous years, and the performance conditions applicable to those grants.

Performance Share Award Plans

The company has historically operated the following Performance Share Award Schemes:

- the SABMiller plc Performance Share Award Scheme (Performance Share Scheme); and
- the SABMiller plc International Performance Share Award Sub-Scheme(s) (Performance Sub-Scheme(s))

and has since 14 November 2008 operated the SABMiller plc Executive Share Award Plan 2008 (Award Plan), with the previous schemes being closed for the purpose of new awards.

These plans are operated in conjunction with the company's Employees' Benefit Trust (EBT). The trustee of the EBT grants awards in consultation with the company. Awards made under the plans prior to 2006 were subject solely to TSR performance conditions applied after three years from date of grant, with a provision that if vested awards were retained for a further two years they would automatically be increased by an allocation of 50% of the number of shares in the original award that vested. For the purpose of calculating TSR the share prices and dividends of the comparator companies are converted, as necessary, into sterling at the exchange rates prevailing at the relevant times. The conversion into sterling is intended to remove distortions arising from differing rates of inflation in the countries in which the comparator companies are listed. TSR and the relevant statistical quartiles are determined in accordance with current market practice.

Since 2006, 50% of performance share awards to executive directors and executive committee members have been subject to a TSR performance condition and 50% to an adjusted EPS growth performance condition.

The tables on pages 64 and 65 give details of the awards made to executive directors in the year ended 31 March 2009, those still outstanding for prior years, those lapsed during the year ended 2009 and those made in 2006 which were tested against the applicable performance conditions in May 2009, together with details of the performance conditions applicable to those awards.

The companies comprising the TSR comparator group for all the performance share awards under the Performance Share Scheme which had not yet vested or lapsed as at 31 March 2009 are listed below.

Anheuser-Busch*	Heineken
Asahi Breweries	InBev
Carlsberg A	Kirin Holdings
Constellation Brands	Lion Nathan*
Diageo	Molson Coors
Femsa UBD	Pernod Ricard
Fosters Group	Sapporo Breweries
Grolsch*	Scottish & Newcastle*

*Note: Grolsch (acquired by SABMiller), Scottish & Newcastle (acquired by Heineken and Carlsberg), Anheuser-Busch (acquired by InBev) and Lion Nathan (agreed to be acquired by Kirin Holdings) have been removed from the comparator group.

During the year Kepler Associates undertook the assessment of the company's TSR performance relative to the comparator group. The methodology used and the final results for each award are subject to review by the company's auditors.

Dilution

Taking account of all share options granted over the 10 years to 31 March 2009 under all the company's share option schemes, less lapses, potential dilution amounts to 2.97% as at 31 March 2009 of the issued ordinary shares of the company on 31 March 2009. Obligations under the company's other long-term incentive schemes are typically settled by the EBT from shares purchased in the market. The calculation excludes outstanding options granted under the closed SAB Executive Share Purchase Scheme prior to listing, as disclosed in the original listing particulars relating to the company's listing in London on 8 March 1999. At 31 March 2009 the number of shares held in the EBT was 5,746,387 representing 0.38% of the issued ordinary shares of the company.

During the year 1,818,370 ordinary shares were purchased by the trustee on behalf of the EBT (at an average price of £10.89 per share) which amounted to 0.12% of the issued ordinary shares of the company, in order to ensure that the EBT continued to hold sufficient ordinary shares to meet potential future obligations in respect of performance shares conditionally awarded under the Performance Share Award Schemes. The total consideration paid amounted to £19,805,499.38.

Pensions

It is the company's policy to provide money purchase occupational retirement funding schemes wherever possible so as to minimise the company's funding risk. Where feasible, the company applies this policy to its new acquisitions.

The rate of contribution from the company as a percentage of salaries paid in sterling is set at 30% for the executive directors. During the year the company made contributions for the executive directors to the SABMiller plc Staff Pension Scheme, an Approved Occupational Pension Scheme. Contributions were paid in respect of each executive director to the extent appropriate in light of the changes to government pension allowances that took effect in 2006, with any excess credited in an unfunded corporate plan. The value of contributions made to each executive director during the financial year is included in a note to the table of directors' emoluments on page 62.

Service contracts

Mr Mackay and Mr Wyman have service contracts with the company which are terminable on not less than 12 months' notice to be given by the company or by the executive. A payment in lieu of notice may be made on termination of employment, calculated by reference to the executive's base salary plus company pension contributions for the relevant period, less any deduction considered by the company to be appropriate and reasonable to take account of accelerated receipt and the executive's duty to mitigate his loss.

	Execution date of service contract	Date first appointed to the board	Date last re-elected as a director	Date next due for re-election
EAG Mackay	27/02/1999	08/02/1999	31/07/2008	July 2011
MI Wyman	26/02/1999	08/02/1999	31/07/2007	July 2010

Other benefits

The executive directors are provided with medical insurance, permanent health insurance, company car allowance, accompanied travel, legal and professional fees, club subscriptions, death in service benefit and occasional London accommodation. The estimated values of these provisions are included in the summary of emoluments paid table on page 62.

Non-executive directors' fees

Non-executive directors' fees for the year ended 31 March 2009 are shown in the table below, and were unchanged during the year, having last been reviewed with effect from 1 October 2006.

Fee category	£
Basic fee	55,000
Committee Chairmen (inclusive)	
– Audit	20,000
– Remuneration	18,000
– CARAC	16,000
– Nomination	10,000
Committee Members	
– Audit	10,000
– Remuneration	8,000
– CARAC	6,000
– Nomination	–
Senior Independent Director	10,000

The annual fee for the Chairman for the year ended 31 March 2009 was unchanged at £200,000, having last been reviewed with effect from 1 April 2006, and he is also provided with an office, a secretary and a car, as well as medical insurance and professional fees.

In early 2009, fees paid by the company to its non-executive directors were benchmarked against those companies 15 above and 15 below the company in the FTSE 100 Index in terms of market capitalisation and it was concluded that the company's non-executive directors' fees were considerably below the median. Accordingly, with effect from 1 April 2009, the basic fee has been increased to £65,000, and the additional fees for committee chairmen have been increased to £25,000, £20,000, £18,000 and £15,000 for the audit, remuneration, corporate accountability and nomination committees respectively, with fees for committee membership remaining unchanged. The fee for the senior independent director has been increased to £15,000.

The Chairman's fee has been increased to £250,000 per annum with effect from 1 April 2009, representing an increase which approximates to the compound rate of inflation since 2006 in South Africa, where the Chairman is based.

In future, the board intends to review the level of non-executive directors' fees annually, rather than triennially, in order to avoid significant disparities from the median arising in future years.

The non-executive directors do not participate in any of the group's incentive schemes, nor do they receive any other benefits (other than their beverage allocation) or pension rights. Non-executive directors do not have service contracts. The non-executive directors' dates of appointment and the dates on which they are next due for re-election to the board are shown in the table below.

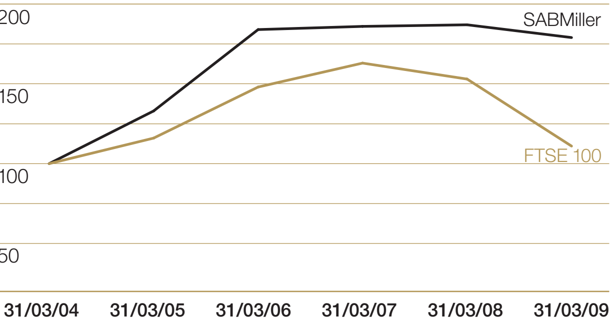
	Date first appointed to the board	Date of letter of appointment	Date next due for re-election
GC Bible	01/08/2002	27/09/2002	July 2009
DS Devitre	16/05/2007	16/05/2007	July 2010
ME Doherty	01/04/2006	07/03/2006	July 2009
Lord Fellowes*	08/02/1999	23/02/1999	July 2009
JM Kahn*	08/02/1999	23/02/1999	July 2009
PJ Manser	01/06/2001	20/06/2001	July 2010
JA Manzoni	01/08/2004	12/05/2004	July 2011
MQ Morland*	08/02/1999	23/02/1999	July 2009
DF Moyo**	01/06/2009	26/05/2009	July 2009
CA Pérez Dávila	09/11/2005	12/10/2005	July 2009
R Pieterse	15/05/2008	09/06/2008	July 2011
MC Ramaphosa*	08/02/1999	23/02/1999	July 2009
A Santo Domingo Dávila	09/11/2005	12/10/2005	July 2009

* Since July 2008 Lord Fellowes, Mr Kahn, Mr Morland and Mr Ramaphosa have been obliged to submit themselves to annual re-election to the board as a result of having served on the board continuously for more than nine years.

** Dr Moyo was appointed to the board on 1 June 2009, and is therefore obliged to submit herself to election by shareholders in July 2009.

Performance review

Total shareholder return
(£ sterling)



The graph above compares the company's TSR over the period from 1 April 2004 to 31 March 2009 with the FTSE 100 Total Return Index over the same period.

The company is a member of the FTSE 100 Total Return Index and, accordingly, this is considered to be the most appropriate broad equity market index for the purpose of demonstrating the company's relative performance.

Directors' beneficial interests in shares of the company

Director	Beneficial holding as at 31 March 2008	Non-beneficial holding as at 31 March 2008 and 2009	Purchased/(sold) during the year	Beneficial holding as at 31 March 2009[7]
JM Kahn	1,670,578[1]	–	–	1,670,578
EAG Mackay	707,881	–	81,930[2]	–
	–	–	(33,592)[2]	–
	–	–	5,586[4]	–
	–	–	(2,542)[4]	–
	–	–	112,577[5]	–
	–	–	(72,904)[5]	798,936
MI Wyman	448,796	–	38,335[2]	–
	–	–	(15,718)[2]	–
	–	–	25,000[3]	–
	–	–	(25,000)[3]	–
	–	–	25,000[3]	–
	–	–	(25,000)[3]	–
	–	–	88,857[5]	–
	–	–	(88,857)[5]	471,413
GC Bible	–	–	–	–
DS Devitre	–	–	–	–
ME Doherty	–	–	–	–
Lord Fellowes	1,000	–	–	1,000
PJ Manser	–	–	–	–
JA Manzoni	–	–	–	–
MQ Morland	30,000	–	10,000	40,000
DF Moyo	–	–	–	–
CA Pérez Dávila	–	–	–	–
R Pieterse	–	–	–	–
MC Ramaphosa	–	4,000	–	–
M Ramos	–	–	–	n/a[6]
Lord Renwick of Clifton	9,000	–	–	n/a[6]
A Santo Domingo Dávila	–	–	–	–

1 400,000 of this total is held by the Meyer Kahn Family Trust.
2 Vested share awards and subsequent sale of awards to settle PAYE and NIC on the gross award vested.
3 Implementation of deferred rights and options under the SABMiller Executive Share Purchase Scheme.
4 Exercise of approved options under the SABMiller Approved Share Option Scheme. Mr Mackay sold sufficient shares to cover exercise costs and tax and retains the balance of shares beneficially.
5 Exercise of unapproved options under the SABMiller Executive Share Option (No.2) Scheme. Mr Mackay sold sufficient shares to cover exercise costs and tax and retains the balance of shares beneficially. Mr Wyman sold all of the shares.
6 Ms Ramos resigned from the board on 26 February 2009 having no beneficial interests in shares in the company at that date. Lord Renwick of Clifton retired from the board on 31 July 2008 and had a beneficial interest in 9,000 shares in the company at that date.
7 The beneficial interests remain unchanged at 15 May 2009.

Information subject to audit

Directors’ emoluments

The directors’ emoluments in the year ended 31 March 2009 in total have been audited and are set out in the table below:

Emoluments paid for the period 1 April 2008 to 31 March 2009

Name	2009 Salary/fees £	2008 Salary/fees £	2009 Expense allowances £	2009 Benefits £	2009 Total (excluding bonus) £	2009 Bonus £	2009 Total £	2008 Total £
Executive directors								
EAG Mackay	1,100,000	1,020,000	–	129,615	1,229,615	888,000	2,117,615	2,936,055
MI Wyman	660,000	615,000	–	86,254	746,254	400,000	1,146,254	1,362,011
Total (A)							**3,263,869**	4,298,066
Non-executive directors								
GC Bible	55,000	–	–	–	–	–	55,000	–
DS Devitre	65,000	–	–	55	–	–	65,055	–
ME Doherty	65,000	65,000	–	216	–	–	65,216	65,186
Lord Fellowes	99,000	99,000	–	56	–	–	99,056	99,054
JM Kahn	216,000	206,000	–	968	–	–	216,968	207,149
PJ Manser	89,000	89,000	–	331	–	–	89,331	89,323
JA Manzoni	69,000	69,000	–	167	–	–	69,167	69,242
MQ Morland	83,000	83,000	–	323	–	–	83,323	83,323
CA Pérez Dávila	55,000	55,000	–	175	–	–	55,175	55,190
R Pieterse	52,125	–	–	–	–	–	52,125	–
MC Ramaphosa	61,000	61,000	–	122	–	–	61,122	61,042
M Ramos	–	–	–	–	–	–	–	–
Lord Renwick of Clifton	20,833	65,000	–	–	–	–	20,833	65,000
A Santo Domingo Dávila	55,000	55,000	–	238	–	–	55,238	55,230
Total (B)							**987,609**	849,739
Grand total (A+B)							**4,251,478**	5,147,805

- Lord Renwick of Clifton retired from the board on 31 July 2008. Ms Ramos and Mr Pieterse were appointed to the board on 15 May 2008, and Ms Ramos resigned from the board on 26 February 2009.
- Ms Ramos waived her fees of £48,994, which were instead paid by the company to a charity nominated by Ms Ramos.
- The total emoluments reported for 2008 and 2009 exclude retirement contributions made by the company to the pension schemes as detailed above.
- Retirement contributions were paid on behalf of Mr Mackay and Mr Wyman in the amounts of £235,000 and £198,000 respectively being within the annual allowance (2008: £225,000 and £184,500), and contributions of £95,000 in excess of the annual allowance were paid on behalf of Mr Mackay (2008: £81,000).
- During the year the group’s apartment in London was made available to Mr Mackay to occupy intermittently, subject to tax on this use for his account.
- Mr Mackay receives from Reckitt Benckiser Group plc and from Philip Morris International Inc annual fees of £92,000 and US$115,000, respectively, which he is permitted to retain, relating to his appointment as a non-executive director of those companies. £13,500 of the fee from Reckitt Benckiser Group plc is applied to the purchase of Reckitt Benckiser Group plc ordinary shares. In addition, Mr Mackay receives from Philip Morris International Inc. an annual award of shares of common stock in Philip Morris International Inc. pursuant to that company’s Stock Compensation Plan for Non-Employee Directors, which for the year ended 31 December 2008 had a fair market value of US$70,000 on the date of grant, being 31 October 2008.

Share incentive plans

The interests of the executive directors in shares of the company provided in the form of options and awards are shown in the tables below, which have been audited. During the year ended 31 March 2009 the highest and lowest market prices for the company’s shares were £13.24 and £7.995 respectively and the market price on 31 March 2009 was £10.37.

The tables below contain the aggregate expected values of each option grant or performance share award. The expected values for the grants and awards made from 2003 to 2008 have been calculated by Mercer using:

- a binomial valuation model for the options that uses daily share price data and takes account of the option grant date, exercise price and risk-free rate of return, with assumptions as to dividend yield, future volatility and forfeiture; and
- a Monte Carlo simulation model for the performance share awards using the same inputs and assumptions as for the binomial model, but which projects, many thousands of times, the share price of the company along with the share prices of the comparator group stocks to determine correlations between the companies. This produces a distribution of share prices and TSR rankings thus allowing complex market-based hurdles to be modelled.

The methods of calculation of expected values have not been audited by PricewaterhouseCoopers LLP.

Share Options

Director	No. of share options as at 31 March 2008	No. of share options granted during the year	No. of share options vested during the year	No. of share options exercised during the year	Sale price/ market price £	Subscription price £	Exercisable 3-10 years from	No. of share options as at 31 March 2009[7]	Expected value £[1]
EAG Mackay	5,586	–	–	5,586	11.83	5.37	16/03/1999[2]	–	–
	112,577	–	–	112,577	11.83	4.85	09/03/1999[2]	–	–
	159,416	–	–	–	–	4.11	02/06/2000[2]	159,416	262,080
	161,589	–	–	–	–	5.16	01/06/2001[2]	161,589	258,478
	201,578	–	–	–	–	5.705	31/05/2002[2]	201,578	391,001
	327,721	–	–	–	–	4.1575	23/05/2003[3]	327,721	426,037
	222,704	–	–	–	–	6.605	21/05/2004[3]	222,704	425,365
	211,353	–	211,353[5]	–	–	8.28	20/05/2005[3]	211,353	477,658
	230,000[6]	–	–	–	–	10.61	19/05/2006[4]	230,000	642,467
	230,000	–	–	–	–	11.67	18/05/2007[4]	230,000	818,033
		230,000	–	–	–	12.50	16/05/2008[4]	230,000	902,419
		60,000	–	–	–	9.295	14/11/2008[4]	60,000	177,230
								2,034,361	
MI Wyman	88,857	–	–	88,857	11.35	5.16	01/06/2001[2]	–	–
	93,339	–	–	–	–	5.705	31/05/2002[2]	93,339	181,050
	102,195	–	–	–	–	6.605	21/05/2004[3]	102,195	195,192
	3,623	–	3,623[5]	–	–	8.28	20/05/2005[3]	3,623	8,188
	91,486	–	91,486[5]	–	–	8.28	20/05/2005[3]	91,486	206,758
	140,000[6]	–	–	–	–	10.61	19/05/2006[4]	140,000	391,067
	140,000	–	–	–	–	11.67	18/05/2007[4]	140,000	497,933
		140,000	–	–	–	12.50	16/05/2008[4]	140,000	549,299
		35,000	–	–	–	10.49	01/08/2008[4]	35,000	112,124
								745,643	

1 The expected values as shown are aggregates of the Black-Scholes values of each option grant up to 31 May 2002. The Black-Scholes values have been calculated using a model that uses daily share price and data and takes account of the option grant date, exercise price and time to maturity, with assumptions as to dividend yield and the risk-free rate of return. Options granted from 23 May 2003 onwards are valued using the binomial method.

2 The performance condition for options granted prior to 2002 required growth in adjusted EPS (expressed in sterling) of 3% per annum compound in excess of the change in the Retail Price Index (RPI) over any three-year period within the 10-year option life. This performance condition was satisfied in respect of all options granted to executive directors in 1999, 2000 and 2001.

3 The performance condition for options granted in 2002 and until 2005 required compound annualised adjusted EPS growth (expressed in sterling) of RPI + 3% subject to testing at three, four and five-year intervals from a fixed base for vesting of the base annual award. Half of any additional annual amount vested at compound annualised adjusted EPS growth of RPI + 4%; and the other half of any additional annual amount vested at compound annualised adjusted EPS growth of RPI + 5%. After the five-year test any unvested portion of the option lapsed.

4 The performance condition for options granted in 2006 and onwards requires compound annualised adjusted EPS growth of RPI + 3% from a fixed base for vesting of the base annual award. Half of any additional annual amount vests at compound annualised adjusted EPS growth of RPI + 4%; and the other half of any additional annual amount vests at compound annualised adjusted EPS growth of RPI + 5%. The performance tests are applied to two-thirds of the award after three years and one-third of the award after five years, with any unvested portion of the options lapsing after three years or five years, as the case may be, and with no provision for retesting any part of the awards.

5 In the year ended 31 March 2009, options granted in 2005 vested in full and became exercisable as the company's adjusted EPS for the year ended 31 March 2008, at 71.28 pence (converted from US$ at the average exchange rate over the period 1 April 2007 to 31 March 2008) was more than 27.1% higher (the aggregate of RPI movement and 5% per annum compound growth) than the adjusted EPS of 54.7 pence for the year ended 31 March 2005 (the base year calculation of the performance condition) converted from US$ at the average exchange rate for the period from 1 April 2004 to 31 March 2005. The mid market close on 20 May 2008 was £12.74.

6 Two-thirds of the share options indicated were eligible to be tested against the performance condition described in this report for the three years ended 31 March 2009, and on 19 May 2009 vested in full and became exercisable as the company's adjusted EPS for the year ended 31 March 2009, at 79.7 pence (converted from US$ at the average exchange rate over the period 1 April 2008 to 31 March 2009) was more than 24.2% higher (the aggregate of RPI movement and 5% per annum compound growth) than the adjusted EPS of 61.1 pence for the year ended 31 March 2006 (the base year calculation of the performance condition) converted from US$ at the average exchange rate for the period from 1 April 2005 to 31 March 2006. The mid market close on 19 May 2009 was £12.57. The remaining one-third remain eligible to be tested against the performance condition described in this report for the five years ending 31 March 2011.

7 Mr Mackay and Mr Wyman were granted 290,000 and 175,000 share options respectively at a subscription price of £12.31 per share on 15 May 2009.

Performance Shares

Director	No. of shares under conditional awards as at 31 March 2008	No. of shares granted during the year	Expected value (£)[1]	Performance period 3 years from	Awards vested during the year	Awards lapsed during the year	No. of shares under conditional awards as at 31 March 2009[8]
EAG Mackay	105,676	–	466,031	20/05/2005[2]	–	105,676[6]	–
	230,000	–	1,731,517	19/05/2006[3]	–	–	230,000[7]
	230,000	–	1,987,200	18/05/2007[4]	–	–	230,000
		230,000	2,133,940	16/05/2008[5]	–	–	230,000
		60,000	421,916	14/11/2008[5]	–	–	60,000
	565,676						**750,000**
MI Wyman	47,554	–	209,713	20/05/2005[2]	–	47,554[6]	–
	140,000	–	1,053,967	19/05/2006[3]	–	–	140,000[7]
	140,000	–	1,209,600	18/05/2007[4]	–	–	140,000
		140,000	1,298,920	16/05/2008[5]	–	–	140,000
		35,000	269,886	01/08/2008[5]	–	–	35,000
	327,554						**455,000**

1 The face value (market value at the time of the award) of these nil cost conditional awards is assumed to be £8.28 for the 20 May 2005 tranche, £10.61 for the 19 May 2006 tranche, £11.67 for the 18 May 2007 tranche, £12.50 for the 16 May 2008 tranche, £10.49 for the 1 August 2008 tranche and £9.295 for the 14 November 2008 tranche for the purposes of the expected value calculations. The expected values shown are the aggregate expected values of all outstanding awards estimated by reference to the probabilities of any portion of each award vesting.

2 Performance share awards made prior to 2006 vested only if three year TSR (change in value of a share and reinvested dividends over the period) exceeded the median TSR of a comparator group of companies identified at the time of the award. On reaching the median performance of the relevant comparator group, 25% of the award vested and on reaching at least the upper quartile, 100% of the award vested. Between these respective levels of achievement awards vest pro rata. If vested awards were retained for a further two years they would automatically be increased by an allocation of 50% of the number of shares in the original award that vested.

3 Since 2006, 50% of performance share awards have been subject to a TSR performance condition and 50% to an adjusted EPS growth performance condition. The TSR test is applied to two-thirds of the relevant part of the award after three years and to one-third after five years. The EPS condition is a three-year adjusted EPS growth target, set by reference to historical and forecast adjusted EPS growth for the six members of the comparator group determined by the committee to be the company's closest peers in the global brewing industry, namely Anheuser-Busch, Carlsberg, Heineken, InBev, Molson Coors and Scottish & Newcastle (although Scottish & Newcastle has been dropped from this group for the purposes of awards made in 2008, and Anheuser-Busch has been dropped from this group for the purposes of awards made in 2009).

TSR condition

2006

The same TSR performance condition applied to performance shares awarded in 2006 as in previous years, but without the provision for matching shares.

4 2007

Performance shares awarded in 2007 vest if three year TSR exceeds the median TSR of a comparator group of companies identified at the time of the award. 25% of the award vests on reaching the median, and 100% vests if TSR exceeds the median by 25% with respect to the three-year vesting test and by 33% with respect to the five-year vesting test.

5 2008

The same TSR performance condition applies to performance shares awarded in 2008 as applied in 2007.

EPS condition

2006

The EPS growth target for awards made in 2006 is 11% p.a. for full vesting, with threshold vesting of 25% at 6% p.a., and pro rata vesting between these levels of achievement.

2007

The EPS growth target for awards made in 2007 is 11% p.a. for full vesting, with threshold vesting of 25% at 6% p.a., and pro rata vesting between these levels of achievement.

2008

The EPS growth target for awards made in 2008 is 10% p.a. for full vesting, with threshold vesting of 25% at 6% p.a., and pro rata vesting between these levels of achievement.

6 In May 2008, the performance shares awarded on 20 May 2005 were tested against the applicable TSR performance condition. TSR for the period was below median and therefore all of the awards lapsed.

7 After the year-end, the executive directors' 2006 performance share awards were tested against the applicable TSR and EPS performance conditions. The EPS performance measurement was achieved as to 54% of maximum which resulted in 62,100 and 37,800 EPS awards vesting on 19 May 2009 and 25,462 and 15,499 shares were sold to cover income tax liabilities owing by Mr Mackay and Mr Wyman respectively. The price on vesting date was £12.57 per share. TSR for the three year period ended 18 May 2009 was below median and therefore all of the shares comprised in the first two-thirds of the 2006 awards lapsed, with the remaining one-third to be tested against the TSR performance condition for the five year period ending 18 May 2011.

8 Mr Mackay and Mr Wyman were awarded 290,000 and 175,000 conditional awards of performance shares respectively on 15 May 2009.

As noted above, vested awards made before 2006 which are retained for a further two years are automatically increased by an allocation of 50% of the number of shares in the original award that vested. This 'matching shares' provision was discontinued in 2006 and does not apply to any awards made from 2006 onwards. The table below shows the remaining awards made before 2006 which give rise to any matching share entitlements.

Director	No. of shares vested under base award as at 31 March 2008	Maximum additional shares awarded arising from vesting of the base award	Expected value £	Performance period 5 years from	Awards vested during the year	Awards lapsed during the year	No. of additional shares under conditional awards as at 31 March 2009
EAG Mackay	163,860	81,930	176,150	23/05/2003	81,930[1]	–	–
	69,595[2]	34,798	115,876	21/05/2004	–	–	34,798[3]
MI Wyman	76,669	38,335	82,419	23/05/2003	38,335[1]	–	–
	31,936[2]	15,968	53,174	21/05/2004	–	–	15,968[3]

1 These awards represent the automatic additional 50% vesting arising from the original 23 May 2003 award, which vested on 23 May 2006. These additional shares vested on 23 May 2008, and 33,592 and 15,718 shares were sold to cover income tax liabilities owing by Mr Mackay and Mr Wyman respectively. The price on vesting date was £12.24 per share.

2 These conditional awards of free shares were tested against the performance condition described in this report over the three years ended 21 May 2007 and achieved 62.5% of maximum. The remainder of these awards did not vest and lapsed.

3 These awards represent the automatic additional 50% vesting arising from the original 21 May 2004 award, which vested on 21 May 2007. These additional shares subsequently vested on 21 May 2009, and 14,268 and 6,547 shares were sold to cover income tax liabilities owing by Mr Mackay and Mr Wyman respectively. The price on vesting date was £12.52 per share.

SAB Executive Share Purchase Scheme

Prior to adoption of the group's new share schemes on listing in March 1999, each of the executive directors participated in the old SAB Executive Share Purchase Scheme. Details of options granted and share purchases awarded prior to listing in respect of SAB Ltd shares under this scheme are set out in the table below. This scheme was closed for the purpose of new awards with effect from 3 June 2000.

Director	No. of options as at 31 March 2008	No. of options granted during the year	No. of options exercised during the year	Sale price/ market price (R)	Subscription price (R)	Exercisable 5-10 years from	No. of share options as at 31 March 2009
MI Wyman	50,000	–	25,000	196.00	46.40	11/11/1998	–
		–	25,000	180.50	46.40	11/11/1998	–

Approval

This report was approved by the board on 13 May 2009 as recommended by the remuneration committee on 12 May 2009.

By order of the board

Miles Morland
Director
Chairman of the Remuneration Committee

1 June 2009

Statement of directors' responsibilities

in respect of the group consolidated financial statements

The directors are responsible for preparing the group consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The group financial statements are required by law to give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the group financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the group consolidated financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors, whose names and functions are listed in the Governance section of the Annual Report (with the exception of Dr Moyo, who was appointed to the board after the approval of these group consolidated financial statements), confirms that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the directors' report contained in the Governance section of the Annual Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

In addition, the Companies Act 1985 requires directors to provide the group's auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report. Each of the directors (with the exception of Dr Moyo who was appointed to the board after the approval of these financial statements), having made appropriate enquiries, confirms that:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

The directors have reviewed the group's budget and cash flow forecasts. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that SABMiller plc is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

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

Independent auditors' report

to the members of SABMiller plc

We have audited the group financial statements of SABMiller plc for the year ended 31 March 2009 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expense and the related notes. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of SABMiller plc for the year ended 31 March 2009 and on the information in the remuneration report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the group financial statements. The information given in the directors' report includes that specific information presented in the business review and ordinary shareholding analyses that is cross referred from the principal activities and business review and the substantial shareholdings sections of the directors' report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code (2006) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, as listed on the contents page (excluding the audited part of the remuneration report), and consider whether it is consistent with the audited group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of its profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the directors' report is consistent with the group financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

1 June 2009

Consolidated income statement

for the year ended 31 March

	Notes	2009 US$m	2008 US$m
Revenue	2	**18,703**	21,410
Net operating expenses	3	**(15,555)**	(17,962)
Operating profit	2	**3,148**	3,448
Operating profit before exceptional items	2	**3,146**	3,560
Exceptional items	4	**2**	(112)
Net finance costs	5	**(706)**	(456)
Interest payable and similar charges	5a	**(1,301)**	(721)
Interest receivable and similar income	5b	**595**	265
Share of post-tax results of associates and joint ventures	2	**516**	272
Profit before taxation		**2,958**	3,264
Taxation	7	**(801)**	(976)
Profit for the financial year	26	**2,157**	2,288
Profit attributable to minority interests		**276**	265
Profit attributable to equity shareholders		**1,881**	2,023
		2,157	2,288
Basic earnings per share (US cents)	8	**125.2**	134.9
Diluted earnings per share (US cents)	8	**124.7**	134.2

The notes on pages 72 to 141 form part of the financial statements.

Consolidated balance sheet

at 31 March

	Notes	2009 US$m	2008* US$m
Assets			
Non-current assets			
Goodwill	10	**8,734**	15,133
Intangible assets	11	**3,729**	5,036
Property, plant and equipment	12	**7,404**	9,113
Investments in joint ventures	13	**5,495**	–
Investments in associates	14	**1,787**	1,826
Available for sale investments	15	**29**	53
Derivative financial instruments	23	**695**	208
Trade and other receivables	17	**125**	237
Deferred tax assets	20	**161**	341
		28,159	31,947
Current assets			
Inventories	16	**1,242**	1,362
Trade and other receivables	17	**1,576**	1,865
Current tax assets		**168**	190
Derivative financial instruments	23	**54**	45
Available for sale investments	15	**11**	–
Cash and cash equivalents	18	**409**	673
		3,460	4,135
Total assets		**31,619**	36,082
Liabilities			
Current liabilities			
Derivative financial instruments	23	**(35)**	(34)
Borrowings	21	**(2,148)**	(2,062)
Trade and other payables	19	**(2,396)**	(3,307)
Current tax liabilities		**(463)**	(540)
Provisions	24	**(299)**	(314)
		(5,341)	(6,257)
Non-current liabilities			
Derivative financial instruments	23	**(107)**	(497)
Borrowings	21	**(7,470)**	(7,596)
Trade and other payables	19	**(186)**	(338)
Deferred tax liabilities	20	**(2,029)**	(1,949)
Provisions	24	**(373)**	(1,201)
		(10,165)	(11,581)
Total liabilities		**(15,506)**	(17,838)
Net assets		**16,113**	18,244
Equity			
Share capital	25	**159**	158
Share premium	26	**6,198**	6,176
Merger relief reserve	26	**3,395**	3,395
Other reserves	26	**(873)**	2,215
Retained earnings	26	**6,496**	5,601
Total shareholders' equity		**15,375**	17,545
Minority interests in equity	26	**738**	699
Total equity		**16,113**	18,244

* As restated (see note 28).

The balance sheet of SABMiller plc is shown on page 144.

The notes on pages 72 to 141 form part of the financial statements.

The financial statements were authorised for issue by the board of directors on 1 June 2009 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	2009 US$m	2008 US$m
Cash flows from operating activities			
Cash generated from operations	27a	**3,671**	4,276
Interest received		**275**	228
Interest paid		**(997)**	(730)
Tax paid		**(766)**	(969)
Net cash from operating activities		**2,183**	2,805
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,073)**	(1,978)
Proceeds from sale of property, plant and equipment		**75**	110
Purchase of intangible assets		**(74)**	(59)
Purchase of available for sale investments		**(14)**	–
Proceeds from disposal of available for sale investments		**4**	5
Proceeds from disposal of businesses		**119**	71
Proceeds from disposal of associates		**–**	2
Acquisition of subsidiaries (net of cash acquired)		**(269)**	(1,284)
Overdraft disposed with subsidiaries		**2**	–
Cash disposed with businesses		**(4)**	–
Purchase of shares from minorities		**(5)**	(49)
Investments in joint ventures		**(397)**	–
Investments in associates		**(4)**	(179)
Repayment of investments by associates		**3**	–
Dividends received from joint ventures		**454**	–
Dividends received from associates		**151**	91
Dividends received from other investments		**1**	1
Net cash used in investing activities		**(2,031)**	(3,269)
Cash flows from financing activities			
Proceeds from the issue of shares		**23**	39
Purchase of own shares for share trusts		**(37)**	(33)
Proceeds from borrowings	27b	**4,960**	6,492
Repayment of borrowings	27b	**(4,096)**	(5,038)
Capital element of finance lease payments		**(1)**	(7)
Net cash payments on net investment hedges		**(12)**	(16)
Dividends paid to shareholders of the parent		**(877)**	(769)
Dividends paid to minority interests		**(217)**	(197)
Net cash (used)/generated in financing activities		**(257)**	471
Net cash (outflow)/inflow from operating, investing and financing activities		**(105)**	7
Effects of exchange rate changes		**26**	(113)
Net decrease in cash and cash equivalents		**(79)**	(106)
Cash and cash equivalents at 1 April	27b	**188**	294
Cash and cash equivalents at 31 March	27b	**109**	188

The notes on pages 72 to 141 form part of the financial statements.

Consolidated statement of recognised income and expense

for the year ended 31 March

	2009 US$m	2008 US$m
Currency translation differences on foreign currency net investments	(3,386)	2,029
Actuarial (losses)/gains on defined benefit plans	(18)	31
Fair value (losses)/gains on available for sale investments	(8)	2
Fair value gains/(losses) on net investment hedges	337	(226)
Fair value gains on cash flow hedges	32	1
Transfer to profit on disposal of Miller's US and Puerto Rico operations	(4)	–
Tax on items taken directly to equity	125	(8)
Share of associates' and joint ventures' losses recognised directly in equity	(330)	–
Net (losses)/gains recognised directly in equity	(3,252)	1,829
Profit for the year	2,157	2,288
Total recognised (expense)/income for the year	(1,095)	4,117
– attributable to equity shareholders	(1,346)	3,795
– attributable to minority interests	251	322

The notes on pages 72 to 141 form part of the financial statements.

Notes to the consolidated financial statements

1. Accounting policies

The significant 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 periods 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 for use in the European Union, IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these consolidated financial statements have been adopted for use in the EU through the endorsement procedure established by the European Commission.

The financial statements are prepared under the historical cost convention, except for the revaluation to fair value of certain financial instruments 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 generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates.

b) Recent accounting developments

(i) Standards and interpretations of published standards effective for accounting periods beginning on or after 1 April 2008:

- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.
- Amendment to IAS 39, 'Financial Instruments' and IFRS 7, 'Financial Instruments: Disclosures' – 'Reclassification of Financial Assets' (effective from 1 July 2008) provides guidance on the reclassification of non-derivative financial assets.

The adoption of these interpretations and amendments has not had a material effect on the consolidated results of operations or financial position of the group.

(ii) Standards and amendments to published standards that are not yet effective and have not been early adopted by the group

The following standards, interpretations and amendments have been published that are mandatory for the group's accounting periods beginning on or after 1 April 2009 or later periods but that the group has not early adopted:

- Amendments to IFRIC 9 and IAS 39 'Financial instruments: Recognition and measurement' are effective from 1 July 2008(1).
- Amendment to IFRS 2, 'Share-based Payment', is effective from 1 January 2009.
- Amendment to IFRS 7 'Financial instruments: Disclosure' is effective from 1 January 2009.
- IFRS 8, 'Operating Segments', is effective from 1 January 2009.
- IAS 1 (revised), 'Presentation of financial statements', is effective from 1 January 2009.
- IAS 23 (revised), 'Borrowing costs' is effective from 1 January 2009.
- Amendments to IAS 32, 'Financial Instruments: Presentation' and IAS 1, 'Presentation of Financial Statements' – 'Puttable Financial Instruments and Obligations arising on liquidation' are effective from 1 January 2009.
- IAS 27 (revised), 'Consolidated and separate financial statements', is effective from 1 July 2009(1).
- Amendments to IAS 39 'Financial instruments: recognition and measurement' are effective from 1 July 2009(1).
- Amendment to IFRS 1 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' is effective from 1 July 2009.
- IFRS 1 (revised), 'First-time adoption', is effective from 1 July 2009(1).
- IFRS 3 (revised), 'Business combinations', is effective from 1 July 2009(1).
- IFRIC 13, 'Customer Loyalty Programmes' is effective from 1 July 2008.

(1) Not yet endorsed by the EU.

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

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.

(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 charges to be made to the income statement in accordance 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.

1. Accounting policies continued

(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 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 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
A reportable 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, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group's primary segmental analyses are in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles. The group presents its geographic analysis as its primary segmentation.

The group presents its product analysis as its secondary segmentation. This is analysed between secondary segments of Beer, Soft drinks and Other.

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.

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 2009	Year ended 31 March 2008
Average rate		
South African rand (ZAR)	**8.87**	7.13
Colombian peso (COP)	**2,061**	1,997
Euro (€)	**0.69**	0.71
Czech koruna (CZK)	**17.54**	19.28
Polish zloty (PLN)	**2.51**	2.64
Closing rate		
South African rand (ZAR)	**9.61**	8.15
Colombian peso (COP)	**2,561**	1,822
Euro (€)	**0.76**	0.63
Czech koruna (CZK)	**20.57**	16.06
Polish zloty (PLN)	**3.52**	2.23

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 equity.

1. Accounting policies continued

(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 recycled through 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 in the statement of total recognised income and expense.

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.

(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 applied development costs referred to under 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.

1. Accounting policies continued

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 licences or 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) 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.

(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 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 10 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 – 10 years
Assets held under finance leases	Lower of the lease term or life of the asset

1. Accounting policies continued

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

Direct 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 3 to 5 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.

l) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transactions costs where applicable). 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 against income 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 though profit or loss includes 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.

1. Accounting policies continued

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
Cash and cash equivalents include cash in hand, bank deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less.

(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 equity. On disposal or impairment of available for sale investments, any gains or losses in equity are recycled through 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. The value in use of the asset is determined by discounting, at a market based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in the income statement in the period in which it is incurred.

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 assets 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 additional impairment is recognised against the CGU, the impairment is then taken against goodwill and if there is any remaining loss it is set against the remaining 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.

1. Accounting policies continued

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 material and non-recurring, 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 directly in equity, in which case it is recognised in equity.

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 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.

1. Accounting policies continued

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 scheme (with market 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. This expense is offset by a corresponding adjustment 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 presented in the statement of recognised income and expense, 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. 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 presented in the statement of recognised income and expense. 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 re-performed 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).

1. Accounting policies continued

(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 as a separate component of equity. The ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled 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 equity. 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 recycled 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 recycled 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 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.

Overview

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2. Segmental analysis

Primary reporting format – geographical segments

Income statement

	Segment revenue 2009 US$m	Segment result 2009 US$m	Share of post-tax results of associates and joint ventures 2009 US$m	Total 2009 US$m	Segment revenue 2008 US$m	Segment result 2008 US$m	Share of post-tax results of associates 2008 US$m	Total 2008 US$m
Latin America	5,484	1,102	1	1,103	5,239	892	–	892
Europe	6,118	448	4	452	5,242	947	1	948
North America	1,553	639	228	867	5,120	411	–	411
Africa and Asia	2,085	352	191	543	1,853	330	150	480
South Africa	3,463	704	92	796	3,956	962	121	1,083
Corporate	–	(97)	–	(97)	–	(94)	–	(94)
Group	18,703	3,148	516	3,664	21,410	3,448	272	3,720
Net finance costs				(706)				(456)
Profit before tax				2,958				3,264
Taxation				(801)				(976)
Profit for the year				2,157				2,288

Voluntary income statement disclosures for the primary reporting format

Alternative performance measures have been provided below on a segmental basis since the directors believe that they give a useful additional indication of underlying performance.

Group revenue (including associates and joint ventures)

	Segment revenue 2009 US$m	Share of associates' and joint ventures' revenue 2009 US$m	Group revenue (including associates and joint ventures) 2009 US$m	Segment revenue 2008 US$m	Share of associates' revenue 2008 US$m	Group revenue (including associates) 2008 US$m
Latin America	5,484	11	5,495	5,239	12	5,251
Europe	6,118	27	6,145	5,242	6	5,248
North America	1,553	3,674	5,227	5,120	–	5,120
Africa and Asia	2,085	2,047	4,132	1,853	1,514	3,367
South Africa:	3,463	840	4,303	3,956	886	4,842
– Beverages	3,463	492	3,955	3,956	490	4,446
– Hotels and Gaming	–	348	348	–	396	396
Group	18,703	6,599	25,302	21,410	2,418	23,828

There is no material difference between the source and destination of revenue. Revenue between segments is immaterial.

Operating profit

	Operating profit 2009 US$m	Exceptional (gains)/losses 2009 US$m	Operating profit before exceptional items 2009 US$m	Operating profit 2008 US$m	Exceptional losses 2008 US$m	Operating profit before exceptional items 2008 US$m
Latin America	1,102	(45)	1,057	892	61	953
Europe	448	452	900	947	–	947
North America	639	(409)	230	411	51	462
Africa and Asia	352	–	352	330	–	330
South Africa: Beverages	704	–	704	962	–	962
Corporate	(97)	–	(97)	(94)	–	(94)
Group	3,148	(2)	3,146	3,448	112	3,560

2. Segmental analysis continued

EBITA

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

	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	Operating profit before exceptional items 2008 US$m	Share of associates' operating profit before exceptional items 2008 US$m	Amortisation of intangible assets (excluding software) – group and share of associates 2008 US$m	EBITA 2008 US$m
Latin America	**1,057**	**1**	**115**	**1,173**	953	–	118	1,071
Europe	**900**	**4**	**40**	**944**	947	1	4	952
North America	**230**	**314**	**37**	**581**	462	–	15	477
Africa and Asia	**352**	**283**	**7**	**642**	330	231	7	568
South Africa:	**704**	**181**	**1**	**886**	962	203	2	1,167
– Beverages	**704**	**60**	**–**	**764**	962	64	–	1,026
– Hotels and Gaming	**–**	**121**	**1**	**122**	–	139	2	141
Corporate	**(97)**	**–**	**–**	**(97)**	(94)	–	–	(94)
Group	**3,146**	**783**	**200**	**4,129**	3,560	435	146	4,141

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:

	2009 US$m	2008 US$m
Share of associates' and joint ventures' operating profit (before exceptional items)	**783**	435
Share of associates' and joint ventures' exceptional items	**(91)**	–
Share of associates' and joint ventures' finance costs	**(25)**	(11)
Share of associates' and joint ventures' taxation	**(113)**	(120)
Share of associates' and joint ventures' minority interests	**(38)**	(32)
Share of post-tax results of associates and joint ventures	**516**	272

EBITDA (a reconciliation of group EBITDA after cash exceptional items to cash generated from operations can be found in note 27a).

This comprises the net cash generated from operations before working capital movements and after operating cash exceptional items.

	EBITDA before cash exceptional items 2009 US$m	Cash exceptional items 2009 US$m	EBITDA 2009 US$m	EBITDA before cash exceptional items 2008 US$m	Cash exceptional items 2008 US$m	EBITDA 2008 US$m
Latin America	**1,418**	**(19)**	**1,399**	1,319	(17)	1,302
Europe	**1,239**	**(6)**	**1,233**	1,203	–	1,203
North America[1]	**244**	**(24)**	**220**	569	(2)	567
Africa and Asia	**441**	**–**	**441**	404	–	404
South Africa: Beverages	**883**	**–**	**883**	1,073	–	1,073
Corporate	**(12)**	**–**	**(12)**	(31)	–	(31)
Group	**4,213**	**(49)**	**4,164**	4,537	(19)	4,518

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 period.

2. Segmental analysis continued

Balance sheet

Total assets

	Segment assets 2009 US$m	Investment in associates and joint ventures 2009 US$m	Unallocated assets[1] 2009 US$m	Total assets 2009 US$m	Segment assets 2008 US$m	Investment in associates 2008 US$m	Unallocated assets[1] 2008 US$m	Total assets* 2008 US$m
Latin America	**12,175**	**3**	**–**	**12,178**	15,314	2	–	15,316
Europe	**6,207**	**9**	**–**	**6,216**	7,683	12	–	7,695
North America	**326**	**5,463**	**–**	**5,789**	6,041	–	–	6,041
Africa and Asia	**2,307**	**1,516**	**–**	**3,823**	1,906	1,475	–	3,381
South Africa	**2,035**	**291**	**–**	**2,326**	2,186	337	–	2,523
Corporate	**414**	**–**	**–**	**414**	470	–	–	470
Unallocated assets	**–**	**–**	**873**	**873**	–	–	656	656
Group	**23,464**	**7,282**	**873**	**31,619**	33,600	1,826	656	36,082

1 Unallocated assets include borrowings-related derivative financial instrument assets, current tax and deferred tax assets.
* As restated (see note 28).

Total liabilities

	Segment liabilities 2009 US$m	Unallocated liabilities[1] 2009 US$m	Total liabilities 2009 US$m	Segment liabilities 2008 US$m	Unallocated liabilities[1] 2009 US$m	Total liabilities* 2008 US$m
Latin America	**1,055**	**–**	**1,055**	1,400	–	1,400
Europe	**1,055**	**–**	**1,055**	1,325	–	1,325
North America	**65**	**–**	**65**	1,341	–	1,341
Africa and Asia	**361**	**–**	**361**	323	–	323
South Africa	**491**	**–**	**491**	569	–	569
Corporate	**312**	**–**	**312**	533	–	533
Unallocated liabilities	**–**	**12,167**	**12,167**	–	12,347	12,347
Group	**3,339**	**12,167**	**15,506**	5,491	12,347	17,838

1 Unallocated liabilities include borrowings (including related derivative financial instrument liabilities), current tax and deferred tax liabilities.
* As restated (see note 28).

Other segmental information

	Depreciation and amortisation		Other non-cash items[1]		Impairment losses recognised	
	2009 US$m	2008 US$m	2009 US$m	2008 US$m	2009 US$m	2008 US$m
Latin America	**406**	396	**(99)**	2	**5**	3
Europe	**349**	256	**49**	3	**409**	7
North America	**31**	151	**(444)**	8	**–**	1
Africa and Asia	**86**	77	**12**	13	**1**	9
South Africa	**145**	145	**51**	(18)	**10**	–
Corporate	**16**	13	**20**	19	**–**	2
Group	**1,033**	1,038	**(411)**	27	**425**	22

1 Other non-cash items principally include profits on disposal of businesses, share option charges and unrealised (gains)/losses from fair value hedges.

	Capital expenditure excluding acquisitions		Acquisition activity		Total capital expenditure[1]	
	2009 US$m	2008 US$m	2009 US$m	2008* US$m	2009 US$m	2008* US$m
Latin America	**552**	730	**–**	–	**552**	730
Europe	**753**	565	**149**	1,209	**902**	1,774
North America	**38**	166	**–**	–	**38**	166
Africa and Asia	**502**	295	**40**	–	**542**	295
South Africa	**285**	279	**–**	–	**285**	279
Corporate	**17**	26	**–**	–	**17**	26
Group	**2,147**	2,061	**189**	1,209	**2,336**	3,270

1 Capital expenditure includes acquisitions and additions of intangible assets and property, plant and equipment.
* As restated (see note 28).

2. Segmental analysis continued

Secondary reporting format – Business segments

	Revenue		Total assets		Capital expenditure[1]	
	2009 US$m	2008 US$m	2009 US$m	2008* US$m	2009 US$m	2008* US$m
Lager	**15,751**	18,681	**19,706**	29,414	**1,872**	3,036
Soft drinks	**2,400**	2,239	**2,846**	3,134	**363**	136
Other	**552**	490	**912**	1,052	**101**	98
Sub-total	**18,703**	21,410	**23,464**	33,600	**2,336**	3,270
Investment in associates and joint ventures			**7,282**	1,826		
Unallocated assets			**873**	656		
Group	**18,703**	21,410	**31,619**	36,082	**2,336**	3,270

1 Capital expenditure includes acquisitions and additions of intangible assets and property, plant and equipment.
* As restated (see note 28).

There is no material difference between the source and destination of revenue. Revenue between segments is immaterial.

3. Net operating expenses

	2009 US$m	2008 US$m
Cost of inventories recognised as an expense	**5,203**	5,869
– Changes in inventories of finished goods and work in progress	**69**	208
– Raw materials and consumables used	**5,134**	5,661
Excise duties[1]	**3,820**	4,353
Employee benefits costs (see note 6a)	**1,940**	2,344
Depreciation of property, plant and equipment	**829**	848
– Owned assets	**621**	629
– Under finance lease	**5**	4
– Containers	**203**	215
Profit on disposal of available for sale investments	**–**	(1)
Profit on disposal of businesses	**(526)**	(17)
Profit on disposal of associates	**–**	(1)
Loss/(profit) on disposal of property, plant and equipment	**10**	(10)
Amortisation of intangible assets	**204**	190
– Intangible assets excluding software	**164**	141
– Software	**40**	49
Other expenses	**4,352**	4,657
– Selling, marketing and distribution costs	**2,281**	2,743
– Repairs and maintenance expenditure on property, plant and equipment	**308**	351
– Impairment of goodwill	**364**	–
– Impairment of intangible assets	**14**	–
– Impairment of property, plant and equipment	**16**	5
– Impairment of trade and other receivables	**31**	17
– Operating lease rentals – land and buildings	**65**	61
– Operating lease rentals – plant, vehicle and systems	**91**	78
– Research and development expenditure	**7**	9
– Other operating expenses	**1,175**	1,393
Total net operating expenses by nature	**15,832**	18,232
Other income	**(277)**	(270)
– Revenue received from royalties	**(36)**	(32)
– Dividends received from investments	**(1)**	(1)
– Other operating income	**(240)**	(237)
Net operating expenses	**15,555**	17,962

1 Excise duties of US$3,820 million (2008: US$4,353 million) have been incurred during the year as follows: Latin America US$1,383 million (2008: US$1,334 million); Europe US$1,118 million (2008: US$995 million); North America US$239 million (2008: US$861 million); Africa and Asia US$454 million (2008: US$420 million) and South Africa US$626 million (2008: US$743 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 loss of US$34 million (2008: gain of US$7 million).

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:

	2009 US$m	2008 US$m
Group auditors		
Fees payable to the group's auditors and their associates for:		
Auditing of subsidiaries, pursuant to legislation	**6**	8
Other services supplied pursuant to legislation	**1**	–
Other services relating to taxation	**4**	4
Services relating to corporate finance transactions	**–**	3
Other services[1]	**4**	6
Fees payable to the group's auditors for auditing of the parent company's annual accounts	**1**	2
	16	23

1 In 2008, principally relating to assurance on internal financial control upgrade.

	2009 US$m	2008 US$m
Other auditors		
Fees payable to other auditors for other services:		
Auditing of subsidiaries, pursuant to legislation	**1**	1
Other services relating to taxation	**2**	3
Internal audit services	**1**	3
Other services	**3**	3
	7	10

4. Exceptional items

	2009 US$m	2008 US$m
Exceptional items included in operating profit		
Impairments	**(392)**	–
Integration and restructuring costs	**(110)**	(129)
Profit on disposal of businesses	**526**	17
Unwinding of fair value adjustments on inventory	**(9)**	–
Litigation	**(13)**	–
Net exceptional gains/(losses) included within operating profit	**2**	(112)
Exceptional items included in net finance costs		
Gain on early termination of financial derivatives	**20**	–
Share of associates' and joint ventures' exceptional items		
Integration and restructuring costs	**(33)**	–
Impairment of intangible assets	**(38)**	–
Unwinding of fair value adjustments on inventory	**(13)**	–
Fair value losses on financial instruments	**(7)**	–
Share of associates' and joint ventures' exceptional losses	**(91)**	–
Taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items	**56**	40

4. Exceptional items continued

Exceptional items included in operating profit

Impairments

During 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.

There were no impairments recorded as exceptional items in 2008.

Integration and restructuring costs

During 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.

In 2008, in Latin America integration and restructuring costs of US$78 million associated with the consolidation of Bavaria were incurred and in North America a charge of US$51 million was recorded related to staff retention arrangements and for certain integration costs in preparation for the MillerCoors joint venture.

Profit on disposal of businesses

During 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 (see note 29 for further details). 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.

In 2008, a net US$17 million profit on disposal was recognised on the disposal of soft drinks businesses in Costa Rica and Colombia.

Unwinding of fair value adjustments on inventory

On the acquisition of Grolsch, inventory was fair valued to market value. The uplift is charged to the income statement as the inventory is sold. During 2009, US$9 million was charged to operating profit and treated as an exceptional item.

There was no unwinding of fair value adjustments on inventory recorded as an exceptional item in 2008.

Litigation

During 2009, a provision has been recorded in Latin America relating to ongoing litigation amounting to US$13 million (2008: US$nil).

Exceptional items included in net finance costs

During 2009, a US$20 million gain arose on the early termination of financial derivatives (2008: US$nil).

Share of associates' and joint ventures' exceptional items

Integration and restructuring costs

The group's share of MillerCoors' integration and restructuring costs of US$33 million mainly related to relocation and severance costs.

Impairment of intangible assets

This relates to the group's share of the impairment of the Sparks brand recorded in MillerCoors.

Unwinding of fair value adjustments on inventory

In 2009 the group's share of MillerCoors' charge to operating profit in the year related to the unwind of the fair value adjustment to inventory of US$13 million.

Fair value losses on financial instruments

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

In 2009, taxation credits of US$56 million arose in relation to exceptional items during the year and include US$31 million in relation to MillerCoors although the tax credit is recognised in Miller Brewing Company (see note 7).

The taxation credits recorded in 2008 arose in relation to the net exceptional items charged during the year.

5. Net finance costs

	2009 US$m	2008 US$m
a. Interest payable and similar charges		
Interest payable on bank loans and overdrafts	**262**	172
Interest element of derivatives	**253**	120
Interest payable on corporate bonds	**406**	401
Interest element of finance lease payments	**1**	1
Net exchange losses/(gains) on financing activities	**288**	(39)
Fair value losses on financial instruments:		
– Fair value losses on dividend related derivatives[1]	**12**	10
– Fair value losses on standalone derivative financial instruments	**27**	23
– Ineffectiveness of net investment hedges[1]	**22**	–
Other finance charges	**30**	33
Total interest payable and similar charges	**1,301**	721
b. Interest receivable and similar income		
Interest receivable	**66**	83
Interest element of derivatives	**201**	115
Fair value gains on financial instruments:		
– Fair value gains on standalone derivative financial instruments	**291**	19
– Ineffectiveness of fair value hedges	**10**	3
– Ineffectiveness of net investment hedges[1]	**–**	45
– Fair value gains on dividend related derivatives[1]	**7**	–
Gain on early termination of financial derivatives[1]	**20**	–
Total interest receivable and similar income	**595**	265
Net finance costs	**706**	456

1 These items have been excluded from the determination of adjusted earnings per share. Adjusted net finance costs are therefore US$699 million (2008: US$491 million).

Refer to note 22 – Financial risk factors for interest rate risk information.

6. Employee and key management compensation costs

a. Employee costs

	2009 US$m	2008 US$m
Wages and salaries	**1,580**	1,908
Share-based payments	**79**	79
Social security costs	**164**	199
Pension costs	**99**	120
Post-retirement benefits other than pensions	**19**	47
	1,941	2,353

Of the US$1,941 million employee costs shown above, US$1 million has been capitalised within property, plant and equipment (2008: US$9 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:

	2009 Number	2008 Number
Latin America	**24,793**	25,389
Europe	**15,987**	12,921
North America	**1,544**	5,991
Africa and Asia	**13,841**	12,806
South Africa	**12,184**	11,749
Corporate	**286**	260
Group	**68,635**	69,116

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 2009, there were 23 (2008: 24) key management.

	2009 US$m	2008 US$m
Salaries and short-term employee benefits	**23**	31
Post-employment benefits	**2**	3
Share-based payments	**14**	14
	39	48

The key management figures given above include the directors.

d. Directors

	2009 US$m	2008 US$m
Aggregate emoluments £4,251,478 (2008: £5,147,805)	**7**	10
Aggregate gains made on the exercise of share options or vesting of share awards	**2**	9
Company contributions to money purchase schemes £528,000 (2008: £490,500)	**1**	1
	10	20

At 31 March 2009, two directors (2008: two) had retirement benefits accruing under money purchase pension schemes.

Full details of individual directors' remuneration are given in the remuneration report on pages 57 to 65.

7. Taxation

	2009 US$m	2008 US$m
Current taxation	**670**	926
Charge for the year (UK corporation tax: US$4 million charge (2008: US$nil))	**693**	935
Adjustments in respect of prior years	**(23)**	(9)
Withholding taxes and other remittance taxes	**67**	64
Total current taxation	**737**	990
Deferred taxation	**64**	(14)
Charge for the year (UK corporation tax: US$nil (2008: US$9 million credit))	**81**	8
Adjustments in respect of prior years	**(14)**	(17)
Rate change	**(3)**	(5)
	801	976
Tax on items (credited)/charged to equity:		
Deferred tax (credit)/charge on actuarial gains and losses	**(94)**	10
Deferred tax credit on financial instruments	**(31)**	(2)
	(125)	8
Total current tax	**737**	990
Total deferred tax	**(61)**	(6)
Total taxation	**676**	984
Effective tax rate (%)	**30.2**	32.5

See page 156 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.

Although the US and Puerto Rico operations of the Miller business were contributed into the MillerCoors joint venture during the period, 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 MillerCoors' taxable profits and includes tax in equity on the group's share of MillerCoors' taxable items included in equity.

7. Taxation continued

Tax rate reconciliation

	2009 US$m	2008 US$m
Profit before taxation	**2,958**	3,264
Less: Share of post-tax results of associates and joint ventures	**(516)**	(272)
	2,442	2,992
Tax charge at standard UK rate of 28% (2008: 30%)	**684**	898
Exempt income	**(39)**	(39)
Other incentive allowances	**(21)**	(19)
Expenses not deductible for tax purposes	**62**	88
Deferred tax asset not recognised	**55**	34
Tax impact of MillerCoors joint venture	**64**	–
Withholding taxes and other remittance taxes	**67**	64
Other taxes	**30**	33
Adjustments in respect of foreign tax rates	**(74)**	(85)
Adjustments in respect of prior periods	**(37)**	(26)
Deferred taxation rate change	**(3)**	(5)
Deferred taxation on unremitted earnings of overseas subsidiaries	**13**	33
Total income tax expense	**801**	976

8. Earnings per share

	2009 US cents	2008 US cents
Basic earnings per share	**125.2**	134.9
Diluted earnings per share	**124.7**	134.2
Headline earnings per share	**119.0**	133.0
Adjusted basic earnings per share	**137.5**	143.1
Adjusted diluted earnings per share	**136.8**	142.4

The weighted average number of shares was:

	2009 Millions of shares	2008 Millions of shares
Ordinary shares	**1,514**	1,504
Treasury shares (see note 25)	**(7)**	–
EBT ordinary shares	**(5)**	(4)
Basic shares	**1,502**	1,500
Dilutive ordinary shares from share options	**7**	8
Diluted shares	**1,509**	1,508

The calculation of diluted earnings per share excludes 10,982,094 (2008: 7,827,902) 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 8,912,780 (2008: 6,971,801) 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.

7,192,730 share awards were granted after 31 March 2009 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 to exclude the impact of amortisation of intangible assets (excluding capitalised software) and other non-recurring items in order to present a more useful comparison for the years shown in the consolidated financial statements. Adjusted earnings per share has been based on adjusted 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:

	2009 US$m	2008 US$m
Profit for the financial year attributable to equity holders of the parent	**1,881**	2,023
Headline adjustments		
Impairment of goodwill	**364**	–
Impairment of intangible assets	**14**	–
Impairment of property, plant and equipment	**16**	5
Loss/(profit) on disposal of property, plant and equipment	**10**	(12)
Profit on disposal of businesses	**(526)**	(17)
Tax effects of the above items	**(4)**	(4)
Minority interests' share of the above items	**(1)**	–
Share of joint ventures' and associates' headline adjustments, net of tax and minority interests	**34**	–
Headline earnings	**1,788**	1,995
Integration and restructuring costs	**108**	129
Net loss/(gain) on fair value movements on capital items[1]	**27**	(35)
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)	**164**	141
Tax effects of the above items	**(110)**	(88)
Minority interests' share of the above items	**(4)**	–
Share of joint ventures' and associates' other adjustments, net of tax and minority interests	**90**	5
Adjusted earnings	**2,065**	2,147

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

	2009 US$m	2008 US$m
Equity		
2008 Final dividend paid: 42.0 US cents (2007: 36.0 US cents) per ordinary share	**640**	537
2009 Interim dividend paid: 16.0 US cents (2008: 16.0 US cents) per ordinary share	**237**	232
	877	769

In addition, the directors are proposing a final dividend of 42.0 US cents per share in respect of the financial year ended 31 March 2009, which will absorb an estimated US$631 million of shareholders' funds. If approved by shareholders, the dividend will be paid on 28 August 2009 to shareholders registered on the London and Johannesburg Registers on 21 August 2009. The total dividend per share for the year is 58.0 US cents (2008: 58.0 US cents).

Safari Ltd waived its rights to interim dividends of US$12 million (2008: US$12 million), and to the final dividend in respect of 2008 of US$32 million (2007: US$28 million). On 26 February 2009, these 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.

The employee benefit trusts (EBT) which hold shares for the various executive share incentive schemes have waived their 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 Great Britain), the provisions of the companies' Articles of Association and the Companies Act 1985 (as amended). There are restrictions over the distribution by a company incorporated in Great Britain of any profits which are not generated from external cash receipts as defined in Technical Release 1/08, issued by the Institute of Chartered Accountants in England and Wales. The final dividend of the company of US$640 million paid on 7 August 2008, relating to the year ended 31 March 2008 and the interim dividend of US$237 million paid on 5 December 2008, relating to the six months ended 30 September 2008, were paid out of profits available for distribution and the final dividend of the company of US$631 million proposed to be paid on 28 August 2009, relating to the year ended 31 March 2009, will be paid out of profits available for distribution as at 31 March 2009.

10. Goodwill

	US$m
Cost	
At 1 April 2007	13,250
Exchange adjustments	1,370
Arising on increase in share of subsidiary undertakings	27
Arising on acquisition of subsidiary undertakings	486
At 31 March 2008*	15,133
Exchange adjustments	(2,215)
Arising on increase in share of subsidiary undertakings (see note 29)	3
Arising on acquisition of subsidiary undertakings (provisional) (see note 29)	144
Contributed to joint ventures	(3,998)
At 31 March 2009	**9,067**
Accumulated impairment	
At 1 April 2007 and 31 March 2008	–
Exchange adjustments	(31)
Impairment	364
At 31 March 2009	**333**
Net book amount	
At 1 April 2007	13,250
At 31 March 2008*	15,133
At 31 March 2009	**8,734**

*As restated (see note 28).

2009

Provisional goodwill arising on the acquisition of subsidiary undertakings during the year has resulted from 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 (see note 29). The fair value exercises in respect of these acquisitions have yet to be completed.

Goodwill arising on the formation of the MillerCoors joint venture is recorded within the investment in joint ventures.

During 2009, goodwill impairments were recorded in respect of the Grolsch business and Sarmat in Ukraine of US$350 million and US$14 million respectively.

2008

Additional goodwill arising on the acquisitions of Grolsch and Browar Belgia Sp.z.o.o., both of which occurred during the year. The fair value exercises in respect of these acquisitions 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:

	2009 US$m	2008* US$m
CGUs		
Latin America:		
– Central America	**830**	830
– Colombia	**3,387**	4,729
– Peru	**1,482**	1,700
– Other Latin America	**201**	206
Europe:		
– Czech	**873**	1,109
– Netherlands	**103**	502
– Italy	**428**	509
– Other Europe	**149**	149
North America	**256**	4,254
Africa and Asia:		
– India	**354**	428
– Other Africa and Asia	**177**	135
South Africa	**494**	582
	8,734	15,133

*As restated (see note 28).

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 an 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 primary segments:

	Expected volume growth rate 2010–2014	Post-tax discount rates	Long-term growth rates
Latin America	4.6%-8.7%	9.7%-17.7%	2.0%
Europe	2.0%-12.9%	7.3%-16.2%	1.5%-2.5%
North America	7.7%	7.0%	1.5%
Africa and Asia	1.8%-18.5%	9.6%-17.4%	3.0%-5.0%
South Africa	6.6%	12.9%	2.0%

Impairment reviews results

As a result of the annual impairment reviews, total impairment losses have been recognised in respect of CGUs 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 has arisen principally due to deterioration in forecast trading conditions in both the Netherlands, which has been impacted by excise increases and the recent introduction of a smoking ban, and in export markets. The impairment loss has been allocated to goodwill.

The recoverable amount was determined based on value in use calculations on a pre-tax basis. The pre-tax discount rate used in the calculation was 10.2% and the post-tax discount rate used in the previous value in use calculation was 7.1%.

Ukraine

A total impairment loss of US$42 million has been recognised in respect of CJSC Sarmat in Ukraine which was acquired in July 2008. Subsequent to the acquisition, the business has not performed as expected as the Ukrainian economy has suffered a significant downturn from which it is expected to take a significant amount of time to recover.

The recoverable amount was determined based on value in use calculations on a pre-tax basis. The pre-tax discount rate used in the calculation was 17.7%. There has been no previous value in use calculation as the subsidiary was acquired during the year. The impairment loss has been allocated as follows:

	US$m
Goodwill	**14**
Intangible assets	**14**
Property, plant and equipment	**14**
	42

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, aside from those where an impairment loss has been recorded during the year.

11. Intangible assets

	Brands US$m	Computer software US$m	Other US$m	Total US$m
Cost				
At 1 April 2007	3,919	336	18	4,273
Exchange adjustments	642	24	7	673
Additions – separately acquired	2	56	2	60
Acquisitions – through business combinations	585	–	37	622
Transfers from property, plant and equipment	–	13	7	20
Disposals	–	(12)	–	(12)
At 31 March 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	28	1	–	29
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	**3,961**	**269**	**65**	**4,295**
Aggregate amortisation and impairment				
At 1 April 2007	179	192	1	372
Exchange adjustments	36	12	2	50
Amortisation	138	49	3	190
Disposals	–	(12)	–	(12)
At 31 March 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**
Net book amount				
At 1 April 2007	3,740	144	17	3,901
At 31 March 2008*	4,795	176	65	5,036
At 31 March 2009	**3,568**	**118**	**43**	**3,729**

*As restated (see note 28).

During 2009, an impairment charge of US$14 million was made in respect of intangible assets in Ukraine (see note 10).

At 31 March 2009, significant individual brands included within the carrying value of intangible assets are as follows:

Brand carrying value	2009 US$m	2008 US$m	Amortisation period remaining (years)
Aguila (Colombia)	**1,187**	1,715	36
Cristal (Peru)	**596**	703	36
Grolsch (Netherlands)	**485**	594	39

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 2007	403	2,606	6,218	1,319	10,546
Exchange adjustments	74	384	739	115	1,312
Additions	1,130	50	385	435	2,000
Acquisitions – through business combinations	15	291	250	31	587
Breakages and shrinkage	–	–	–	(31)	(31)
Transfers	(667)	88	442	137	–
Transfers to intangible assets	(36)	4	22	(10)	(20)
Disposals	(1)	(69)	(167)	(142)	(379)
At 31 March 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	38	112	9	160
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	**745**	**2,680**	**6,022**	**1,600**	**11,047**
Accumulated depreciation and impairment					
At 1 April 2007	–	410	2,726	660	3,796
Exchange adjustments	–	80	346	112	538
Provided during the period	–	64	569	215	848
Breakages and shrinkage	–	–	–	(4)	(4)
Impairments	–	–	5	–	5
Disposals	–	(12)	(141)	(128)	(281)
At 31 March 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**
Net book amount					
At 1 April 2007	403	2,196	3,492	659	6,750
At 31 March 2008*	918	2,812	4,384	999	9,113
At 31 March 2009	**745**	**2,278**	**3,470**	**911**	**7,404**

*As restated (see note 28).

Included in land and buildings is freehold land with a cost of US$554 million (2008: US$684 million) which is not depreciated.

Included in plant, vehicles and systems are the following amounts relating to assets held under finance leases:

	2009 US$m	2008 US$m
Net book amount	**28**	24

12. Property, plant and equipment continued

Included in plant, vehicles and systems are the following amounts in respect of interest capitalised:

	2009 US$m	2008 US$m
At beginning of year	**26**	18
Exchange adjustments	**(5)**	1
Amortised during the year	**(4)**	–
Capitalised during the year	**14**	7
At end of year	**31**	26

Borrowing costs of US$14 million (2008: US$7 million) were capitalised during the year at an effective rate of 13.47% (2008: 10.95%). It is anticipated that of the borrowing costs capitalised during the year, potentially US$3 million (2008: US$7 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$146 million (2008: US$70 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 34 to the accounts.

	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 equity	(335)
Dividends received	(454)
At 31 March 2009	**5,495**

1 As a result of SABMiller entering the MillerCoors joint venture, joint ventures have now become a material item in the group's financial statements. This has meant that investments in immaterial joint ventures previously classified as investments in associates have now been 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.

Summarised financial information for the group's interest in joint ventures is shown below:

	2009 US$m
Revenue	**3,708**
Expenses	**(3,483)**
Profit after tax	**225**
Non-current assets	**5,631**
Current assets	**625**
Current liabilities	**(639)**
Non-current liabilities	**(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 34 to the accounts.

	US$m
At 1 April 2007	1,351
Exchange adjustments	102
Purchase of shares in associates	1
Acquisitions – through business combinations	13
Investments in associates	179
Disposals	(1)
Share of results retained	272
Dividends received	(91)
At 31 March 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 equity	5
Dividends received	(151)
Transfer to subsidiary undertaking	(13)
At 31 March 2009	**1,787**

2009

The group's interest in Pacific Beverages (Pty) Ltd in Australia has now been 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 (see note 29).

2008

Additional funding totalling US$179 million was provided to China Resources Snow Breweries Ltd during the year.

The associate Grolsch (UK) Ltd was acquired as part of the Grolsch acquisition.

The analysis of associated undertakings between listed and unlisted investments is shown below:

	2009 US$m	2008 US$m
Listed	**121**	123
Unlisted	**1,666**	1,703
	1,787	1,826
The market value of listed investments included above is:		
– Distell Group Ltd	**318**	367

Summarised financial information for associates for total assets, total liabilities, revenue and profit or loss on a 100% basis is shown below:

	2009 US$m	2008 US$m
Total assets	**8,518**	7,922
Total liabilities	**(2,873)**	(2,538)
Revenue	**8,370**	7,414
Net profit	**1,084**	1,111

Delta Corporation Limited, a listed associated undertaking of the group which operates in Zimbabwe, is restricted from paying dividends or exporting capital due to foreign currency shortages, and as such the market value of its listed shares is not 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.

15. Available for sale investments

	Investments US$m
At 1 April 2007	52
Additions	1
Acquisitions – through business combinations	2
Disposals	(4)
Net gains transferred to equity	2
At 31 March 2008*	53
Exchange adjustments	(5)
Additions	14
Contributed to joint ventures	(10)
Disposals	(4)
Net losses transferred to equity	(8)
At 31 March 2009	**40**

*As restated (see note 28).

	2009 US$m	2008* US$m
Analysed as		
Non-current	**29**	53
Current	**11**	–
	40	53

*As restated (see note 28).

None of the available for sale assets are past due or impaired.

Available for sale investments are denominated in the following currencies:

	2009 US$m	2008* US$m
SA rand	**6**	12
US dollars	**12**	13
Peruvian nuevo sol	**8**	17
Other currencies	**14**	11
	40	53

*As restated (see note 28).

An analysis of available for sale investments between listed and unlisted is shown below:

	2009 US$m	2008* US$m
Listed	**19**	18
Unlisted	**21**	35
	40	53

*As restated (see note 28).

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. 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

	2009 US$m	2008* US$m
Raw materials and consumables	**672**	723
Work in progress	**135**	181
Finished goods and goods for resale	**435**	458
	1,242	1,362

*As restated (see note 28).

The following amount of inventories are expected to be settled after 12 months:

	2009 US$m	2008 US$m
Raw materials and consumables	**34**	31
Work in progress	**1**	–
Finished goods and goods for resale	**6**	7
	41	38

There were no borrowings secured on the inventories of the group (2008: US$4 million).

There was no impairment charge recognised in respect of inventories during the year (2008: US$nil).

17. Trade and other receivables

	2009 US$m	2008* US$m
Trade receivables	**1,177**	1,541
Less: provision for impairment	**(121)**	(148)
Trade receivables – net	**1,056**	1,393
Other receivables	**499**	589
Less: provision for impairment	**(10)**	(42)
Other receivables – net	**489**	547
Amounts owed by associates – trade	**27**	3
Amounts owed by joint ventures – trade	**2**	–
Prepayments and accrued income	**127**	159
Total trade and other receivables	**1,701**	2,102
Analysed as:		
Current		
Trade receivables – net	**1,053**	1,391
Other receivables – net	**386**	315
Amounts owed by associates – trade	**27**	3
Amounts owed by joint ventures – trade	**2**	–
Prepayments and accrued income	**108**	156
	1,576	1,865
Non-current		
Trade receivables – net	**3**	2
Other receivables – net	**103**	232
Prepayments and accrued income	**19**	3
	125	237

*As restated (see note 28).

The net carrying values of trade and other receivables are considered a close approximation of their fair values.

17. Trade and other receivables continued

At 31 March 2009, trade and other receivables of US$356 million (2008: US$351 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 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**	**–**	**–**	**–**	**–**	**–**

		Past due				
	Fully performing 2008 US$m	Within 30 days 2008 US$m	30-60 days 2008 US$m	60-90 days 2008 US$m	90-180 days 2008 US$m	Over 180 days 2008 US$m
Trade receivables	1,014	220	41	24	35	31
Other receivables	283	–	–	–	–	–
Amounts owed by associates – trade	3	–	–	–	–	–

The group holds collateral as security for past due trade receivables to the value of US$49 million (2008: US$33 million) and for past due other receivables of US$16 million (2008: US$nil).

At 31 March 2009, trade receivables of US$213 million (2008: US$176 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2009 was US$121 million (2008: US$148 million) and reflects trade receivables from 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 holds collateral as security against specifically impaired trade receivables with a fair value of US$1 million (2008: US$24 million).

At 31 March 2009, other receivables of US$13 million (2008: US$136 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2009 was US$10 million (2008: US$42 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 does not hold collateral as security against specifically impaired other receivables at 31 March 2009. At 31 March 2008, the group held collateral equal to the carrying value of specifically impaired other receivables.

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:

	2009 US$m	2008* US$m
SA rand	**217**	212
US dollars	**212**	474
Euro	**370**	437
Colombian peso	**93**	153
British pound	**93**	35
Other currencies	**716**	791
	1,701	2,102

*As restated (see note 28).

Movements on the provision for impairment of trade receivables and other receivables are as follows:

	Trade receivables		Other receivables	
	2009 US$m	2008* US$m	2009 US$m	2008 US$m
At 1 April	**(148)**	(107)	**(42)**	(27)
Provision for receivables impairment	**(28)**	(2)	**(3)**	(15)
Receivables written off during the year as uncollectable	**26**	–	**1**	–
Acquisitions – through business combinations	**–**	(19)	**–**	–
Contributed to joint ventures	**–**	–	**42**	–
Transfers	**–**	–	**(9)**	–
Exchange adjustments	**29**	(20)	**1**	–
At 31 March	**(121)**	(148)	**(10)**	(42)

*As restated (see note 28).

The creation of provisions for impaired receivables has been included in net operating expenses in the income statement (see note 3).

18. Cash and cash equivalents

	2009 US$m	2008 US$m
Short-term deposits	**46**	136
Cash at bank and in hand	**363**	537
	409	673

Cash and short-term deposits of US$105 million (2008: US$77 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.

During 2008 the group set up notional cash pools. The structure facilitates interest and balance compensation of cash and bank overdrafts. This notional pooling arrangement does not meet the set-off rules under IFRS, and as a result, the cash and bank overdraft balances have been reported 'gross' on the balance sheet. As at 31 March 2009, on a 'netted' pro forma basis, cash and cash equivalents and overdraft balances would have been US$9 million lower, resulting in US$400 million cash and cash equivalents and US$291 million bank overdraft balances (31 March 2008: cash and cash equivalents and overdraft balances would have been US$127 million lower, resulting in US$546 million cash and cash equivalents and US$358 million bank overdraft balances).

19. Trade and other payables

	2009 US$m	2008* US$m
Trade payables	**788**	926
Accruals	**506**	821
Deferred income	**37**	46
Containers in the hands of customers	**353**	455
Amounts owed to associates – trade	**25**	20
Amounts owed to joint ventures – trade	**29**	–
Deferred consideration for acquisitions	**6**	10
Excise duty payable	**225**	305
VAT and other taxes payable	**110**	159
Other payables	**503**	903
Total trade and other payables	**2,582**	3,645
Analysed as:		
Current		
Trade payables	**788**	926
Accruals	**506**	821
Deferred income	**–**	2
Containers in the hands of customers	**353**	455
Amounts owed to associates – trade	**25**	20
Amounts owed to joint ventures – trade	**29**	–
Deferred consideration for acquisitions	**3**	5
Excise duty payable	**225**	305
VAT and other taxes payable	**110**	159
Other payables	**357**	614
	2,396	3,307
Non-current		
Deferred income	**37**	44
Deferred consideration for acquisitions	**3**	5
Other payables	**146**	289
	186	338

*As restated (see note 28).

20. Deferred taxation

The movement on the net deferred tax liability is shown below:

	2009 US$m	2008* US$m
At beginning of year	**1,608**	1,229
Exchange adjustments	**(371)**	208
Acquisitions – through business combinations	**14**	177
Formation of MillerCoors joint venture	**678**	–
Rate change	**(3)**	(5)
Charged to the income statement	**67**	(9)
Deferred tax on items (charged)/credited to equity		
– Financial instruments	**(31)**	(2)
– Actuarial gains and losses	**(94)**	10
At end of year	**1,868**	1,608

*As restated (see note 28).

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	14	–	2	–	–	–	16
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 equity:							
– Financial instruments	–	–	–	6	(39)	–	(33)
– Actuarial gains and losses	–	5	–	–	(99)	–	(94)
At 31 March 2009	**519**	**(10)**	**1,044**	**(55)**	**455**	**76**	**2,029**

*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 credited to equity:						
– Financial instruments	–	–	–	(2)	–	(2)
At 31 March 2009	**15**	**2**	**41**	**–**	**103**	**161**

* As restated (see note 28).

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 and 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$2,044 million (2008: US$1,876 million) are expected to be recovered after more than one year.

Deferred tax assets of US$126 million (2008: US$160 million) are expected to be recovered after more than one year.

20. Deferred taxation continued

	2009 US$m	2008 US$m
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	**65**	62
Tax credits	**64**	57
Capital allowances in excess of depreciation	**9**	8
Share-based payments	**11**	5
Cash flow hedges	**3**	–
	152	132

These deferred tax assets will not expire, with the exception of 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$16 million (2008: US$35 million) has been recognised. A deferred tax liability of US$29 million (2008: US$31 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 the unremitted earnings of overseas subsidiary undertakings where either the overseas profits will not be distributed in the forseeable 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. Temporary differences on which deferred tax has not been recognised are estimated at US$5,100 million (2008: US$4,600 million).

21. Borrowings

Current

	2009 US$m	2008 US$m
Secured		
Overdrafts	**76**	–
Other secured loans	**18**	66
	94	66
Unsecured		
US$300 million LIBOR + 0.3% Notes due 2009[1]	**301**	–
COP 40 billion DTF + 3.0% Ordinary Bonds due 2009	**16**	–
US$600 million 4.25% Notes due 2008[2]	**–**	603
Commercial paper[3, 4]	**773**	380
Other unsecured loans	**736**	524
Overdrafts	**224**	485
Obligations under finance leases	**4**	4
	2,054	1,996
Total current borrowings	**2,148**	2,062

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 are not guaranteed. The notes are redeemable in whole but not in part at the option of the issuer upon occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

2 On 7 August 2003, Miller Brewing Company issued US$600 million, 4.25% Guaranteed Notes due 2008. These notes were assumed by SABMiller plc on 30 June 2008 and subsequently repaid on 15 August 2008.

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. The programme benefits from a US$1,000 million 364 day back-stop facility that matures in October 2009, with a one year term-out option.

4 On 17 July 2007, SABSA Holdings (Pty) Ltd and SABFIN (Pty) Ltd established a ZAR 4,000 million Domestic Medium Term Note Programme under which commercial paper may be issued. On 24 December 2008 the programme was increased to ZAR 6,000 million. Debt issued under the programme is guaranteed by SABMiller plc.

21. Borrowings continued

Non-current

	2009 US$m	2008 US$m
Secured		
Secured loans	20	–
Unsecured		
US$1,100 million 5.5% Notes 2013[1]	1,152	1,115
US$300 million 6.625% Guaranteed Notes due 2033[2]	396	327
US$300 million LIBOR + 0.3% Notes due 2009	–	304
US$600 million 6.2% Notes due 2011[3]	608	608
US$850 million 6.5% Notes due 2016[3]	966	929
US$550 million 5.7% Notes due 2014[4]	598	–
US$700 million 6.5% Notes due 2018[4]	778	–
COP 640 billion IPC + 7.3% Ordinary Bonds due 2014	333	394
COP 561.8 billion IPC + 6.52% Ordinary Bonds due 2015	263	316
COP 370 billion IPC + 8.18% Ordinary Bonds due 2012	183	220
COP 338.5 billion IPC + 7.5% Ordinary Bonds due 2013	172	206
COP 40 billion DTF + 3.0% Ordinary Bonds due 2009	–	22
ZAR 1,600 million 9.935% Guaranteed Notes due 2012[5]	167	200
US$2,000 million multi-currency revolving credit facility[6]	735	2,069
US$600 million multi-currency revolving credit facility[7]	600	–
Botswana pula 60 million 11.35% fixed rate bond due 2011[8]	8	9
Other unsecured loans	485	868
Obligations under finance leases	6	9
	7,450	7,596
Total non-current borrowings	7,470	7,596
Total current and non-current borrowings	9,618	9,658
Analysed as:		
Borrowings	9,308	9,160
Obligations under finance leases	10	13
Overdrafts	300	485
	9,618	9,658

The fair value of non-current borrowings is US$8,034 million (2008: US$7,559 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 became 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 occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

2 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 occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

3 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 occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

4 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 occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

5 On 19 July 2007, SABSA Holdings (Pty) Ltd issued ZAR 1,600 million, 9.935% Guaranteed Notes due 2012, guaranteed by SABMiller plc. The notes mature on 19 July 2012. The notes were issued under the ZAR 4,000 million (increased to ZAR 6,000 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 occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of the redemption.

6 On 15 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.

7 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.

8 On 28 July 2004, a 60 million Botswana pula 11.35% unsecured private bond placing 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.

21. Borrowings continued

Undrawn borrowing facilities

The group has the following undrawn committed borrowing facilities available at 31 March in respect of which all conditions precedent had been met at that date:

	2009 US$m	2008 US$m
Amounts expiring:		
Within one year	716	980
Between one and two years	72	157
Between two and five years	1,272	53
In five years or more	33	32
	2,093	1,222

The facilities expiring within one year are annual facilities subject to review at various dates during the 2010 financial year.

Maturity of obligations under finance leases

Obligations under finance leases are as follows:

	2009 US$m	2008 US$m
The minimum lease payments under finance leases fall due as follows:		
Within one year	4	5
Between one and five years	5	9
In five years or more	2	–
	11	14
Future finance charges on finance leases	(1)	(1)
Present value of finance lease liabilities	10	13

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$m	2009 Total US$m	Borrowings and overdrafts US$m	Finance leases US$m	Net derivative financial liabilities[1] (note 23) US$m	2008 Total US$m
Amounts falling due:								
Between one and two years	115	4	(18)	101	374	2	4	380
Between two and five years	4,460	2	(138)	4,324	3,734	7	191	3,932
In five years or more	2,889	–	(339)	2,550	3,479	–	(120)	3,359
	7,464	6	(495)	6,975	7,587	9	75	7,671

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.

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$2,517 million of US dollar borrowings has 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$1,381 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.

22. 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	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 – gain/(loss)							
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 equity – gain/(loss)							
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 equity – 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.

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	47	10	44	21	20	38	180
Derivative financial instruments[1]	597	25	366	101	–	–	1,089
Cash and cash equivalents	56	6	14	81	4	14	175
Available for sale investments	1	–	–	–	–	–	1
At 31 March 2008	701	41	424	203	24	52	1,445
Potential impact on earnings – gain/(loss)							
10% increase in functional currency	(98)	(4)	(21)	(18)	(1)	(3)	(145)
10% decrease in functional currency	80	5	26	22	2	4	139
Potential impact on equity – gain/(loss)							
10% increase in functional currency	–	–	(17)	–	–	–	(17)
10% decrease in functional currency	–	–	21	–	–	–	21
Financial liabilities							
Trade and other payables	271	28	110	108	–	18	535
Derivative financial instruments[1]	160	615	385	849	–	228	2,237
Borrowings	264	1	168	178	–	1	612
At 31 March 2008	695	644	663	1,135	–	247	3,384
Potential impact on earnings – gain/(loss)							
10% increase in functional currency	72	2	28	25	–	1	128
10% decrease in functional currency	(59)	(2)	(35)	(31)	–	(1)	(128)
Potential impact on equity – gain/(loss)							
10% increase in functional currency		55	32	77	–	21	185
10% decrease in functional currency		(68)	(40)	(95)	–	(25)	(228)

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$357 million at 31 March 2009 (2008: US$223 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 the income statement.

The group holds net investment hedges totalling US$1,545 million at 31 March 2009 (2008: US$2,079 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.

Over recent months, foreign exchange rates have increased in volatility. As a result the 2009 table assumes a 20% increase/(decrease) of the functional currency against the foreign currency using the asymmetric method where a 20% increase on the currency is calculated using a ratio of 1.2 whereas a 20% decrease of the currency is calculated using a ratio of 0.8. This analysis assumes that all other variables, in particular interest rates, remain constant. The 2008 analysis assumed a 10% increase/(decrease) of the functional currency against the foreign currency.

22. Financial risk factors continued

(ii) Interest rate risk
As at 31 March 2009, 29% (2008: 30%) 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 (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 EBITDA including dividends from the MillerCoors joint venture. 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 2009, on a policy adjusted basis, excluding borrowings from recent acquisitions and any inflation linked debt, 35% (2008: 50%) 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 1.08% (2008: 0.65%) of EBITDA (including MillerCoors joint venture dividends but excluding exceptional items).

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]	5,905	504	707	282	1,262	549	9,209
Less fixed rate debt	(4,506)	(164)	–	(60)	–	(120)	(4,850)
Variable rate debt	1,399	340	707	222	1,262	429	4,359
Adjust for:							
Financial derivatives	(169)	200	940	663	400	–	2,034
Net variable rate debt exposure	1,230	540	1,647	885	1,662	429	6,393
+/– 100 bps change							
Potential impact on earnings	17	6	17	10	20	4	74
+/– 100 bps change							
Potential impact on equity	4	–	5	–	–	–	9

At 31 March 2008 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]	4,418	268	1,841	526	1,773	159	8,985
Less fixed rate debt	(3,583)	(200)	–	(89)	–	(22)	(3,894)
Variable rate debt	835	68	1,841	437	1,773	137	5,091
Adjust for:							
Financial derivatives	19	200	(184)	546	400	–	981
Net variable rate debt exposure	854	268	1,657	983	2,173	137	6,072
+/– 100 bps change							
Potential impact on earnings	19	1	19	4	19	2	64
+/– 100 bps change							
Potential impact on equity	1	–	–	1	–	–	2

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$2,225 million as at 31 March 2009 (2008: US$1,100 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.

22. Financial risk factors continued

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bps in interest rates at the reporting date would have increased/(decreased) equity and the income statement by the amounts shown on page 108. This analysis assumes all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

Interest rate profiles of financial liabilities

The following table sets out the contractual repricing included within the underlying borrowings (excluding net borrowing-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.

			2009			2008
	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	**4,836**	**2,184**	**7,020**	6,464	1,286	7,750
Between one and two years	**104**	**(50)**	**54**	–	104	104
Between two and five years	**2,538**	**(759)**	**1,779**	823	(400)	423
In five years or more	**2,140**	**(1,375)**	**765**	2,371	(990)	1,381
Total interest bearing	**9,618**	**–**	**9,618**	9,658	–	9,658
Analysed as:						
Fixed rate interest	**4,850**	**(2,034)**	**2,816**	3,894	(981)	2,913
Floating rate interest	**4,768**	**2,034**	**6,802**	5,764	981	6,745
Total interest bearing	**9,618**	**–**	**9,618**	9,658	–	9,658

(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 2009 the notional value of commodity derivatives amounted to US$55 million (2008: US$48 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 permits 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$2,515 million (2008: US$2,752 million) which is the total of the group's financial assets.

22. Financial risk factors continued

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$1,000 million committed syndicated facility maturing in October 2009, 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 2009, borrowing capacity under committed bank facilities amounted to US$2,093 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 2009				
Borrowings	**(2,613)**	**(573)**	**(5,182)**	**(3,271)**
Derivative financial instruments	**(113)**	**(97)**	**(16)**	**(1)**
Trade and other payables	**(2,062)**	**(137)**	**(10)**	**–**
At 31 March 2008				
Borrowings	(2,647)	(1,382)	(3,993)	(4,264)
Derivative financial instruments	(114)	(255)	(178)	(1)
Trade and other payables	(2,841)	(274)	(20)	–

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 2009				
Forward foreign exchange contracts				
Outflow	**(283)**	**(13)**	**–**	**–**
Inflow	**326**	**15**	**–**	**–**
Cross currency swaps				
Outflow	**(261)**	**(469)**	**(765)**	**(555)**
Inflow	**256**	**491**	**903**	**664**

22. Financial risk factors continued

	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 2008				
Forward foreign exchange contracts				
Outflow	(155)	–	–	–
Inflow	176	–	–	–
Cross currency swaps				
Outflow	(36)	(34)	(245)	(229)
Inflow	18	16	243	238
Interest rate swaps				
Outflow	(10)	(10)	(43)	(8)
Inflow	17	17	50	8

Capital management

The capital structure of the group consists of net debt (see note 27b) and shareholders' equity (see note 26).

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.

23. Derivative financial instruments

Current derivative financial instruments

	2009		2008	
	Assets US$m	**Liabilities US$m**	Assets US$m	Liabilities US$m
Embedded derivatives	**–**	**(1)**	–	(1)
Interest rate swaps designated as cash flow hedges	**–**	**(2)**	1	–
Forward foreign currency contracts	**11**	**(10)**	25	(7)
Forward foreign currency contracts designated as net investment hedges	**–**	**(1)**	15	(17)
Forward foreign currency contracts designated as cash flow hedges	**42**	**(4)**	4	(9)
Forward foreign currency contracts designated as fair value hedges	**–**	**(2)**	–	–
Cross currency swaps	**1**	**–**	–	–
Commodity contracts designated as cash flow hedges	**–**	**(15)**	–	–
	54	**(35)**	45	(34)

Non-current derivative financial instruments

	2009		2008	
	Assets US$m	**Liabilities US$m**	Assets US$m	Liabilities US$m
Interest rate swaps designated as fair value hedges	**379**	**–**	120	–
Interest rate swaps designated as cash flow hedges	**–**	**(22)**	1	(8)
Forward foreign currency contracts	**–**	**(1)**	2	–
Forward foreign currency contracts designated as net investment hedges	**5**	**(5)**	–	–
Forward foreign currency contracts designated as cash flow hedges	**3**	**–**	–	(1)
Cross currency swaps	**162**	**(25)**	–	(190)
Cross currency swaps designated as net investment hedges	**146**	**(54)**	82	(298)
Commodity contracts designated as cash flow hedges	**–**	**–**	3	–
	695	**(107)**	208	(497)

23. Derivative financial instruments continued

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 fixed rate borrowings. The borrowings and the interest rate swaps have the same critical terms.

As at 31 March 2009, the notional amount of these interest rate swaps was US$2,225 million (2008: US$1,100 million). The fixed interest rates received vary from 5.5% to 6.625% (2008: 5.5% to 6.625%) and floating interest rates paid vary from LIBOR plus 71.6 bps to LIBOR plus 198.8 bps (2008: LIBOR plus 71.6 bps to LIBOR plus 131.75 bps) on the notional amount.

As at 31 March 2009, the carrying value of the hedged borrowings was US$2,576 million (2008: US$1,215 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$493 million equivalent (2008: US$519 million). The fair value of these interest rate swaps was a liability of US$24 million (2008: asset of US$2 million). The fixed interest rates paid vary from 3.4% to 5.4% (2008: 4.1% to 5.4%) and the floating rates received are LIBOR plus zero bps (2008: LIBOR plus zero bps). As at 31 March 2009, the carrying value of the hedged borrowings was US$493 million (2008: US$519 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 2009, the notional amounts of these contracts were €149 million (2008: €141 million) and US$142 million (2008: US$nil).

The group has entered into forward foreign currency contracts and commodity contracts designated as cash flow hedges to manage the future price of commodities. As at 31 March 2009, the notional amount of forward contracts and option contracts for the purchase price of corn was US$5 million (2008: US$32 million), the notional amount of forward contracts for the purchase price of aluminium was US$50 million (2008: US$nil) and the notional amount of futures contracts for the purchase price of natural gas and corn was US$nil (2008: US$16 million).

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 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)

23. Derivative financial instruments continued

(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 gains relating to forward foreign currency contracts and cross currency swaps of US$337 million (2008: losses of US$226 million) have been recognised in equity.

Analysis of notional amounts on financial instruments designated as net investment hedges:

	2009 m	2008 m
Forward foreign currency contracts		
SA rand (ZAR)	**1,575**	2,211
Peruvian nuevo sol (PEN)	**294**	624
Cross currency swaps		
SA rand (ZAR)	**2,799**	2,799
Polish zloty (PLN)	**636**	798
Czech koruna (CZK)	**7,888**	7,888
Euro (€)	**246**	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 2009, the notional amounts of these contracts were: €54 million, US$128 million and PLN7 million (2008: CZK24 million, €111 million, US$195 million and ZAR204 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 2009, the notional amounts of these contracts were US$219 million, €137 million, PLN70 million, CZK120 million, Romanian lei (RON) RON35 million and Hungarian forint (HUF) HUF5,000 million (2008: US$149 million and Russian rouble (RUB) RUB2,270 million).

(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 2009, the notional amounts of these contracts were 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 2009, the notional amount of these contracts was US$300 million (2008: US$400 million).

Cash deposits of US$nil (2008: US$3 million) are pledged as security for the cross currency swaps.

The group has entered into cross currency swaps to manage the fluctuation of the exchange rates over a portion of its Euro debt. These derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement to offset gains and losses on the hedged Euro debt. At 31 March 2009, the notional amount of these contracts was €571 million (2008: €nil).

23. Derivative financial instruments continued

Fair value gain/(loss) on financial instruments recognised in the income statement

	2009 US$m	2008 US$m
Derivative financial instruments:		
Embedded derivatives	–	1
Interest rate swaps designated as fair value hedges	246	106
Forward foreign currency contracts	16	23
Forward foreign currency contracts designated as fair value hedges	(3)	–
Cross currency swaps	265	(18)
Cross currency swaps designated as net investment hedges	(22)	45
Gain on early termination of financial derivatives	20	–
	522	157
Other financial instruments:		
Non-current borrowings designated as fair value hedges	(236)	(103)
Total fair value gain on financial instruments recognised in the income statement	286	54

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 2009								
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	–	409	–	–	–	409	–	409
Liabilities								
Derivative financial instruments	(142)	–	–	–	–	(142)	(107)	(35)
Borrowings	–	–	–	(9,618)	–	(9,618)	(7,470)	(2,148)
Trade and other payables	–	–	–	(2,210)	(372)	(2,582)	(186)	(2,396)
At 31 March 2008								
Assets								
Available for sale investments	–	–	53	–	–	53	53	–
Derivative financial instruments	253	–	–	–	–	253	208	45
Trade and other receivables	–	1,773	–	–	329	2,102	237	1,865
Cash and cash equivalents	–	673	–	–	–	673	–	673
Liabilities								
Derivative financial instruments	(531)	–	–	–	–	(531)	(497)	(34)
Borrowings	–	–	–	(9,658)	–	(9,658)	(7,596)	(2,062)
Trade and other payables	–	–	–	(3,138)	(507)	(3,645)	(338)	(3,307)

24. Provisions

	Litigation and demerged entities US$m	Post-retirement benefits US$m	Insurance US$m	Taxation-related US$m	Onerous contracts US$m	Restructuring US$m	Other US$m	Total US$m
At 1 April 2007	44	999	34	286	10	5	61	1,439
Exchange adjustments	3	43	–	21	–	1	5	73
Acquisitions – through business combinations	36	7	–	16	–	7	3	69
Charged/(credited) to the income statement								
– Additional provision in year	2	73	54	5	–	4	2	140
– Unused amounts reversed	–	–	–	(9)	–	–	(2)	(11)
Utilised in the year	(2)	(96)	(59)	(1)	(3)	(4)	(3)	(168)
Actuarial gains recorded in equity	–	(31)	–	–	–	–	–	(31)
Reclassifications	(3)	22	–	–	–	3	(22)	–
Transfer from/(to) payables	–	–	–	8	(5)	–	1	4
At 31 March 2008*	80	1,017	29	326	2	16	45	1,515
Exchange adjustments	(11)	(74)	–	(42)	(1)	(5)	(9)	(142)
Acquisitions – through business combinations	–	–	–	3	–	–	1	4
Contributed to joint ventures	–	(715)	(29)	(5)	–	–	–	(749)
Charged/(credited) to the income statement								
– Additional provision in year	13	35	14	12	9	24	9	116
– Unused amounts reversed	(4)	–	–	(1)	–	(1)	–	(6)
Utilised in the year								
– Existing	(6)	(46)	(14)	(21)	(1)	(4)	(7)	(99)
Actuarial losses recorded in equity	–	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**
Analysed as:								
Current	24	–	–	224	8	13	30	299
Non-current	45	217	–	52	–	17	42	373
	69	**217**	**–**	**276**	**8**	**30**	**72**	**672**

*As restated (see note 28).

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 2009, a further 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$12 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$57 million (2008: US$64 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 dispute 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 dispute.

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 to eligible employees and their dependants in North America and pension provisions for employees in North America, Latin America, South Africa, Europe, Africa and Asia. 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.

24. 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.

Onerous contracts
The group has made provision for certain contracts which are deemed to be onerous. The provisions are expected to be utilised within the year.

Restructuring
This includes the remaining provision for restructuring costs related to Europe which management expects to be utilised within one year.

Other provisions
Included within other provisions are payroll related provisions of US$33 million (2008: US$21 million) which includes US$9 million (2008: 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

	2009 US$m	2008 US$m
Group and company		
Authorised share capital		
9,497,419,568 ordinary shares of 10 US cents each (2008: 9,420,051,230)	**950**	942
804,948,770 convertible participating shares of 10 US cents each (2008: 804,948,770)	**80**	80
Nil non-voting convertible shares of 10 US cents each (2008: 77,368,338)	**–**	8
50,000 deferred shares of £1.00 each (2008: 50,000)	**–**	–
	1,030	1,030
Called up, allotted and fully paid share capital		
1,585,366,969 ordinary shares of 10 US cents each (2008: 1,505,779,276)	**159**	150
Nil non-voting convertible shares of 10 US cents each (2008: 77,368,338)	**–**	8
50,000 deferred shares of £1.00 each (2008: 50,000)	**–**	–
	159	158

	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 2007	1,502,187,446	77,368,338	50,000	158
Issue of shares – share purchase, option and award schemes	3,591,830	–	–	–
At 31 March 2008	1,505,779,276	77,368,338	50,000	158
Issue of shares – share purchase, option and award schemes	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**

Changes to authorised share capital
On 26 February 2009, 77,368,338 non-voting convertible shares of 10 US cents were converted into ordinary shares. There were no changes to the authorised share capital for the year ended 31 March 2008.

Changes to issued share capital
During the year, the company issued 2,219,355 (2008: 3,591,830) new ordinary shares of 10 US cents to satisfy the exercise of options granted under the SABMiller plc Mirror Executive Share Purchase Scheme, the SABMiller plc Approved Executive Share Option Scheme, the SABMiller plc Executive Share Option (No.2) Scheme and the SABMiller plc International Employee Share Scheme, for consideration of US$23 million (2008: US$38 million).

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. Whilst 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.

25. Share capital continued

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.

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. Whilst 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 the company.

25. Share capital continued

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 award schemes for certain employees. The awards outstanding can be summarised as follows:

Scheme	Number of Ordinary shares 2009	Number of Ordinary shares 2008
Mirror Executive Share Purchase Scheme (South Africa) and South African Share Option Plan 2008 (a)	**14,336,899**	12,489,849
Executive Share Option Scheme (Approved Scheme and (No 2) Scheme) and Executive Share Option Plan 2008 (b)	**11,719,449**	10,389,796
Performance Share Award Scheme (c)	**2,885,680**	2,266,535
International Performance Share Award Sub-Scheme (d)	**3,442,520**	2,941,808
Executive Share Award Plan 2008 (e)	**115,000**	–
International Employee Share Scheme (f)	**4,297,282**	4,096,202
International Employee Stock Appreciation Rights Scheme (g)	**7,020,930**	7,007,391
Stock Appreciation Rights Scheme 2008 (h)	**9,100**	–
Total awards outstanding	**43,826,860**	39,191,581

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 57 to 65.

(a) Mirror Executive Share Purchase Scheme (South Africa) and South African Executive Share Option Plan 2008

As at 31 March 2009, 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	2009 Ordinary shares	2008 Ordinary shares	Exercise price (ZAR)	Exercise period	
				Earliest date	Latest date
11 November 1998	**–**	60,000	46.40	11.11.2003	11.11.2008
27 May 1999	**5,500**	40,500	50.90	27.05.2004	27.05.2009
25 November 1999	**26,000**	26,000	56.50	25.11.2004	25.11.2009
2 June 2000	**167,500**	228,200	43.09	02.06.2005	02.06.2010
1 December 2000	**136,750**	169,950	45.97	01.12.2005	01.12.2010
1 June 2001	**69,500**	98,500	59.15	01.06.2006	01.06.2011
30 November 2001	**361,700**	441,400	67.05	30.11.2006	30.11.2011
31 May 2002	**94,300**	115,700	80.05	31.05.2007	31.05.2012
22 November 2002	**666,000**	937,600	67.17	22.11.2007	22.11.2012
23 May 2003	**535,432**	695,432	53.30	23.05.2008	23.05.2013
21 November 2003	**592,000**	850,500	62.55	21.11.2008	21.11.2013
21 May 2004	**688,500**	713,500	78.30	21.05.2009	21.05.2014
19 November 2004	**869,000**	917,000	96.25	19.11.2009	19.11.2014
18 February 2005	**–**	50,000	93.25	18.02.2010	18.02.2015
20 May 2005	**810,157**	855,157	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	**887,000**	960,000	124.34	11.11.2010	11.11.2015
19 May 2006	**1,132,360**	1,222,360	129.18	19.05.2009	19.05.2016
10 November 2006	**846,500**	932,500	149.26	10.11.2009	10.11.2016
18 May 2007	**872,450**	985,150	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	**1,688,500**	1,907,900	181.88	16.11.2010	16.11.2017
16 May 2008	**1,210,950**	–	185.98	16.05.2011	16.05.2018
1 August 2008	**75,000**	–	155.91	01.08.2011	01.08.2018
14 November 2008[1]	**2,319,300**	–	141.14	14.11.2011	14.11.2018
Total	**14,336,899**	12,489,849			

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 are to 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) and Executive Share Option Plan 2008

As at 31 March 2009 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 and the Executive Share Option Plan 2008:

Date of grant	2009 Ordinary shares	2008 Ordinary shares	Exercise price (£)	Exercise period	
				Earliest date	Latest date
9 March 1999	–	112,577	4.850	09.03.2002	09.03.2009
16 March 1999[1]	–	11,172	5.370	16.03.2002	16.03.2009
27 May 1999	**9,386**	9,476	5.170	27.05.2002	27.05.2009
2 June 2000	**197,237**	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	**319,069**	444,026	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	**534,437**	597,737	5.705	31.05.2005	31.05.2012
31 May 2002[1]	**10,518**	10,518	5.705	31.05.2005	31.05.2012
22 November 2002	**94,000**	94,000	4.400	22.11.2005	22.11.2012
22 November 2002[1]	**6,818**	18,386	4.400	22.11.2005	22.11.2012
23 May 2003	**773,247**	841,947	4.1575	23.05.2006	23.05.2013
23 May 2003[1]	**7,216**	7,216	4.1575	23.05.2006	23.05.2013
21 November 2003	**112,900**	152,500	5.537	21.11.2006	21.11.2013
21 November 2003[1]	**19,329**	24,747	5.537	21.11.2006	21.11.2013
21 May 2004	**916,581**	1,035,231	6.605	21.05.2007	21.05.2014
21 May 2004[1]	**13,210**	13,210	6.605	21.05.2007	21.05.2014
19 November 2004	**106,750**	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	**1,220,901**	1,663,983	8.280	20.05.2008	20.05.2015
20 May 2005[1]	**46,215**	70,206	8.280	20.05.2008	20.05.2015
11 November 2005	**277,285**	307,285	10.530	11.11.2008	11.11.2015
11 November 2005[1]	**9,421**	9,421	10.530	11.11.2008	11.11.2015
19 May 2006	**1,807,129**	1,994,929	10.610	19.05.2009	19.05.2016
19 May 2006[1]	**44,952**	50,644	10.610	19.05.2009	19.05.2016
10 November 2006	**103,600**	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	**26,600**	26,600	10.930	22.11.2009	22.11.2016
18 May 2007	**2,010,224**	2,207,756	11.670	18.05.2010	18.05.2017
18 May 2007[1]	**88,026**	96,544	11.670	18.05.2010	18.05.2017
2 August 2007	**55,561**	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	**28,836**	28,836	13.320	16.11.2010	16.11.2017
16 November 2007[1]	**4,504**	4,504	13.320	16.11.2010	16.11.2017
16 May 2008	**2,430,844**	–	12.500	16.05.2011	16.05.2018
16 May 2008[1]	**75,456**	–	12.500	16.05.2011	16.05.2018
1 August 2008	**160,000**	–	10.490	01.08.2011	01.08.2018
14 November 2008[2]	**116,000**	–	9.295	14.11.2011	14.11.2018
	11,719,449	10,389,796			

1 SABMiller plc Approved Executive Share Option Scheme.

2 Executive Share Option Plan 2008.

No further options are to be granted under the Executive Share Option Schemes (Approved Scheme and (No 2) Scheme) after 30 September 2008.

25. Share capital continued

(c) Performance Share Award Scheme
As at 31 March 2009 the following conditional awards were outstanding under the SABMiller plc Performance Share Award Scheme:

Date of award	2009 Ordinary shares	2008 Ordinary shares	Exercise price £	Earliest date by which performance condition may be met
20 May 2005	**–**	308,855	Nil	20.05.2008
28 February 2006	**–**	20,000	Nil	28.02.2009
19 May 2006	**675,000**	810,000	Nil	19.05.2009
13 March 2007	**32,000**	32,000	Nil	13.03.2010
18 May 2007	**1,041,200**	1,053,500	Nil	18.05.2010
2 August 2007	**37,500**	37,500	Nil	02.08.2010
16 November 2007	**4,680**	4,680	Nil	16.11.2010
16 May 2008	**935,300**	–	Nil	16.05.2011
1 August 2008	**160,000**	–	Nil	01.08.2011
	2,885,680	2,266,535		

No further awards are to be made under this scheme after 30 September 2008.

(d) International Performance Share Award Sub-Scheme
At 31 March 2009 the following conditional awards were outstanding under the SABMiller plc International Performance Share Award Sub-Scheme:

Grant dates (period of the performance condition)	2009 Ordinary shares	2008 Ordinary shares	Exercise price £	Date by which performance condition must be met
20 May 2005 and 11 November 2005 (1 April 2005 to 31 March 2008)	**–**	443,628	Nil	01.04.2008
19 May 2006 and 10 November 2006 (1 April 2006 to 31 March 2008)	**–**	143,880	Nil	01.04.2008
19 May 2006 and 10 November 2006 (1 April 2006 to 31 March 2009)	**726,660**	845,980	Nil	01.04.2009
18 May 2007, 2 August 2007, 3 October 2007 and 16 November 2007 (1 April 2007 to 31 March 2010)	**1,297,940**	1,508,320	Nil	01.04.2010
16 May 2008 and 1 August 2008 (1 April 2008 to 31 March 2011)	**1,417,920**	–	Nil	01.04.2011
	3,442,520	2,941,808		

No further awards are to be made under this scheme after 30 September 2008.

(e) Executive Share Award Plan 2008
At 31 March 2009 the following conditional awards were outstanding under the SABMiller plc Executive Share Award Plan 2008:

Date of award	2009 Ordinary shares	2008 Ordinary shares	Exercise price £	Earliest date by which performance condition may be met
14 November 2008	**115,000**	–	Nil	14.11.2011

25. Share capital continued

(f) International Employee Share Scheme

At 31 March 2009 the following options were outstanding under the SABMiller plc International Employee Share Scheme:

Date of grant	2009 Ordinary shares	2008 Ordinary shares	Exercise price £	Partial vesting date from
1 January 2003[1]	**171,669**	296,669	4.1575	01.01.2004
21 May 2004	**673,985**	673,985	6.605	21.05.2005
21 May 2004[2]	**5,000**	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	**819,906**	867,906	8.280	20.05.2006
11 November 2005	**87,630**	87,630	10.530	11.11.2006
19 May 2006	**764,475**	861,862	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**	28,350	10.930	10.11.2007
18 May 2007	**893,967**	1,050,300	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	**376,050**	–	12.500	16.05.2009
16 May 2008	**200,000**	–	12.500	16.05.2011[3]
16 May 2008[2]	**2,000**	–	12.500	16.05.2011[3]
1 August 2008	**50,000**	–	10.490	01.08.2011[3]
	4,297,282	4,096,202		

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 are to be granted under this scheme after 30 September 2008.

(g) International Employee Stock Appreciation Rights Scheme (SARS)

As at 31 March 2009 the following share awards were outstanding under the SABMiller plc International Employee Stock Appreciation Rights Scheme:

Date of grant	2009 Ordinary shares	2008 Ordinary shares	Exercise price £	Partial vesting date from
1 January 2003[1]	**956,120**	1,036,654	4.1575	01.01.2004
21 November 2003	**15,000**	15,000	5.537	21.11.2004
21 May 2004	**1,270,040**	1,434,407	6.605	21.05.2005
20 May 2005	**1,191,255**	1,347,507	8.280	20.05.2006
19 May 2006	**1,186,172**	1,387,113	10.610	19.05.2007
10 November 2006	**33,533**	56,750	10.930	10.11.2007
18 May 2007	**1,466,860**	1,661,260	11.670	18.05.2008
16 November 2007	**68,700**	68,700	13.320	16.11.2008
16 May 2008	**833,250**	–	12.500	16.05.2009
	7,020,930	7,007,391		

1 Granted on 23 May 2003 but effective as at 1 January 2003.

No further share awards are to 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 2009 the following share awards were outstanding under the SABMiller plc Stock Appreciation Rights Plan 2008:

Date of grant	2009 Ordinary shares	2008 Ordinary shares	Exercise price £	Exercise period	
				Earliest date	Latest date
14 November 2008	**9,100**	–	9.295	14.11.2011	14.11.2018

25. Share capital continued

Outstanding share awards

The following table summarises information about share awards outstanding at 31 March:

Range of exercise prices	Number 2009	Weighted average remaining contractual life in years 2009	Number 2008	Weighted average remaining contractual life in years 2008
Share awards designated in GBP				
£0	**6,443,200**	**1.3**	5,208,343	1.5
£4 – £5	**2,291,836**	**3.6**	2,690,215	4.5
£5 – £6	**1,020,639**	**3.0**	1,265,176	4.0
£6 – £7	**2,878,816**	**5.1**	3,161,833	6.1
£8 – £9	**3,393,196**	**6.1**	4,064,521	7.1
£9 – £10	**125,100**	**9.6**	–	–
£10 – £11	**4,685,957**	**7.2**	5,021,244	8.1
£11 – £12	**4,561,077**	**8.1**	5,117,860	9.1
£12 – £13	**3,988,100**	**9.1**	172,540	9.5
£13 – £14	**102,040**	**8.6**	–	–
	29,489,961	**5.6**	26,701,732	6.1
Share options designated in ZAR				
R40 – R50	**304,250**	**1.4**	458,150	2.2
R50 – R60	**636,432**	**3.8**	860,432	4.6
R60 – R70	**1,619,700**	**3.8**	2,229,500	4.8
R70 – R80	**688,500**	**5.1**	713,500	6.1
R80 – R90	**94,300**	**3.2**	115,700	4.2
R90 – R100	**1,679,157**	**5.9**	1,822,157	6.9
R110 – R120	**245,000**	**6.5**	245,000	7.4
R120 – R130	**2,019,360**	**6.9**	2,182,360	7.9
R140 – R150	**3,165,800**	**9.1**	932,500	8.6
R150 – R160	**75,000**	**9.3**	–	–
R160 – R170	**872,450**	**8.1**	985,150	9.1
R170 – R180	**37,500**	**8.4**	37,500	9.3
R180 – R190	**2,899,450**	**8.8**	1,907,900	9.6
	14,336,899	**7.0**	12,489,849	7.0
	43,826,860	**6.0**	39,191,581	6.4

Exercisable share options

The following table summarises information about exercisable share options outstanding at 31 March:

	Number 2009	Weighted average exercise price 2009	Number 2008	Weighted average exercise price 2008
Share options designated in GBP	**14,400,630**	**8.06**	11,959,261	7.12
Share options designated in ZAR	**2,654,682**	**60.8**	2,117,850	62.1

25. Share capital continued

The exercise prices of share awards outstanding at 31 March 2009 ranged from £0 to £13.32 and ZAR43.09 to ZAR185.98. 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 2007	23,105,090	6.38	–	11,772,323	90.87	–	34,877,413
Granted	8,223,950	7.84	5.47	3,057,850	174.89	62.8	11,281,800
Lapsed	(1,447,075)	3.82	–	(686,100)	121.62	–	(2,133,175)
Exercised or vested	(3,180,233)	5.77	–	(1,654,224)	66.06	–	(4,834,457)
Outstanding at 31 March 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**

Share awards exercised or vested

The weighted average market price of the group's shares at the date of exercise or vesting for share options exercised or vested during the year were:

	Number 2009	Weighted average market price 2009	Number 2008	Weighted average market price 2008
Share awards designated in GBP				
– Equity-settled	**2,061,601**	**11.52**	2,373,427	12.40
– Cash-settled	**–**	**–**	806,806	12.84
	2,061,601	**11.52**	3,180,233	12.52
Share options designated in ZAR				
– Equity-settled	**1,009,600**	**171.99**	1,654,224	181.23
Total awards exercised or vested during the year	**3,071,201**		4,834,457	

Share-based payments have been valued using a binomial model approach except for the Performance Share awards and Executive Share Option Plan 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 are 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:

	2009	2008
Share price[1]		
– South African schemes (ZAR)	**160.55**	178.02
– All other schemes (£)	**12.50**	11.95
Exercise price[1]		
– South African schemes (ZAR)	**156.55**	174.89
– All other schemes (£)	**8.17**	7.84
Expected volatility (all schemes)[2]	**25.6%**	22.5%
Dividend yield (all schemes)	**2.1%**	2.1%
Annual forfeiture rate		
– South African schemes	**5.0%**	7.5%
– All other schemes	**3.0%**	3.0%
Risk-free interest rate		
– South African schemes	**9.2%**	8.1%
– All other schemes	**4.7%**	5.1%

1 The calculation is based on the weighted 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.

26. Statement of changes in shareholders' equity

	Share capital US$m	Share premium US$m	Merger relief reserve US$m	Other reserves US$m	Safari, Treasury and EBT shares US$m	Retained earnings US$m	Total share-holders' equity US$m	Minority interest US$m	Total equity US$m
At 1 April 2007	158	6,137	3,395	466	(683)	4,933	14,406	595	15,001
Currency translation differences									
– subsidiaries	–	–	–	1,870	–	–	1,870	57	1,927
– associates	–	–	–	102	–	–	102	–	102
Net investment hedges – fair value losses	–	–	–	(226)	–	–	(226)	–	(226)
Cash flow hedges – fair value gains	–	–	–	1	–	–	1	–	1
Available for sale investments – fair value gains	–	–	–	2	–	–	2	–	2
Deferred tax charge on items taken to equity	–	–	–	–	–	(8)	(8)	–	(8)
Actuarial gains taken to equity	–	–	–	–	–	31	31	–	31
Other movements	–	–	–	–	–	(5)	(5)	–	(5)
Profit for the financial year	–	–	–	–	–	2,023	2,023	265	2,288
Dividends paid	–	–	–	–	–	(769)	(769)	(201)	(970)
Issued capital	–	39	–	–	–	–	39	–	39
Payment for purchase of own shares for share trusts	–	–	–	–	(33)	–	(33)	–	(33)
Utilisation of EBT shares	–	–	–	–	8	(8)	–	–	–
Payment for buyout of minorities	–	–	–	–	–	–	–	(17)	(17)
Credit entry relating to share-based payments	–	–	–	–	–	58	58	–	58
Change in settlement basis of share incentive plans	–	–	–	–	–	54	54	–	54
At 31 March 2008*	158	6,176	3,395	2,215	(708)	6,309	17,545	699	18,244
Currency translation differences									
– subsidiaries	–	–	–	(3,198)	–	–	(3,198)	(36)	(3,234)
– associates and joint ventures	–	–	–	(152)	–	–	(152)	–	(152)
Net investment hedges – fair value gains	–	–	–	337	–	–	337	–	337
Cash flow hedges – fair value gains	–	–	–	21	–	–	21	11	32
Available for sale investments – fair value losses	–	–	–	(8)	–	–	(8)	–	(8)
Deferred tax credit on items taken to equity	–	–	–	31	–	94	125	–	125
Actuarial losses taken to equity	–	–	–	–	–	(18)	(18)	–	(18)
Other movements	–	–	–	–	–	(5)	(5)	–	(5)
Contributed to joint ventures	–	–	–	(11)	–	–	(11)	(2)	(13)
Profit for the financial year	–	–	–	–	–	1,881	1,881	276	2,157
Share of associates' and joint ventures' losses recognised in equity	–	–	–	(108)	–	(222)	(330)	–	(330)
Dividends paid	–	–	–	–	–	(877)	(877)	(221)	(1,098)
Issued capital	1	22	–	–	–	–	23	–	23
Payment for purchase of own shares for share trusts	–	–	–	–	(37)	–	(37)	–	(37)
Utilisation of EBT shares	–	–	–	–	23	(23)	–	–	–
Disposal of shares in subsidiaries	–	–	–	–	–	–	–	14	14
Payment for buyout of minorities	–	–	–	–	–	–	–	(3)	(3)
Credit entry relating to share-based payments	–	–	–	–	–	79	79	–	79
At 31 March 2009	**159**	**6,198**	**3,395**	**(873)**	**(722)**	**7,218**	**15,375**	**738**	**16,113**

*As restated (see note 28).

The group's retained earnings includes amounts of US$618 million (2008: US$510 million), the distribution of which is limited by statutory or other restrictions.

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.

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. Whilst the purchase price for each share was £10.54, the whole amount of the consideration was paid between group companies.

The employee benefit trusts (EBT) hold shares in SABMiller plc for the purposes of the various executive share incentive schemes, further details of which are disclosed in the remuneration report. The shares currently rank pari passu with all other ordinary shares. At 31 March 2009 the trusts held 5,746,387 shares (2008: 4,644,176 shares) which cost US$104 million (2008: US$90 million) and had a market value of US$86 million (2008: US$102 million). These shares have been treated as a deduction in arriving at shareholders' funds. The trusts used funds provided by SABMiller plc to purchase the shares. The costs of funding and administering the scheme are charged to the income statement in the period to which they relate.

26. Statement of changes in shareholders' equity continued

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 2007	463	–	(4)	7	466
Currency translation differences					
– subsidiaries	1,870	–	–	–	1,870
– associates and joint ventures	102	–	–	–	102
Net investment hedges – fair value losses	–	–	(226)	–	(226)
Cash flow hedges – fair value gains	–	1	–	–	1
Available for sale investments – fair value gains	–	–	–	2	2
At 31 March 2008	2,435	1	(230)	9	2,215
Currency translation differences					
– subsidiaries	(3,198)	–	–	–	(3,198)
– associates and joint ventures	(152)	–	–	–	(152)
Net investment hedges – fair value gains	–	–	337	–	337
Cash flow hedges – fair value gains	–	21	–	–	21
Available for sale investments – fair value losses	–	–	–	(8)	(8)
Deferred tax credit on items taken to equity	–	31	–	–	31
Share of associates' and joint ventures' losses recognised in equity	–	(108)	–	–	(108)
Contributed to joint ventures	–	(11)	–	–	(11)
At 31 March 2009	**(915)**	**(66)**	**107**	**1**	**(873)**

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.

27a. Reconciliation of profit for the year to net cash generated from operations

	2009 US$m	2008 US$m
Profit for the year	**2,157**	2,288
Taxation	**801**	976
Share of post-tax results of associates and joint ventures	**(516)**	(272)
Interest receivable and similar income	**(595)**	(265)
Interest payable and similar charges	**1,301**	721
Operating profit	**3,148**	3,448
Depreciation:		
Property, plant and equipment	**626**	633
Containers	**203**	215
Container breakages and shrinkage	**13**	27
Loss/(profit) on disposal of property, plant and equipment	**10**	(12)
Amortisation of intangible assets	**204**	190
Impairment of goodwill	**364**	–
Impairment of intangible assets	**14**	–
Impairment of property, plant and equipment	**16**	5
Unrealised net loss/(gain) from fair value hedges	**14**	(26)
Profit on disposal of businesses	**(526)**	(17)
Dividends received from other investments	**(1)**	(1)
Charge with respect to share options	**79**	58
Other non-cash movements	**–**	(2)
Net cash generated from operations before working capital movements (EBITDA)	**4,164**	4,518
Increase in inventories	**(249)**	(337)
Increase in receivables	**(314)**	(160)
Increase in payables	**66**	282
Decrease in provisions	**(7)**	(5)
Increase/(decrease) in post-retirement benefit provisions	**11**	(22)
Net cash generated from operations	**3,671**	4,276

Cash generated from operations includes cash outflows relating to exceptional costs of US$49 million in respect of integration and restructuring costs relating to North America, Latin America and Europe (2008: US$19 million in respect of integration and restructuring costs in Latin America and Europe).

27b. Analysis of net debt

	Cash and cash equivalents (excluding overdrafts) US$m	Overdrafts US$m	Borrowings US$m	Borrowings related derivative financial instruments US$m	Finance leases US$m	Total gross borrowings US$m	Net debt US$m
At 1 April 2007	481	(187)	(7,029)	(127)	(15)	(7,358)	(6,877)
Exchange adjustments	(72)	(41)	(388)	–	(1)	(430)	(502)
Cash flow	254	(248)	(1,454)	(10)	7	(1,705)	(1,451)
Acquisitions – through business combinations	10	(9)	(164)	–	–	(173)	(163)
Other movements	–	–	(125)	62	(4)	(67)	(67)
At 31 March 2008	673	(485)	(9,160)	(75)	(13)	(9,733)	(9,060)
Exchange adjustments	(38)	64	1,010	–	2	1,076	1,038
Cash flow	(233)	120	(864)	32	1	(711)	(944)
Acquisitions – through business combinations	11	(1)	(53)	–	–	(54)	(43)
Disposals	(4)	2	–	–	–	2	(2)
Other movements	–	–	(241)	530	–	289	289
At 31 March 2009	**409**	**(300)**	**(9,308)**	**487**	**(10)**	**(9,131)**	**(8,722)**

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

	2009 US$m	2008 US$m
Cash and cash equivalents (balance sheet)	**409**	673
Overdrafts	**(300)**	(485)
Cash and cash equivalents (cash flow)	**109**	188

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	**168**	**39**	**84**	**13**	**105**	**409**
Total gross borrowings (including overdrafts)	**(5,712)**	**(543)**	**(669)**	**(1,301)**	**(906)**	**(9,131)**
	(5,544)	**(504)**	**(585)**	**(1,288)**	**(801)**	**(8,722)**
Cross currency swaps	**2,695**	**(400)**	**(1,232)**	**(400)**	**(663)**	**–**
Net debt at 31 March 2009	**(2,849)**	**(904)**	**(1,817)**	**(1,688)**	**(1,464)**	**(8,722)**
Total cash and cash equivalents	196	171	43	34	229	673
Total gross borrowings (including overdrafts)	(4,686)	(439)	(1,888)	(1,807)	(913)	(9,733)
	(4,490)	(268)	(1,845)	(1,773)	(684)	(9,060)
Cross currency swaps	1,731	(400)	(331)	(400)	(600)	–
Net debt at 31 March 2008	(2,759)	(668)	(2,176)	(2,173)	(1,284)	(9,060)

27c. Major non-cash transactions

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.

2008
No major non-cash transactions occurred during the year.

28. Restatement of the balance sheet at 31 March 2008

The initial accounting under IFRS 3, 'Business Combinations', for the Grolsch and Browar Belgia acquisitions had not been completed as at 31 March 2008. During the periods ended 12 February 2009 and 8 January 2009, adjustments to provisional fair values in respect of the Grolsch and Browar Belgia acquisitions respectively have been made. As a result, comparative information for the year ended 31 March 2008 has been presented as if the further adjustments to provisional fair values had been made from the transaction dates of 12 February 2008 and 8 January 2008 respectively. The impact on the prior period income statement has been reviewed and no material adjustments to the income statement as a result of the adjustments to provisional fair values were required. The following table reconciles the impact on the balance sheet reported for the year ended 31 March 2008 to the comparative balance sheet presented in these financial statements.

Balance Sheet

	At 31 March 2008 US$m	Adjustments to provisional fair values US$m	**At 31 March 2008 As restated US$m**
Assets			
Non-current assets			
Goodwill	15,600	(467)	**15,133**
Intangible assets	4,383	653	**5,036**
Property, plant and equipment	9,037	76	**9,113**
Investment in associates	1,826	–	**1,826**
Available for sale investments	52	1	**53**
Derivative financial instruments	208	–	**208**
Trade and other receivables	240	(3)	**237**
Deferred tax assets	340	1	**341**
	31,686	261	**31,947**
Current assets			
Inventories	1,350	12	**1,362**
Trade and other receivables	1,871	(6)	**1,865**
Other current assets	906	2	**908**
	4,127	8	**4,135**
Total assets	35,813	269	**36,082**
Liabilities			
Current liabilities			
Derivative financial instruments	(34)	–	**(34)**
Borrowings	(2,062)	–	**(2,062)**
Trade and other payables	(3,273)	(34)	**(3,307)**
Current tax liabilities	(534)	(6)	**(540)**
Provisions	(300)	(14)	**(314)**
	(6,203)	(54)	**(6,257)**
Non-current liabilities			
Derivative financial instruments	(497)	–	**(497)**
Borrowings	(7,596)	–	**(7,596)**
Trade and other payables	(338)	–	**(338)**
Deferred tax liabilities	(1,775)	(174)	**(1,949)**
Provisions	(1,160)	(41)	**(1,201)**
	(11,366)	(215)	**(11,581)**
Total liabilities	(17,569)	(269)	**(17,838)**
Net assets	18,244	–	**18,244**
Total equity	18,244	–	**18,244**

29. Acquisitions and disposals

The following significant business combinations took effect during the year:

On 17 June 2008, SABMiller plc completed the acquisition of the Russian brewer LLC Vladpivo and on 4 July 2008 it completed the acquisition of a 99.84% interest in the Ukrainian brewer CJSC Sarmat.

During the year the group acquired an effective 57% interest in a Nigerian brewer Pabod and an effective 80% interest in the Voltic water business in Nigeria and Ghana.

On 19 March 2009, SABMiller plc acquired the 50% interest in the Vietnamese brewing business, SABMiller Vietnam JV Company, which it did not already own. The investment had previously been equity accounted as an associate.

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 2009:

	Carrying value pre-acquisition US$m	Provisional fair value US$m
Intangible assets	17	29
Property, plant and equipment	175	160
Inventories	43	27
Trade and other receivables	16	13
Current tax assets	4	–
Cash and cash equivalents	11	11
Borrowings	(76)	(54)
Trade and other payables	(19)	(19)
Net deferred tax liabilities	(4)	(14)
Provisions	–	(4)
	167	149
Minority interests		(12)
		137
Provisional goodwill		144
Consideration		**281**

Goodwill represents amongst other things, intangible assets yet to be recognised separately from goodwill, and the value of the assembled workforce.

	US$m
Consideration satisfied by:	
Cash consideration	269
Investment in associate transferred to investment in subsidiary undertaking	13
Cash and cash equivalents net of overdrafts acquired	10
Deferred consideration paid relating to prior year acquisitions	(11)
	281

From the date of acquisition to 31 March 2009 the following amounts have been included in the group's income and cash flow statements for the year:

	US$m
Income statement	
Revenue	54
Operating loss	(74)
Loss before tax	(85)
Cash flow statement	
Cash utilised in operations	(29)
Net interest paid	(5)
Purchase of property, plant and equipment	(11)

29. Acquisitions and disposals continued

If the date of the acquisitions made during the year had been 1 April 2008, then the group's revenue, operating profit and profit before tax for the year ended 31 March 2009 would have been as follows:

	US$m
Income statement	
Revenue	18,732
Operating profit	3,133
Profit before tax	2,939

Minority interests

The following minority interests were acquired for a total consideration of US$5 million with additional goodwill of US$3 million recognised.

Company	% acquired	Effective % holding after acquisition of minority interest	Form of consideration	Country
Cervecería Nacional S.A.	0.8	97%	Cash	Panama
Bavaria S.A.	0.1	99%	Cash	Colombia

Disposals

Disposal of Miller subsidiary into the MillerCoors joint venture

On 30 June 2008, SABMiller plc and Molson Coors Brewing Company announced the completion of 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 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 2009 are as follows:

	2009 US$m	2008 US$m
Land and buildings		
Within one year	50	40
Later than one year and less than five years	83	101
After five years	46	42
	179	183
Plant, vehicles and systems		
Within one year	26	29
Later than one year and less than five years	62	74
After five years	8	8
	96	111

b. Other commitments

	2009 US$m	2008 US$m
Capital commitments not provided in the financial information		
Contracts placed for future expenditure for property, plant and equipment	403	667
Contracts placed for future expenditure for intangible assets	2	22
Share of capital commitments of joint ventures	65	–
Other commitments not provided in the financial information		
Contracts placed for future expenditure	1,499	685
Share of joint ventures' other commitments	606	–

Contracts placed for future expenditure in 2009 primarily relate to minimum purchase commitments for raw materials and packaging materials, which are principally due between 2009 and 2015.

Contracts placed for future expenditure in the prior year primarily related to Miller's various long-term non-cancellable advertising and promotion commitments which, at 31 March 2008, were principally due between 2008 and 2013. These contracts were transferred to the MillerCoors joint venture on 30 June 2008 and are now shown as part of share of joint ventures' other commitments.

c. Contingent liabilities and guarantees

	2009 US$m	2008 US$m
Guarantees to third parties provided in respect of trade loans(i)	28	19
Guarantees to third parties provided in respect of bank facilities	8	–
Staff loans and pension guarantees(ii)	–	22
Jointly held contingent liability(iii)	–	150
Share of associates' contingent liabilities	1	–
Share of joint ventures' contingent liabilities	10	–
Litigation(iv)	14	11
Other contingent liabilities	2	–
	63	202

30. Commitments, contingencies and guarantees continued

(i) 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.

(ii) Staff loans and pension guarantees
Staff loans and pension guarantees above primarily relate to the present value of Miller pension guarantees. Miller and Pabst Brewing Company (Pabst) are responsible for the Milwaukee Brewery Workers' Pension Plan. In connection with Pabst's closure of its Milwaukee, Wisconsin brewery and their contract brewing agreement with Miller, Pabst entered into a withdrawal liability settlement agreement, which requires annual payments by Pabst to this pension plan of approximately US$4 million until 2013. In the event that Pabst is unable to fulfil its pension plan obligation, the plan would have recourse to all the assets of Pabst and its parent company. If such assets do not satisfy Pabst's remaining pension obligation, Miller would be required to fund the remaining Pabst withdrawal liability until 2013. This guarantee was transferred into the MillerCoors joint venture on 30 June 2008.

(iii) Jointly held contingent liability
Bavaria SA is jointly and severally liable with Valorem SA (part of Santo Domigo Group (SDG)) for the pension obligations of Avianca SA (formerly part of the SDG group but which was sold by SDG in 2004). The maximum obligation is for US$150 million which corresponds to the initial actuarial value of the pensions obligation. On 30 December 2008, Valorem discharged the obligations via a trust structured with an insurance company that will take responsibility for the pensions of Avianca land personnel. As a consequence, the promissory note and related Bavaria guarantee are in the process of being cancelled and Bavaria will have to cancel certain pledges over shares in Valorem companies.

(iv) 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.

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:

	2009 US$m	2008 US$m
Defined contribution scheme costs	83	94
Defined benefit pension plan costs	16	26
Post-retirement medical and other benefit costs	19	47
Accruals for defined contribution plans (balance sheet)	2	5
Provisions for defined benefit pension plans (balance sheet)	137	396
Provisions for other post-retirement benefits (balance sheet)	80	621

31. Pensions and post-retirement benefits continued

The group operates various defined contribution and defined benefit schemes. Details of the main defined benefit schemes is provided below:

North America pension schemes

The Miller Pension Plan is a single qualified defined benefit scheme covering both salaried non-union and union employees while maintaining separate benefit structures across the various employee groups. Substantially all salaried non-union employees hired prior to 1 January 2005 are covered by the plan which provides benefits for this employee group based on final average pay and years of service. Benefit accruals for salaried non-union employees ceased as of 31 December 2007. Benefit accruals for union employees are the subject of collective bargaining and are based on a flat rate per year of service. In addition, through negotiations, benefit accruals have been frozen for some of the union employee groups covered by the plan.

Miller has two qualified defined contribution schemes that cover salaried non-union and union employees separately. The plan covering salaried non-union employees provides a basic company contribution equal to 5% of an employee's pay along with a one-for-one company matching up to 4% of an employee's own contributions. For the plan covering union employees, the company makes contributions for some of the union groups either through company matching contributions based on employee's own contributions or a flat hourly contribution rate. In addition, substantially all salaried non-union employees are covered by a survivor income benefit plan and a long-term disability plan.

On 30 June 2008, the assets and liabilities of the above plans were contributed to the MillerCoors joint venture and are reflected through the group's ownership interest in that entity.

Miller provides non-qualified unfunded defined benefit and defined contribution plans for certain employees whose benefits under the qualified plans are limited by regulation. On 30 June 2008, these plans were also contributed to the MillerCoors joint venture.

The most recent actuarial valuation of Miller's post-retirement plan was carried out by independent professionally qualified actuaries at 30 June 2008 using the projected unit credit method.

Certain of Miller's hourly employees participate in the Milwaukee Brewery Workers' Pension Plan. As part of a withdrawal settlement, Pabst, which had participated in the plan prior to 1997, agreed to make annual contributions of approximately US$4 million to this plan until 2013. The plan's funded status net of the present value of Pabst's withdrawal payments at 30 June 2008 is set out below. The liability for this plan was contributed to the MillerCoors joint venture on 30 June 2008.

	US$m
Market value of assets	40
Present value of accrued obligations, net of Pabst withdrawal liabilities	(79)
Deficit	(39)

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. 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. Therefore the asset recognised has been set equal to the funded status.

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 31 December 2008 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.

31. 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 2009 by an independent actuary using the projected unit credit method. The principal assumptions used in the valuation are listed below.

Principal actuarial assumptions at 31 March (expressed as weighted averages)

		Defined benefit pension plans					Medical and other post-retirement benefits		
		Miller %	South Africa %	Latin America %	Grolsch %	Other %	Miller %	South Africa %	Other %
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**	**–**
At 31 March 2008									
Discount rate		6.5	–	10.3	4.8	4.8	6.5	9.0	10.3
Salary inflation		3.5	–	5.7	2.5	3.0	–	–	–
Pension inflation		4.0	–	5.7	2.5	3.0	–	–	–
Healthcare cost inflation		–	–	–	–	–	9.1	7.3	6.7
Mortality rate assumptions									
– Retirement age:	Males	61	–	55	65	–	62	63	55
	Females	61	–	50	65	–	62	63	50
– Life expectations on retirement age:									
Retiring today:	Males	21	–	20	16	–	20	16	20
	Females	24	–	25	20	–	23	20	25
Retiring in 20 years:	Males	21	–	–	18	–	20	16	–
	Females	24	–	–	20	–	23	20	–

31. Pensions and post-retirement benefits continued

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 2007	1,151	78	167	–	32	1,428	537	46	53	636
– Portion of defined benefit obligation that is unfunded	18	–	167	–	3	188	537	45	51	633
– Portion of defined benefit obligation that is partly or wholly funded	1,133	78	–	–	29	1,240	–	1	2	3
Benefits paid	(57)	–	(38)	–	(5)	(100)	(23)	–	(4)	(27)
Contributions paid by plan participants	–	–	–	–	–	–	–	(2)	–	(2)
Current service cost	25	–	4	2	2	33	11	2	(2)	11
Interest costs	67	4	12	–	2	85	31	4	5	40
Actuarial (gains)/losses	(80)	5	(2)	–	(1)	(78)	(33)	–	(6)	(39)
Settlements	(5)	(26)	–	–	(2)	(33)	(4)	–	–	(4)
Transfer from/(to) other provisions	–	–	26	–	(1)	25	–	(3)	–	(3)
Acquisitions – through business combinations	–	–	–	299	–	299	–	–	5	5
Exchange adjustments	–	(6)	34	24	6	58	–	(5)	9	4
Present value of scheme liabilities at 31 March 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**	**–**	**–**	**–**	**–**

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 2007	987	125	–	1,112
Expected return on plan assets	80	8	1	89
Benefits paid	(57)	–	–	(57)
Contributions paid by employer	23	–	1	24
Actuarial losses	(91)	(16)	–	(107)
Settlements	–	(26)	–	(26)
Acquisitions – through business combinations	–	–	297	297
Currency translations	–	(9)	25	16
Plan assets at 31 March 2008	942	82	324	1,348
Expected return on plan assets	19	5	17	41
Benefits paid	(15)	(19)	(10)	(44)
Contributions paid by employer	2	–	7	9
Actuarial losses	(31)	–	(47)	(78)
Settlements	–	(1)	–	(1)
Contributed to joint venture	(917)	–	–	(917)
Currency translations	–	(10)	(49)	(59)
Plan assets at 31 March 2009	**–**	**57**	**242**	**299**

The fair value of assets in pension schemes and the expected rates of return were:

	Miller		South Africa		Latin America		Grolsch		Other		
	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$m	Long-term rate of return	Total US$m
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)**
At 31 March 2008											
Equities	455	9.0	7	12.0	–	–	120	7.3	–	–	582
Bonds	293	6.1	–	–	–	–	186	4.8	–	–	479
Cash	1	4.8	72	7.0	–	–	–	–	–	–	73
International equities	138	9.0	–	–	–	–	–	–	–	–	138
Property and other	55	6.9	3	12.0	–	–	18	7.3	–	–	76
Total fair value of assets	942		82		–		324		–		1,348
Present value of scheme liabilities	(1,101)		(55)		(203)		(325)		(33)		(1,717)
(Deficit)/surplus in the scheme	(159)		27		(203)		(1)		(33)		(369)
Unrecognised pension asset due to limit	–		(27)		–		–		–		(27)
Pension liability recognised	(159)		–		(203)		(1)		(33)		(396)

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			
	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
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)**
At 31 March 2008										
Present value of scheme liabilities	(1,101)	(55)	(203)	(325)	(33)	(1,717)	(519)	(42)	(60)	(621)
Fair value of plan assets	942	82	–	324	–	1,348	–	–	–	–
	(159)	27	(203)	(1)	(33)	(369)	(519)	(42)	(60)	(621)
Unrecognised assets due to limit	–	(27)	–	–	–	(27)	–	–	–	–
Net liability recognised on balance sheet	(159)	–	(203)	(1)	(33)	(396)	(519)	(42)	(60)	(621)

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 income statement charge of US$1 million (2008: gain of US$4 million) and net actuarial loss taken directly to equity of US$8 million (2008: loss of US$21 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 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)**
At 31 March 2008									
Current service cost	(25)	(4)	(2)	(2)	(33)	(11)	(2)	2	(11)
Interest costs	(67)	(12)	–	(2)	(81)	(31)	(4)	(5)	(40)
Expected return on plan assets	80	–	1	–	81	–	–	–	–
Settlements and curtailments	5	–	–	2	7	4	–	–	4
	(7)	(16)	(1)	(2)	(26)	(38)	(6)	(3)	(47)

31. Pensions and post-retirement benefits continued

The amounts recognised in the statement of recognised income and expense 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 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)**
At 31 March 2008									
Actual (loss)/return on plan assets	(10)	–	1	–	(9)	–	–	–	–
Less: expected return on plan assets	(80)	–	(1)	–	(81)	–	–	–	–
Experience gains/(losses) arising on									
scheme assets	(90)	–	–	–	(90)	–	–	–	–
scheme liabilities	3	–	–	–	3	(1)	–	–	(1)
Changes in actuarial assumptions	76	3	–	1	80	34	–	6	40
Other actuarial losses	–	(1)	–	–	(1)	–	–	–	–
	(11)	2	–	1	(8)	33	–	6	39

The cumulative amounts recognised in equity are as follows:

	2009 US$m	2008 US$m
Cumulative actuarial losses recognised at beginning of year	**(142)**	(173)
Net actuarial (losses)/gains recognised in the year	**(18)**	31
Cumulative actuarial losses recognised at end of year	**(160)**	(142)

History of actuarial gains and losses

	2009 US$m	2008 US$m	2007 US$m	2006 US$m	2005 US$m
Experience (losses)/gains of plan assets	**(77)**	(90)	28	31	(15)
Percentage of plan assets	**26%**	7%	3%	3%	2%
Experience gains/(losses) of scheme liabilities	**28**	2	(62)	4	(21)
Percentage of scheme liabilities	**6%**	0%	3%	0%	1%
Fair value of plan assets	**299**	1,348	1,112	1,038	959
Present value of scheme liabilities	**(499)**	(2,338)	(2,064)	(1,939)	(1,682)
Deficit in the schemes	**(200)**	(990)	(952)	(901)	(723)
Unrecognised assets due to limit	**(17)**	(27)	(47)	(73)	(68)
Net liability recognised in balance sheet	**(217)**	(1,017)	(999)	(974)	(791)

Contributions expected to be paid into the group's major defined benefit schemes during the annual period after 31 March 2009 are US$23 million.

A 1% increase and a 1% decrease in the assumed healthcare cost of inflation will have the following effect on the group's post-employment medical benefits:

	2009	
	Increase US$m	Decrease US$m
Current service costs	**–**	**–**
Interest costs	**–**	**–**
Accumulated post-employment medical benefit costs	**2**	**(2)**

32. Related party transactions

a. Parties with significant influence over the group: Altria Group, Inc (Altria) and Santo Domingo Group (SDG)

During the three months ended 30 June 2008, the Miller Brewing Company received various services from Altria, which holds 28.5% of the group, including insurance claims processing, leasehold accommodation and other administrative services, with an aggregate cost of US$nil (year ended 31 March 2008: US$0.1 million), of which US$nil (2008: US$nil) was outstanding at 31 March 2009.

The Santo Domingo Group (SDG) is considered to be a related party of the group by virtue of its 15% equity shareholding in SABMiller plc and of its power to appoint members of the board of directors. In the current year provisions for impairment of US$nil (2008: US$1.3 million) were recorded against receivables owing from companies controlled by the SDG. During the year, the group made a donation of US$69 million to the Fundacion Mario Santo Domingo based in Colombia (2008: US$8 million). At 31 March 2009, US$nil (2008: US$nil) was owing to the SDG.

Bavaria SA is jointly and severally liable with Valorem SA (part of the SDG) for the pension obligations of Avianca SA (a former part of the SDG which was sold by the SDG in 2004). The maximum obligation is for US$150 million which corresponds to the initial actuarial value of the obligation. On 30 December 2008, Valorem discharged the obligations via a trust structured with an insurance company that will take responsibility for the pensions of Avianca land personnel. As a consequence, the promissory note and related Bavaria guarantee are in the process of being cancelled and Bavaria will have to cancel certain pledges over shares in Valorem companies.

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 have also entered into a distribution agreement with a group company and 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.

	2009 US$m	2008 US$m
Purchases from associates[1]	(251)	(214)
Purchases from joint ventures[2]	(50)	–
Sales to associates[3]	44	22
Sales to joint ventures[4]	28	–
Dividends received from associates[5]	151	91
Dividends received from joint ventures[6]	454	–
Royalties received[7]	1	–
Management fees[8]	(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) Ltd (Coca-Cola Canners) and purchased inventory from Distell Group Ltd and Associated Food Processors (Pty) Ltd in South Africa and Metalforma, SA, Industria Nacional de Plasticos, SA and Envases del Istmo, SA in Panama.

2 The group purchased lager from MillerCoors.

3 The group made sales of lager to Tsogo Sun Holdings (Pty) Ltd (Tsogo Sun), Madedeni Beer Wholesaler (Pty) Ltd, Empresa Cervejas De N'Gola SARL and Société des Brasseries et Glacières Internationales/Brasseries Internationales Holding Ltd (Castel).

4 The group made sales to MillerCoors and Pacific Beverages (Pty) Ltd.

5 The group received dividends from Société des Brasseries et Glacières Internationales and Brasseries Internationales Holding Ltd (Castel) of US$39 million (2008: US$27 million), Kenya Breweries Ltd (Kenya) US$15 million (2008: US$15 million), Coca-Cola Canners US$4 million (2008: US$4 million), Distell Group Ltd US$17 million (2008: US$17 million), Tsogo Sun US$73 million (2008: US$28 million) and Grolsch (UK) Ltd of US$3 million (2008: US$nil).

6 The group received dividends from MillerCoors.

7 The group received royalties from MillerCoors.

8 The group paid management fees to MillerCoors.

9 The group sold distribution rights to MillerCoors.

	2009 US$m	2008 US$m
Amounts owed by associates[1]	27	–
Amounts owed by joint ventures[2]	2	–
Amounts owed to associates[3]	(25)	(20)
Amounts owed to joint ventures[4]	(29)	–

1 Amounts owed by Grolsch (UK) Ltd and Empresa Cervejas De N'Gola SARL.

2 Amounts owed by MillerCoors.

3 Amounts owed to Coca-Cola Canners (Pty) Ltd.

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 2009, there are 23 members of key management. Key management compensation is provided in note 6c.

33. Post balance sheet events

On 29 May 2009, SABMiller plc acquired the outstanding 28.1% minority interest in its Polish subsidiary Kompania Piwowarska SA from Kulczyk Holding SA in exchange for 60 million ordinary shares of SABMiller plc. Based upon SABMiller's closing price of £12.49 on 28 May 2009, the implied value of the consideration is US$1,194 million.

34. 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 2009	2008
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%
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	**95%**	95%
Latin Development Corporation	Panama	Holding company	**99%**	99%
Cervecería Nacional SA[2]	Panama	Brewing	**97%**	96%
Bevco Limited	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	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[3]	Poland	Brewing	**72%**	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%**	–
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%
Miller Brewing West Limited Partnership[4]	USA	Brewing	**–**	100%
Miller Brewing East Inc[4]	USA	Brewing	**–**	100%
Miller Products Company[4]	USA	Intellectual Property/Marketing	**–**	100%
MBC1 LLC[4]	USA	Brewing	**–**	100%
MBC2 LLC[4]	USA	Brewing	**–**	100%

34. Principal subsidiaries, associates and joint ventures continued

Name	Country of incorporation	Principal activity	Effective interest in ordinary share capital 2009	2008
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%
Accra Breweries Ltd[2]	Ghana	Brewing	**43%**	43%
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%
Kgalagadi Breweries (Pty) Ltd	Botswana	Brewing/Soft drinks	**31%**	31%
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%**	–
Southern Sudan Beverages Ltd	Sudan	Brewing	**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%**	–
Voltic (GH) Ltd	Ghana	Soft drinks	**80%**	–
Voltic Nigeria Ltd	Nigeria	Soft drinks	**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[5]	India	Brewing	**100%**	100%
SABMiller Vietnam Company Ltd[6]	Vietnam	Brewing	**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[7]	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 SABMiller Europe BV, held 71.9% of Kompania Piwowarska SA at 31 March 2009.

4 With effect from 30 June 2008 these entities were merged into Miller Brewing Company.

5 Previously Fosters India Private Ltd.

6 SABMiller Vietnam Company Ltd was a 50% associate in 2008, and as an associate was called SABMiller Vietnam JV Company Ltd.

7 Previously Southern Associated Maltsters (Pty) Ltd.

The group comprises a large number of companies. The list above only 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 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. The operations continue to be consolidated due to SABMiller Africa BV's majority shareholdings, and ability to control the operations.

Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd

SABMiller Africa 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 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 (2008: 10.1%) is held via a 16.8% interest (2008: 16.8%) in Sechaba Brewery Holdings Ltd.

Lesotho Brewing Company (Pty) Ltd (Lesotho Brewing)

SABMiller Africa BV 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.

34. Principal subsidiaries, associates and joint ventures continued

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.

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 2009	2008
European operations					
Grolsch (UK) Ltd	United Kingdom	Associate	Brewing	**50%**	50%
North American operations					
MillerCoors LLC[1]	USA	Joint venture	Brewing	**58%**	–
African operations					
Delta Corporation Ltd[2,3]	Zimbabwe	Associate	Brewing/Soft drinks	**22%**	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%**	25%
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%
SABMiller Vietnam JV Company Ltd[8]	Vietnam	Associate	Brewing	**–**	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.

8 SABMiller Vietnam JV Company Ltd is a 100% subsidiary in 2009, and is now called SABMiller Vietnam Company Ltd.

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 group) principal subsidiaries are in Africa and China Resources Snow Breweries Ltd's principal subsidiaries are in the People's Republic of China.

Statement of directors' responsibilities

in respect of the company financial statements

The directors are responsible for preparing the Annual Report, the remuneration report and the parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law. The financial statements are required by law to give a true and fair view of the state of affairs of the company for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Companies Act 1985 requires directors to provide the company's auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report. Each of the directors (with the exception of Dr Moyo, who was appointed to the board after the approval of these financial statements), having made appropriate enquiries, confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Independent auditors' report

to the members of SABMiller plc

We have audited the parent company financial statements of SABMiller plc for the year ended 31 March 2009 which comprise the balance sheet and the related notes. These parent company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the remuneration report that is described as having been audited.

We have reported separately on the group financial statements of SABMiller plc for the year ended 31 March 2009.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the remuneration report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the parent company financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the parent company financial statements. The information given in the directors' report includes that specific information presented in the business review and the ordinary shareholding analyses that is cross referred from the principal activities and business review and the substantial shareholdings sections of the directors' report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, as listed on the contents page (excluding the audited part of the remuneration report), and consider whether it is consistent with the audited parent company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements and the part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements and the part of the remuneration report to be audited.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009;
- the parent company financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the parent company financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

1 June 2009

Balance sheet of SABMiller plc

at 31 March

	Notes	2009 US$m	2008 US$m
Fixed assets			
Tangible fixed assets	2	**56**	52
Investments in subsidiary undertakings	3	**11,626**	13,429
Derivative financial instruments	8	**687**	185
		12,369	13,666
Current assets			
Debtors	4	**8,360**	7,658
Derivative financial instruments	8	**5**	18
Short-term deposits	5	**401**	301
		8,766	7,977
Creditors – amounts falling due within one year	6	**(3,109)**	(1,144)
Net current assets		**5,657**	6,833
Total assets less current liabilities		**18,026**	20,499
Creditors – amounts falling due after more than one year	7	**(5,889)**	(7,817)
Net assets		**12,137**	12,682
Capital and reserves			
Share capital		**159**	158
Share premium		**6,198**	6,176
Merger relief reserve		**3,395**	3,395
Hedging reserve		**(10)**	(1)
Profit and loss reserve		**2,395**	2,954
Total shareholders' funds	9	**12,137**	12,682

The balance sheet was approved by the board of directors on 1 June 2009 and was signed on its behalf by:

Graham Mackay
Chief Executive

Malcolm Wyman
Chief Financial Officer

The notes on pages 145 to 153 form part of the financial statements.

Advantage has been taken of the provisions of section 230(3) of the Companies Act, 1985 which permit the omission of a separate profit and loss account for SABMiller plc. The profit for the parent company for the year was US$1,457 million (2008: US$2,179 million).

Notes to the company financial statements

1. Accounting policies

a. Statement of compliance

SABMiller plc (the company) is a public limited company incorporated in Great Britain and registered in England and Wales. The company financial statements have been prepared under the historical cost convention, as modified for the revaluation of financial instruments, in accordance with the Companies Act 1985 and with accounting standards applicable in the United Kingdom (UK GAAP). A summary of the significant company accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The company has not presented a cash flow statement or provided details of related party transactions as permitted under FRS 1 (revised) 'Cash Flow Statements' and FRS 8 'Related Party Disclosures' respectively. In addition, the company has also taken advantage of the exemption from providing financial instruments disclosures as permitted by FRS 29 'Financial Instruments: Disclosure'.

b. Investments in subsidiary undertakings

These comprise investments in shares and loans that the directors intend to hold on a continuing basis in the company's business. The investments are stated at cost less provisions for impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 11.

c. Foreign currencies

The financial statements are presented in US dollars which is the company's functional and presentational currency.

The South African rand (ZAR) and British pound (GBP) exchange rates to the US dollar used in preparing the company financial statements were as follows:

	Weighted average rate		Closing rate	
	ZAR	GBP	ZAR	GBP
Year ended 31 March 2009	8.87	1.72	9.61	1.43
Year ended 31 March 2008	7.13	2.01	8.15	1.98

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, other than those arising on financial liabilities which are recorded within net finance costs.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rate of exchange ruling at the date of the transaction. All other non-monetary items denominated in a foreign currency are translated at the rate of exchange ruling at the balance sheet date.

d. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of accumulated depreciation and impairment losses.

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other tangible fixed assets, depreciation is provided on a straight-line basis at rates calculated to write off the cost, less the estimated residual value of each asset, evenly over its expected useful life as follows:

Office equipment	2-30 years
Leasehold land and buildings	Shorter of the lease term or 50 years

The company regularly reviews its depreciation rates to take account of any changes in circumstances. When setting useful economic lives, the principal factors the company 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 value of the asset.

e. Impairment

In accordance with FRS 11 'Impairment of fixed assets and goodwill', fixed assets are subject to an impairment review if circumstances or events change to indicate that the carrying value may not be fully recoverable. The review is performed by comparing the carrying value of the fixed asset to its recoverable amount, being the higher of the net realisable value and value in use. The net realisable value is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market based discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of fixed assets are written down by any impairment amount, the loss is recognised in the profit and loss account in the period in which it is incurred. Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in the profit and loss account 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 will only be up to the amount that it would have been had the original impairment not occurred. For the purpose of conducting impairment reviews, income generating units are considered to be groups of assets and liabilities that generate income, and are largely independent of other income streams. 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.

f. Financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transactions costs where applicable). For those financial instruments that are not subsequently held at fair value, the company assesses whether there is any objective evidence of impairment at each balance sheet date.

1. Accounting policies continued

Financial assets are recognised when the company 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 rights to receive cash flows from the asset have expired or have been transferred and the company 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 against income 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 interest payable over the life of the instrument.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are included in debtors in the balance sheet.

(ii) Cash and cash equivalents
Cash and cash equivalents include cash in hand, bank deposits repayable on demand, other short-term highly liquid investments with original maturities of three months or less. Term deposits with maturities of more than three months are shown as term deposits on the balance sheet. Bank overdrafts are shown within creditors – amounts falling due within one year.

(iii) 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.

Derivative financial assets and liabilities are analysed between current and fixed assets and creditors 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 profit and loss account. See note k for the company's accounting policy on hedge accounting.

(iv) Trade creditors
Trade creditors are initially recognised at fair value and subsequently measured at amortised cost.

Trade creditors are classified as creditors falling due within one year unless the company has an unconditional right to defer settlement for at least 12 months from the balance sheet date.

(v) 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 company 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 k).

(vi) Financial guarantees
FRS 26 (Amendment) requires that issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, are to be initially recognised at their fair value and subsequently measured at the higher of the amount initially recognised less cumulative amortisation recognised and the amount determined in accordance with FRS 12 'Provisions, Contingent Liabilities and Contingent Assets'.

Financial guarantee contracts are defined in FRS 26 as contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

g. Revenue recognition

(i) Interest income
Interest income is recognised on an accruals basis using the effective interest method.

(ii) Dividend income
Dividend income is recognised when the right to receive payment is established.

h. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are 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 by the balance sheet date. Deferred tax is measured on a non-discounted basis.

i. Dividend distributions

In accordance with FRS 21, dividend distributions to equity holders are recognised as a liability in the financial statements of the company 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.

j. Share-based compensation

The company operates several equity-settled share-based compensation schemes. These include option plans (with and without non-market performance conditions attached).

In accordance with FRS 20, an expense is recognised to spread the fair value at date of grant 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 at the date of grant, as calculated by binomial model calculations.

The charge is not reversed if the options have not been 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, unless the options are satisfied by treasury or EBT shares.

The issuance by the company to its subsidiaries of a grant over the company's options represents additional capital contributions by the company to its subsidiaries, except to the extent the company is reimbursed. An additional investment in subsidiaries results in a corresponding increase in shareholders' equity. The additional capital contribution is based on the fair value of the grant issued allocated over the underlying grant's vesting period.

k. Hedge accounting

The derivative instruments used by the company, 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 company in line with the company's risk management policies.

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 company is required to document the relationship between the hedged item and the hedging instrument. The company 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 re-performed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The company designates certain derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or hedges of highly probable forecast transactions or commitments (cash flow hedge).

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 recycled 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 company'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 profit and loss account. The company does not hold or issue derivative financial instruments for speculative purposes.

(i) Fair value hedges

Fair value hedges comprise derivative financial instruments designated in a hedging relationship to manage the company'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 profit and loss account in the period incurred. Gains or losses on fair value hedges that are regarded as highly effective are recorded in the profit and loss account 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 as a separate component of equity. The ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are recycled to the profit and loss account 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.

Details of the group's financial risk management objectives and policies are provided on page 55.

l. Operating leases

Rentals paid on operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

m. Pension obligations

The company operates a defined contribution scheme. Contributions to this scheme are charged to the profit and loss account as incurred.

2. Tangible fixed assets

	Assets in course of construction US$m	Short leasehold land and buildings US$m	Office equipment and software US$m	Total US$m
Cost				
At 1 April 2007	19	13	11	43
Additions	1	2	22	25
Transfers	(14)	1	13	–
At 31 March 2008	6	16	46	68
Additions	14	2	2	18
Transfers	(3)	–	3	–
At 31 March 2009	**17**	**18**	**51**	**86**
Accumulated depreciation				
At 1 April 2007	–	3	3	6
Depreciation	–	2	8	10
At 31 March 2008	–	5	11	16
Depreciation	–	2	12	14
At 31 March 2009	**–**	**7**	**23**	**30**
Net book amount				
At 1 April 2007	19	10	8	37
At 31 March 2008	6	11	35	52
At 31 March 2009	**17**	**11**	**28**	**56**

3. Investment in subsidiary undertakings

	Shares US$m	Loans US$m	Total US$m
At 1 April 2007	8,714	4,104	12,818
Exchange adjustments	–	75	75
Additions	4,351	–	4,351
Capital contribution relating to share-based payments	28	–	28
Disposals	(3,488)	(355)	(3,843)
At 31 March 2008	9,605	3,824	13,429
Exchange adjustments	–	(37)	(37)
Additions	182	94	276
Capital contribution relating to share-based payments	29	–	29
Disposals	(2,015)	(56)	(2,071)
At 31 March 2009	**7,801**	**3,825**	**11,626**

The investment in subsidiary undertakings is shown as follows (all interests are 100% unless stated otherwise):

Name	Country of incorporation	Principal activity	2009 US$m	2008 US$m
SABMiller Holdings Ltd	United Kingdom	Group holding company	**5,435**	5,435
Miller Brands (UK) Ltd	United Kingdom	Sales and distribution	**39**	32
SAB Finance (Cayman Islands) Ltd	Cayman Islands	Finance company	**–**	–
Safari Ltd	Jersey	Finance company	**–**	–
SAB Holdings AG	Switzerland	Holding company	**–**	22
SABMiller Management BV	Netherlands	Management services to fellow group companies	**–**	–
SABMiller Africa and Asia BV	Netherlands	Holding company	**168**	–
Appletiser International BV	Netherlands	Holding company	**–**	–
SABMiller Safari	United Kingdom	Finance company	**506**	506
Pilsner International BV	Netherlands	Holding company	**–**	–
SABMiller Holdings Europe Ltd	United Kingdom	Holding company	**1,572**	1,565
SABMiller Africa BV[1]	Netherlands	Holding company	**–**	897
SABMiller Botswana BV[1]	Netherlands	Holding company	**–**	130
SABMiller Asia Ltd	Hong Kong	Holding company	**–**	966
Racetrack Colombia Finance SA	Colombia	Finance company	**–**	–
			7,720	9,553
Capital contribution relating to share-based payments			**81**	52
			7,801	9,605

1 62% effective interest in ordinary share capital.

4. Debtors

	2009 US$m	2008 US$m
Amounts owed by subsidiary undertakings	**8,277**	7,618
Other debtors	**83**	40
	8,360	7,658

Included in the table above are debtors due after more than one year of US$6 million (2008: US$18 million)

5. Short-term deposits

	2009 US$m	2008 US$m
Short-term deposits	**401**	301

The effective interest rate on short-term deposits is 5.12% (2008: 6.22%)

6. Creditors amounts falling due within one year

	2009 US$m	2008 US$m
Bank overdrafts	**46**	2
Commercial paper[1]	**423**	176
US$300 million LIBOR + 0.3% Notes due 2009[2]	**301**	–
Amounts owed to subsidiary undertakings	**2,260**	875
Taxation and social security	**5**	5
Derivative financial instruments (see note 8)	**7**	2
Other creditors	**13**	17
Payroll-related creditors	**13**	23
Accruals and deferred income	**40**	43
Dividends payable to shareholders	**1**	1
	3,109	1,144

1 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 (Miller Brewing Company, Miller Products Company, Miller Breweries West Limited Partnership, Miller Breweries East Inc., MBC1 LLC, MBC2 LLC) and SABMiller Finance BV until 30 June 2008. Since 1 July 2008 debt issued under the programme is not guaranteed. The programme benefits from a US$1,000 million 364 day back-stop facility that matures in October 2009, with a one year term-out option.

2 Further information relating to the Notes is detailed in note 21 to the consolidated financial statements of the group.

7. Creditors amounts falling due after more than one year

	2009 US$m	2008 US$m
US$1,100 million 5.5% Notes due 2013[1]	**1,129**	–
US$300 million 6.625% Guaranteed Notes due 2033[2]	**396**	327
US$300 million LIBOR + 0.30% Notes due 2009[2]	**–**	304
US$600 million 6.2% Notes due 2011[2]	**608**	608
US$850 million 6.5% Notes due 2016[2]	**966**	929
US$550 million 5.7% Notes due 2014[2]	**598**	–
US$770 million 6.5% Notes due 2018[2]	**778**	–
US$2,000 million multi-currency revolving credit facility (RCF)[2]	**735**	2,069
US$600 million multi-currency revolving credit facility (RCF)[2]	**600**	–
Loans from subsidiary undertakings[3]	**–**	3,240
Derivative financial instruments (see note 8)	**66**	304
Other creditors	**–**	18
Deferred income	**13**	18
	5,889	7,817

7. Creditors amounts falling due after more than one year continued

The maturity of creditors falling due after more than one year is as follows:

	2009 US$m	2008 US$m
Between 1 and 2 years	**687**	461
Between 2 and 5 years	**3,062**	2,846
After 5 years	**2,140**	4,510
	5,889	7,817

1 On 30 June 2008, notes previously held by Miller Brewing Company and guaranteed by SABMiller plc and SABMiller Finance BV were novated to SABMiller plc and the guarantee terminated. The notes mature on 15 August 2013. 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 occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

In addition, interest rate swaps to pay floating and receive fixed interest previously held by Miller Brewing Company have been novated to SABMiller plc which have been designated as fair value hedges to hedge exposure to changes in the fair value of the fixed rate borrowings. As a result, fair value gains or losses on the hedged borrowings have been recognised in SABMiller plc from the date the interest rate swaps were novated (this differs from the date of inception in the consolidated financial statements of the group).

2 Further information relating to the RCFs and the Notes is detailed in note 21 in the consolidated financial statements of the group.

3 Loans from subsidiary undertakings are unsecured and bear interest at a rate of 12 month US LIBOR plus 5 or 10 bps, depending upon the country where the company receiving the loan is located.

Fair value gains or losses on borrowings and derivative financial instruments held to hedge interest rate risk on borrowings are recognised in the profit and loss account (see note 8).

8. Derivative financial instruments

	Assets 2009 US$m	Liabilities 2009 US$m	Assets 2008 US$m	Liabilities 2008 US$m
Current derivative financial instruments				
Forward foreign currency contracts	**5**	**(5)**	17	–
Forward foreign currency contracts designated as cash flow hedges	**–**	**–**	1	(2)
Interest rate swaps designated as cash flow hedges	**–**	**(2)**	–	–
	5	**(7)**	18	(2)
Non-current derivative financial instruments				
Interest rate swaps designated as fair value hedges	**379**	**–**	102	–
Interest rate swaps designated as cash flow hedges	**–**	**(12)**	1	(6)
Cross currency swaps	**308**	**(54)**	82	(298)
	687	**(66)**	185	(304)

Derivatives designated as hedging instruments

(i) Cash flow hedges

The company has entered into forward foreign currency contracts and interest rate swaps both designated as cash flow hedges to manage short-term foreign currency exposures and to manage the interest rate on borrowings respectively.

The fixed interest rates paid vary from 3.5% to 5.4% (2008: 4.1% to 5.4%) and the floating rates received are LIBOR plus zero bps (2008: LIBOR, WIBOR and EURIBOR plus zero bps). As at 31 March 2009, the carrying values of the hedged borrowings were US$400 million (2008: US$300 million, €130 million and PLN120 million).

(ii) Fair value hedges

The company has entered into interest rate swaps to pay floating and receive fixed interest which have been designated as fair value hedges to manage changes in the fair value of its fixed rate borrowings. The borrowings and interest rate swaps have the same critical terms.

As at 31 March 2009, the fixed interest rates received vary from 5.5% to 6.625% (2008: 5.5% to 6.625%) and floating interest rates paid vary from LIBOR plus 71.6 bps to LIBOR plus 198.8 bps (2008: LIBOR plus 71.6 bps to LIBOR plus 131.75 bps) on the notional amount. As at 31 March 2009, the carrying value of the hedged borrowings was US$2,234 million (2008: US$897 million).

8. Derivative financial instruments continued

Standalone derivative financial instruments

(i) Forward foreign currency contracts

The company has entered into several forward foreign currency contracts to manage the group's exposure to foreign exchange risk on the investments in subsidiaries in South Africa.

(ii) Cross currency swaps

The company has entered into several cross currency swaps to manage the group's exposure to foreign exchange risk on the investments in subsidiaries in South Africa, Poland, the Czech Republic, Italy, Russia and Colombia.

Analysis of notional amounts on all outstanding financial instruments held by the company is as follows:

	2009 m	2008 m
Forward foreign currency contracts:		
– South African rand	**1,575**	2,211
Interest rate swaps:		
– Fair value hedges		
– US dollar	**2,225**	800
– Cash flow hedges		
– US dollar	**400**	300
– Polish zloty	**–**	120
– Euro	**–**	130
– Cross currency swaps:		
– South African rand	**2,799**	2,799
– Polish zloty	**636**	798
– Czech koruna	**7,888**	7,888
– Euro	**817**	246
– Russian rouble	**2,900**	–
– Colombian peso	**272,220**	–

Fair values of financial assets and financial liabilities

	Book value 2009 US$m	Fair value 2009 US$m	Book value 2008 US$m	Fair value 2008 US$m
Current borrowings	**770**	**770**	178	178
Non current borrowings	**5,809**	**6,181**	7,477	7,621

Derivatives, cash and cash equivalents, short-term deposits, debtors and creditors (excluding borrowings) are not included in the table above because their book values are an approximation of their fair values. The fair value of the company's fixed rate loans are calculated by discounting expected future cash flows using the appropriate yield curve. The book values of floating rate borrowings approximate to their fair value.

Fair value gain/(loss) on financial instruments recognised in the profit and loss account

	2009 US$m	2008 US$m
Derivative financial instruments:		
Forward foreign currency contracts	**24**	–
Interest rate swaps	**–**	(1)
Interest rate swaps designated as fair value hedges	**244**	80
Cross currency swaps	**446**	–
	714	79
Other financial instruments:		
Non-current borrowings designated as fair value hedge	**(232)**	(78)
Total fair value gain on financial instruments recognised in the profit and loss account	**482**	1

9. Reconciliation of movements in shareholders' funds

	Share capital US$m	Share premium US$m	Merger relief US$m	Hedging reserve US$m	EBT US$m	Treasury shares US$m	Profit and loss account US$m	Total US$m
At 1 April 2007	158	6,137	3,395	–	(65)	–	1,530	11,155
Issue of share capital	–	39	–	–	–	–	–	39
Profit for the financial year	–	–	–	–	–	–	2,179	2,179
Dividends paid	–	–	–	–	–	–	(769)	(769)
Cash flow hedges – fair value losses	–	–	–	(1)	–	–	–	(1)
Purchase of own shares	–	–	–	–	(33)	–	–	(33)
Utilisation of EBT shares	–	–	–	–	8	–	(8)	–
Credit entry relating to share-based payments	–	–	–	–	–	–	30	30
Change in settlement basis of share incentive plan	–	–	–	–	–	–	54	54
Capital contribution relating to share-based payments	–	–	–	–	–	–	28	28
At 31 March 2008	158	6,176	3,395	(1)	(90)	–	3,044	12,682
Issue of share capital	1	22	–	–	–	–	–	23
Profit for the financial year	–	–	–	–	–	–	1,457	1,457
Dividends paid	–	–	–	–	–	–	(877)	(877)
Cash flow hedges – fair value losses	–	–	–	(9)	–	–	–	(9)
Purchase of own shares for EBT	–	–	–	–	(37)	–	–	(37)
Purchase of own shares for treasury	–	–	–	–	–	(1,178)	–	(1,178)
Utilisation of EBT shares	–	–	–	–	23	–	(23)	–
Credit entry relating to share-based payments	–	–	–	–	–	–	47	47
Capital contribution relating to share-based payments	–	–	–	–	–	–	29	29
At 31 March 2009	**159**	**6,198**	**3,395**	**(10)**	**(104)**	**(1,178)**	**3,677**	**12,137**

Foreign exchange differences recognised in the profit for the year, except for those arising on financial instruments measured at fair value under FRS 26, were US$52 million (2008: US$29 million).

On 26 February 2009, non-voting convertible shares held by Safari Ltd (a special purpose vehicle established and financed by a wholly-owned subsidiary of SABMiller plc) were converted into ordinary shares and then acquired by the company to be held as treasury shares. The purchase price for each share was £10.54.

Further information relating to the share capital, share premium, the treasury shares and the EBT reserve of the company is detailed in note 25 to the consolidated financial statements of the group. For details of share option schemes please refer to the equity-settled plans in note 25 to the consolidated financial statements of the group. Details of dividends paid and proposed for the year are provided in note 9 to the consolidated financial statements of the group.

10. Profit and loss information

Employees

Employee costs recognised in the profit and loss during the year were as follows:

	2009 US$m	2008 US$m
Wages and salaries	**52**	58
Share-based payments	**19**	17
Social security costs	**9**	12
Other pension costs	**5**	7
	85	94

For further information relating to share-based incentive schemes see note 25 to the consolidated financial statements of the group.

For information relating to directors' remuneration please refer to the remuneration report on pages 57 to 65.

10. Profit and loss information continued

The average monthly number of employees for the year are shown on a full-time equivalent basis and includes executive directors:

	2009 Number	2008 Number
Number of employees	**273**	249

Details of auditors' remuneration are provided in note 3 to the consolidated financial statements of the group.

Operating leases

Operating lease charges recognised in the profit and loss during the year were as follows:

	2009 US$m	2008 US$m
Plant and machinery	**1**	2
Other	**5**	5

11. Other information

Deferred tax assets have not been recognised in respect of the following:

	2009 US$m	2008 US$m
Tax losses	**–**	10
Capital allowances in excess of depreciation	**9**	7
Share-based payments	**11**	5
Cash flow hedges	**3**	–
	23	22

	2009 US$m	2008 US$m
Capital expenditure contracted but not provided	**3**	1

The company has guaranteed borrowings in respect of certain subsidiary undertakings (see note 21 to the consolidated financial statements of the group).

At 31 March 2009, the company had annual commitments under non-cancellable operating leases as follows:

	2009 US$m	2008 US$m
Land and buildings:		
Between two and five years	**1**	–
After five years	**4**	5
Other		
Between two and five years	**1**	2

12. Post balance sheet events

On 29 May 2009, SABMiller plc acquired the outstanding 28.1% minority interest in its Polish subsidiary Kompania Piwowarska SA from Kulczyk Holding SA in exchange for 60 million ordinary shares of SABMiller plc. Based upon SABMiller's closing price of £12.49 on 28 May 2009, the implied value of the consideration is US$1,194 million.

Five-year financial review

for the years ended 31 March

	2009 US$m	2008[1] US$m	2007 US$m	2006 US$m	2005 US$m
Income statements					
Group revenue	**25,302**	23,828	20,645	17,081	14,543
Revenue	**18,703**	21,410	18,620	15,307	12,901
Operating profit	**3,148**	3,448	3,027	2,575	2,547
Net finance costs	**(706)**	(456)	(428)	(299)	(143)
Share of associates' and joint ventures' post-tax results	**516**	272	205	177	148
Taxation	**(801)**	(976)	(921)	(779)	(823)
Minority interests	**(276)**	(265)	(234)	(234)	(208)
Profit for the year	**1,881**	2,023	1,649	1,440	1,521
Adjusted earnings	**2,065**	2,147	1,796	1,497	1,224
Balance sheets					
Non-current assets	**28,159**	31,947	25,683	24,286	12,869
Current assets	**3,460**	4,135	3,053	2,829	2,778
Total assets	**31,619**	36,082	28,736	27,115	15,647
Derivative financial instruments	**(142)**	(531)	(209)	(178)	–
Borrowings	**(9,618)**	(9,658)	(7,231)	(7,602)	(3,340)
Other liabilities and provisions	**(5,746)**	(7,649)	(6,295)	(5,750)	(3,552)
Total liabilities	**(15,506)**	(17,838)	(13,735)	(13,530)	(6,892)
Net assets	**16,113**	18,244	15,001	13,585	8,755
Total shareholders' equity	**15,375**	17,545	14,406	13,043	8,077
Minority interests in equity	**738**	699	595	542	678
Total equity	**16,113**	18,244	15,001	13,585	8,755
Cash flow statements					
EBITDA	**4,164**	4,518	4,031	3,348	2,736
Net working capital movements	**(493)**	(242)	(13)	(57)	56
Net cash generated from operations	**3,671**	4,276	4,018	3,291	2,792
Net interest paid (net of dividends received)	**(116)**	(410)	(385)	(248)	(79)
Tax paid	**(766)**	(969)	(801)	(869)	(625)
Net cash inflow from operating activities	**2,789**	2,897	2,832	2,174	2,088
Net capital expenditure	**(2,072)**	(1,927)	(1,351)	(984)	(738)
Net investments in subsidiaries, joint ventures and associates	**(555)**	(1,439)	(429)	(2,644)	(897)
Net other investments	**(10)**	5	(2)	(2)	456
Net cash inflow/(outflow) before financing and dividends	**152**	(464)	1,050	(1,456)	909
Net cash inflow/(outflow) from financing	**620**	1,240	(455)	1,733	(271)
Dividends paid	**(877)**	(769)	(681)	(520)	(412)
Effect of exchange rates	**26**	(113)	(18)	11	(56)
(Decrease)/increase in cash and cash equivalents	**(79)**	(106)	(104)	(232)	170
Per share information (US cents per share)					
Basic earnings per share	**125.2**	134.9	110.2	105.0	125.5
Diluted earnings per share	**124.7**	134.2	109.5	104.3	121.2
Adjusted basic earnings per share	**137.5**	143.1	120.0	109.1	101.0
Net asset value per share[2]	**969.8**	1,108.3	912.0	828.0	599.9
Total number of shares in issue (millions)	**1,585.4**	1,583.1	1,579.6	1,575.2	1,346.5
Other operating and financial statistics					
Return on equity (%)[3]	**13.4**	12.2	12.5	11.5	15.2
EBITA margin (%)	**16.3**	17.4	17.4	17.2	16.4
EBITDA margin (%)	**22.3**	21.1	21.6	21.9	21.2
EBITDA interest cover (times)	**6.6**	9.2	9.2	11.4	19.1
Total borrowings to total assets (%)	**30.4**	26.8	25.2	28.0	21.3
Cash flow to total borrowings (%)	**38.2**	44.3	55.6	43.3	83.6
Revenue per employee (US$000's)	**272.5**	309.8	278.1	284.7	315.5
Average monthly number of employees	**68,635**	69,116	66,949	53,772	40,892

1 Restated for the adjustments made to the provisional fair values relating to the Grolsch acquisition.

2 Net asset value per share is calculated by expressing shareholders' funds as a percentage of the closing number of shares in issue.

3 This is calculated by expressing adjusted earnings as a percentage of total shareholders' equity.

	2009 US$m	2008[2] US$m	2007 US$m	2006 US$m	2005 US$m
Group revenue					
Primary segmental analysis					
Latin America	**5,495**	5,251	4,392	2,165	521
Europe	**6,145**	5,248	4,078	3,258	2,909
North America	**5,227**	5,120	4,887	4,912	4,892
Africa and Asia	**4,132**	3,367	2,674	2,221	1,937
South Africa:					
– Beverages	**3,955**	4,446	4,274	4,204	3,995
– Hotels and Gaming	**348**	396	340	321	289
	25,302	23,828	20,645	17,081	14,543
Operating profit (excluding share of associates and joint ventures)					
Primary segmental analysis					
Latin America	**1,057**	953	810	387	90
Europe	**900**	947	730	567	482
North America	**230**	462	366	454	487
Africa and Asia	**352**	330	272	257	249
South Africa: Beverages	**704**	962	1,043	1,011	906
Corporate	**(97)**	(94)	(101)	(86)	(82)
Group operating profit – before exceptional items	**3,146**	3,560	3,120	2,590	2,132
Exceptional credit/(charge)					
Latin America	**45**	(61)	(64)	(11)	–
Europe	**(452)**	–	(24)	–	(51)
North America	**409**	(51)	–	–	111
Africa and Asia	**–**	–	–	–	103
South Africa: Beverages	**–**	–	–	–	–
Corporate	**–**	–	(5)	(4)	252
	2	(112)	(93)	(15)	415
Group operating profit – after exceptional items	**3,148**	3,448	3,027	2,575	2,547
EBITA					
Primary segmental analysis					
Latin America	**1,173**	1,071	915	436	90
Europe	**944**	952	733	569	482
North America	**581**	477	375	454	487
Africa and Asia	**642**	568	467	422	383
South Africa:					
– Beverages	**764**	1,026	1,102	1,062	956
– Hotels and Gaming	**122**	141	100	84	73
Corporate	**(97)**	(94)	(101)	(86)	(82)
Group	**4,129**	4,141	3,591	2,941	2,389

Definitions

Financial definitions

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

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

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

Constant currency
Constant currency results have been determined by translating the local currency denominated results for the year ended 31 March at the exchange rates for the comparable period in the prior year.

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

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

EBITDA
This comprises the net cash generated from operations before working capital movements.

EBITDA margin (%)
This is calculated by expressing EBITDA excluding cash flows related to exceptional items incurred during the year as a percentage of revenue.

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

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

Headline earnings
Headline earnings are calculated by adjusting profit for the financial period attributable to equity holders of the parent for items in accordance with the South African Circular 8/2007 entitled 'Headline Earnings'. Such items include impairments of non-current assets and profits or losses on disposals of non-current assets and their related tax and minority interests. This also includes the group's share of associates' and joint ventures' adjustments on the same basis.

Interest cover
This is the ratio of EBITDA plus dividends received from joint ventures to adjusted net finance costs.

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

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

Total Shareholder Return (TSR)
TSR is the measure of the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends.

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

In the determination and disclosure of aggregated sales volumes, the group aggregates 100% of the volumes of all consolidated subsidiaries, associated companies and joint ventures. Contract brewing volumes are excluded from aggregated volumes although revenue from contract brewing is included within revenue. Aggregated volumes exclude intra-group sales volumes.

Non-financial definitions

Combined Code
The Combined Code on Corporate Governance, published by the UK Financial Reporting Council.

Economy segment
Taking an index where the bulk of the market volume is at a price index of 100, the economy sector would index at around 85. Normally, all brands in this segment will be local brands. In the beer market, the economy segment is usually dominated by local brands.

International brewers index
The index of International brewers charts the share price progression of an index of the company's closest peers in the global brewing industry – Anheuser-Busch InBev (Anheuser-Busch and InBev included separately, until the acquisition of Anheuser-Busch by InBev on 17 November 2008), Carlsberg, Heineken and Molson Coors, relative to 1 April 2004. The index is weighted relative to the market capitalisation of the brewers as at 1 April 2004.

Mainstream segment
Mainstream represents the group of brands that constitute the bulk of the market volume at a price index of 100. Key to this group is the leading volume brand in any market. Mainstream brands tend to be local.

PET
PET is short for polyethylene terephthalate, a form of plastic which is used for bottling alcoholic and non-alcoholic drinks.

Premium segment (worthmore segment in the USA)
The premium segment comprises both local and international brands. They are brands which consumers perceive to offer greater value than mainstream brands and for which they are willing to pay a premium. Mainstream brands are priced at about a price index of 100 and premium brands index at around 120 and above. As a result, the premium segment, although small in volume terms, often generates a disproportionate level of profit, when compared to the mainstream and economy segments.

STRATE
STRATE stands for Share Transactions Totally Electronic and is an unlisted company owned by JSE Limited and Central Securities Depository Participants (CSDP) and exists to allow share transactions in South Africa to be settled electronically.

Ordinary shareholding analyses

Listed below are analyses of holdings extracted from the register of ordinary shareholders at 31 March 2009:

	Number of shareholders	Percentage of share capital
Portfolio size		
1 – 1,000	29,448	0.63
1,001 – 10,000	7,794	1.51
10,001 – 100,000	1,453	3.17
100,001 – 1,000,000	595	11.96
1,000,001 and over	116	82.73
	39,406	100.00
Category		
Banks	107	0.86
Endowment Funds	336	0.28
Individuals	26,143	1.65
Insurance Companies	99	1.69
Investment Companies	41	5.22
Medical Aid Schemes	32	0.05
Mutual Funds	404	5.83
Nominees and Trusts	9,225	50.89
Pension Funds	1,565	4.45
Other Corporate Entities	1,454	29.08
	39,406	100.00

Substantial Shareholdings

As at 1 June 2009, we had received the following notifications of interests in voting rights of the issued share capital of the company pursuant to Rule 5.1.2 of the Disclosure and Transparency Rules:

	Number of shares	Percentage of issued share capital	Adjusted[1] percentage of issued share capital
Altria Group, Inc.	430,000,000	27.39	27.39
BevCo Ltd	225,000,000	14.98	14.34
Public Investment Corporation	67,663,248	4.49	4.31
Kulczyk Holding S.A.	60,000,000	3.82	3.82
Legal and General Group plc	45,604,072	2.90	2.90
Capital Group International, Inc.	43,703,169	2.90	2.78

1 Numbers of shares shown reflect the notifications received by the company. Following the recent issue to Kulczyk Holding S.A. we have shown the adjusted proportion of the enlarged issued ordinary share capital that these holdings would represent if calculated using our latest total voting rights figure.

The Takeovers Directive requires disclosure of persons with significant direct or indirect holdings of securities as at year end. In addition to the shareholdings noted above, at year end Allan Gray Investment Council held, approximately, a 5.5% shareholding in the company. Capital Group Companies, Inc. (whose holding incorporates that of Capital Group International, Inc. above) held, approximately, a 5.1% shareholding in the company. If the recent issue to Kulczyk Holding S.A. had taken place prior to year end this would have decreased the Allan Gray Investment Council and Capital Group Companies, Inc. holdings to approximately 5.2% and 4.9% respectively.

Shareholders' diary

Financial reporting calendar and annual general meeting

Annual general meeting	July
Announcement of interim results, for half-year to September	November
Preliminary announcement of annual results	May
Annual financial statements published	June

Dividends	Declared	Paid
Ordinary:		
Interim	November	December
Final	May	August

Unsolicited investment advice – warning to shareholders

The Institute of Chartered Secretaries and Administrators and the Financial Services Authority (FSA) in the United Kingdom have published a joint warning to shareholders:

Over the last year, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments.

These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/register
- Report the matter to the FSA either by calling 0845 606 1234 or visiting www.moneymadeclear.fsa.gov.uk
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml

Details of any share dealing facilities that the company endorses will be included in company mailings.

More detailed information on this or similar activity can be found on the FSA website www.moneymadeclear.fsa.gov.uk

South African shareholders may report such approaches to the Financial Services Board (FSB) on:

Toll Free: 0800 110443
Facsimile: 012 347 0221
E-mail: Info@fsb.co.za

Complete the FSB online complaint form which can be found on their website www.fsb.co.za

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This document includes 'forward-looking statements' with respect to certain of SABMiller plc's plans, current goals and expectations relating to its future financial condition, performance and results. These statements contain the words 'anticipate', 'believe', 'intend', 'estimate', 'expect' and words of similar meaning. All statements other than statements of historical facts included in this document, including, without limitation, those regarding the company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the company's products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the company's present and future business strategies and the environment in which the company will operate in the future. These forward-looking statements speak only as at the date of this document. The company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The past business and financial performance of SABMiller plc is not to be relied on as an indication of its future performance.

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