



Local knowledge, global strength

Performance highlights

Strong revenue and earnings growth

SABMiller plc is one of the world's leading brewers with more than 200 beer brands and some 70,000 employees in over 75 countries.

Group revenue^a
+10%

2013: US\$34,487m
2012: US\$31,388m

Revenue^b
+7%

2013: US\$23,213m
2012: US\$21,760m

Lager volumes
+6%

2013: 242m hectolitres
2012: 229m hectolitres

EBITA^c
+14%

2013: US\$6,421m
2012: US\$5,634m

EBITA margin progression
+70 bps

2013: 18.6%
2012: 17.9%

Profit before tax
-16%

2013: US\$4,712m
2012: US\$5,603m

Adjusted EPS^d
+11%

2013: 238.7 US cents
2012: 214.8 US cents

Dividends per share^e
+11%

2013: 101.0 US cents
2012: 91.0 US cents

Water usage
-8%

2013: [3.7] hl/hl
2012: 4.0 hl/hl

Net debt^f
-12%

2013: US\$15,701m
2012: US\$17,862m

Free cash flow^g
+6%

2013: US\$3,230m
2012: US\$3,048m

Total Shareholder Return^h
+216%

Peer median: 76%

Further information

Go online for more details

This report covers the financial year ended 31 March 2013. It is also available on our website as a downloadable PDF

www.sabmiller.com/annualreport



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



^a Group revenue includes the attributable share of associates' and joint ventures' revenue of US\$11,274 million (2012: US\$9,628 million).

^b Revenue excludes the attributable share of associates' and joint ventures' revenue.

^c 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 computer software) and includes the group's share of associates' and joint ventures' operating profit, on a similar basis. As noted in the Chief Financial Officer's review, EBITA is used throughout this report.

^d A reconciliation of adjusted earnings to the statutory measure of profit attributable to owners of the parent is provided in note 8 to the consolidated financial statements.

^e 2013 final dividend is subject to shareholder approval at the annual general meeting.

^f 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 27c to the consolidated financial statements.

^g Note 27b to the consolidated financial statements provides a reconciliation of net cash from operating activities to free cash flow.

^h Total Shareholder Return (TSR) is shown as the percentage growth in our TSR over the five years to 31 March 2013.

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Overview

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Our business in brief

Local knowledge driving global strength



A strategy that consistently delivers

SABMiller has become a global leader by doing business locally, producing high quality products as efficiently and sustainably as possible across a mix of developed and developing markets.



Built on our brands and a passion for beer

Informed by deep local market insights, we invest in building and nurturing local beer brands which earn the long-term support and affection of our customers and consumers.

Our vision

To be the most admired company in the global beer industry.

Our mission

To own and nurture local and international brands that are the first choice of the consumer.

Our values

- Our people are our enduring advantage.
- Accountability is clear and personal.
- We work and win in teams.
- We understand and respect our customers and consumers.
- Our reputation is indivisible.

Our strategic priorities

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

For more information on our strategic priorities and how we measure against them, see page 15.

Local knowledge

The physical characteristics of beer, a perishable product that is bulky to transport, dictate that brewing is a predominantly local enterprise around the world. International brands comprise only a small proportion of global beer volumes, and the growth of craft beers in many developed markets indicates that interest in local brands is on the rise. At SABMiller we understand and celebrate the inherently local qualities of the beer industry, nurturing and developing brands that address the specific tastes of consumers which are often unique to their location, reflecting their heritage, nationality or cultural identity.

Global strength

Our local approach to brand management does not preclude a global approach to generating the efficiencies necessary to invest for growth and local competitive advantage. We routinely test, update and reapply global standards and best practice across a range of disciplines, from technical standards and distribution, to marketing, sales, finance and people management.

For more information on the performance of our brands, see pages 18 to 35.



Delivering strong revenue and earnings growth in 2013

Investment in additional production capacity, commercial capability and distribution reach supported strong growth in our developing markets, while a focus on operating efficiencies helped us achieve growth in profit margins. Total beverage volumes grew by 7% to 306 million hectolitres, with lager volumes up 6% and soft drinks volumes up 15%.

Operational highlights

- Reported group revenue growth of 10% with organic, constant currency group revenue up 7%.
- Group revenue per hectolitre (hl) up 3% on an organic, constant currency basis.
- Lager volumes rose 3% on an organic basis with growth in all divisions except North America.
- Organic, constant currency EBITA growth of 9%, with reported EBITA growth of 14%, reflecting the inclusion of Foster's and other business combinations, partially offset by adverse currency movements.
- EBITA margin improvement of 70 basis points (bps) to 18.6%, with organic, constant currency EBITA margin improvement of 40 bps.
- Progress with the Foster's integration and synergies remains ahead of schedule, with lager volume growth in the continuing brand portfolio in the fourth quarter versus the prior year.
- Adjusted earnings up 12%, with adjusted EPS up 11% to 238.7 US cents per share.
- Declines in profit before tax and profit attributable to owners of the parent reflect exceptional non-cash gains reported last year.

For more information on our financial performance, see pages 36 to 43.



Creating long-term sustainable value

We generate value by establishing leading positions in strategically attractive markets that offer long-term growth opportunities, building and sustaining successful local brands as part of comprehensive portfolios. We maximise the efficiency of our businesses and utilise our extensive local supply chains to ensure that the communities in which we operate participate in our growth and development.

Understanding consumer tastes

We build long-term value by ensuring that our brands maintain a continuous connection and relevance to their target consumers, supported by innovation within the beer category to develop new products, brands, packs and price points to meet the evolving expectations of consumers, wholesalers and our retail partners.

Building the right partnerships

From strategic alliances that span continents, to individual relationships with corner-shop retailers, our ability to build and sustain long-term partnerships is a core strength of the business. At the local level we are engaged in a shared endeavour with governments, distributors, retailers, suppliers and the community at large to support the social and economic development of the countries in which we operate.

For more information on how we create long-term sustainable value, see pages 14 and 44 to 47.

Group at a glance

A balanced spread of businesses



Latin America

32% contribution to group EBITA¹

Regional office: Miami, USA

- Our primary brewing and beverage operations cover six countries across South and Central America (Colombia, Ecuador, El Salvador, Honduras, Panama and Peru).
- In each of these countries, we are the number one brewer by market share.
- We are also the third largest brewer in Argentina, and we export to Bolivia, Chile and Paraguay.
- We bottle soft drinks for The Coca-Cola Company in El Salvador and Honduras, and for PepsiCo International in Panama.

For more information see page 18.



Europe

12% contribution to group EBITA¹

Regional office: Zug, Switzerland

- Our primary brewing operations cover eight countries – the Czech Republic, Hungary, Italy, Poland, Romania, Slovakia, Spain (Canary Islands) and the Netherlands.
- In the majority of these countries, we are the number one or two brewer by market share.
- A further 16 countries including Russia, Turkey and the Ukraine are covered in a strategic alliance with Anadolu Efes through brewing, soft drinks or export operations.
- We export significant volumes to a further seven European markets, of which the largest are the UK and Germany.

For more information see page 21.



North America

12% contribution to group EBITA¹

Regional office: Chicago, USA

- MillerCoors is a joint venture with Molson Coors Brewing Company, formed in 2008 by bringing together the US and Puerto Rican operations of both groups.
- Headquartered in Chicago, MillerCoors is the second largest brewer in the USA, with 29% of the beer market.
- Our wholly owned Miller Brewing International business is based in Milwaukee, USA and exports our brands to Canada and Mexico and throughout the Americas.

For more information see page 24.



Africa

12% contribution to group EBITA¹

Regional office: Johannesburg, South Africa

- Our brewing and beverage operations in Africa cover 15 countries. A further 21 are covered through a strategic alliance with the Castel group and we also have an associated undertaking in 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 (in alliance with Castel in 14 of these markets).

For more information see page 27.



Asia Pacific

13% contribution to group EBITA¹

Regional office: Hong Kong

- CR Snow, our partnership with China Resources Enterprise, Limited, is the largest brewer in China.
- Carlton & United Breweries² (CUB) is a leading Australian brewer, which we acquired in December 2011.
- We are the second largest brewer in India.
- We have an operation in Vietnam and we export to various markets including South Korea and Singapore.

For more information see page 30.



South Africa

19% contribution to group EBITA¹

Regional office: Johannesburg, South Africa

- The South African Breweries (Pty) Ltd (SAB) is South Africa's leading producer and distributor of lager and soft drinks.
- It also exports brands for distribution across Namibia.
- Our soft drinks division is South Africa's leading bottler of products for The Coca-Cola Company.
- We have hotel and gaming interests through our associate, Tsogo Sun Holdings Ltd, the largest hotel and gaming group in South Africa.

For more information see page 33.

¹ Excluding corporate costs.

² Carlton & United Breweries is the Australian beverage business of Foster's.

Global beer market trends

Developing markets continue to grow

Trends in 2012/2013

Developing markets remain the engine of volume growth for the global beer industry. Per capita alcohol consumption continues to rise as disposable incomes increase and consumers trade up from informal alcohol (often spirits) to professionally brewed beer. The result is strong volume growth in Africa, Asia and Latin America. In contrast, consumption in Western Europe continues to slide.

There has been an increasing realisation that not all developing markets are equally attractive. Industry structures vary widely from country to country, with African and Latin American markets being in general much more concentrated, putting them in the global sweet spot of combining strong long-term volume growth and high EBIT¹ margins.

As well as trading up into beer, consumers are trading up within the beer category. Local premium brands increased their share in developing markets with international premium brands often growing just as strongly, albeit from a lower base. This trend is also clear in mature markets such as the

USA where premium imports and craft beers continued to strongly outperform mainstream beer. Even in the declining UK beer market, the premium brand segment has done well and gained share.

One feature of mature markets is that the premium segment tends to fragment over time as consumers seek a broader repertoire of brands – hence the growing popularity of local premium, imported and local craft beers.

Industry consolidation has continued apace. ABInBev announced the intended acquisition of the Mexican brewer, Grupo Modelo. Heineken completed the acquisition of Asia Pacific Breweries and Molson Coors acquired StarBev in Central and Eastern Europe. CR Snow (SABMiller's joint venture with CRE) announced the intended acquisition of Kingway Brewery in China.

The debate continues about the long-term profit prospects for China, the world's biggest beer market by far in volume terms. Growth remains strong, as does the potential for future growth. That said, unit pricing and margins are still extremely low. All the big

four brewers have embarked on regional expansion, both organic and through acquisition, increasing their collective share of the market at the expense of smaller players. CR Snow remains the clear leader by volume.

Industry consolidation has left many companies with fragmented IT and back-office systems, presenting opportunities to improve global efficiency without losing local flexibility. Three of the four major global brewers – SABMiller, Heineken and Carlsberg – are currently carrying out programmes to restructure and cut costs.

New developments

- With unemployment falling among key sections of the population, the US beer market appeared to turn the corner with 1.1% volume growth, making 2012 the first growth year since 2008.
- At the same time global commodity pressures started to ease. Although grain markets remain volatile with extreme weather affecting the price of wheat and corn, barley markets improved after better harvests in Western Europe. In addition, the spot price of aluminium fell sharply.

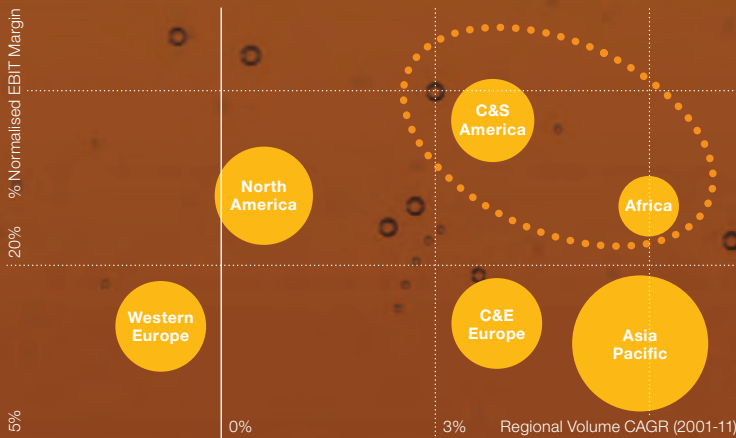
Outlook

The beer category remains a very attractive long-term investment opportunity.

European large cap brewers outperformed the stock market, as measured by the MSCI Europe index, by 24% in 2012, following an average 11% outperformance every year for the last 10 years.

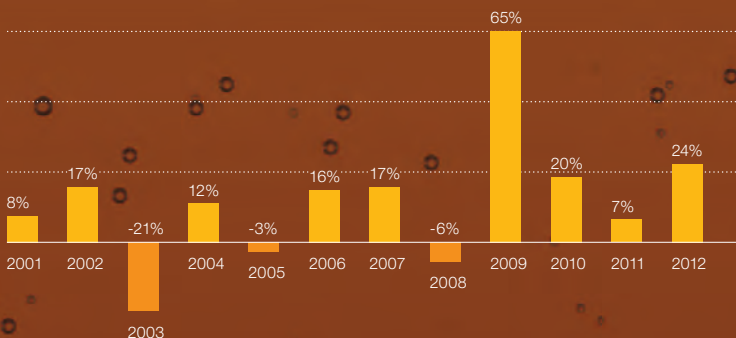
Prospects for future growth remain strong with volume growth primarily driven by developing markets. In developed markets the focus will be on premium brands, new variants and pricing. Together with increasing economies of scale and efficiency savings, these trends should ensure steady margin expansion and strong cash flow.

Regional beer volume growth vs. EBIT¹ margin



Source: Company data, Plato, Bernstein Research.
¹ Normalised EBIT margin is defined as EBIT adjusted for exceptional items.

European large cap brewers relative performance vs. MSCI² Europe



Source: Bloomberg. Note: European large cap brewers include AB InBev, Carlsberg, Heineken and SABMiller. Scottish & Newcastle is included for the period 2001-2007.
² The MSCI Europe Index is a free float-adjusted market capitalisation weighted index, designed to measure the equity market performance of 16 developed markets in Europe.

Acting Chairman's statement

'I am delighted to report another year of strong financial performance, led by our developing market operations in Latin America, Africa, Asia Pacific and South Africa.'



John Manser
Acting Chairman

Dear Shareholder

It is with sadness that, in my current role as acting Chairman, I am delivering this year's opening statement on behalf of Graham Mackay, who is currently on leave of absence for medical reasons. Graham has led SABMiller with great acuity, dedication and integrity over the last 16 years, and our thoughts are with him and his family at this difficult time.

Results and dividend

I am delighted to report another year of strong financial performance, led by our developing market operations in Latin America, Africa, Asia Pacific and South Africa.

Including acquisitions and the effects of currency translation, group revenue grew by 10% (7% on an organic, constant currency basis) following selective price increases and the further expansion of our brand portfolios to offer a wider choice of products at different prices. Currency movements had an adverse impact of five percentage points on group revenue growth, mainly due to the weakening of the South African rand and Central European currencies against the US dollar. Beverage volumes totalled 306 million hectolitres, up 7% with lager volumes up 6% and soft drinks volumes up 15%.

Reported earnings before interest, tax, amortisation and exceptional items (EBITA) grew by 14% (9% on an organic, constant currency basis), reflecting the beneficial impact of the Foster's acquisition. Reported EBITA margin was 70 basis points ahead of the prior year at 18.6%. Raw material input costs rose in line with expectations by mid single digits due to higher commodity costs, partially offset by procurement and other savings. Fixed costs increased due to inflation and investments in new production capacity in some markets, although again these were partially offset by efficiency savings elsewhere. Profit before tax declined 16% to US\$4,712 million, principally reflecting the inclusion of significant non-cash exceptional gains on transactions in the prior year. Adjusted earnings were 12% higher than the prior year and adjusted earnings per share were up 11% to 238.7 US cents.

Capital expenditure for the year was US\$1,479 million as we continued to invest in additional capacity, commissioning new breweries in Zambia, Nigeria and Uganda while extending existing facilities elsewhere. Free cash flow was US\$3,230 million, an increase of US\$182 million compared with the prior year. Net debt fell by US\$2,161 million, ending the year at US\$15,701 million. The group's gearing ratio as at 31 March 2013 was 57.2%.

The board has recommended a final dividend of 77 US cents per share which will be paid to shareholders on 23 August 2013. This brings the total dividend for the year to 101 US cents per share, an increase of 11% over the prior year.

A past that prepares us for the future

In acknowledging Graham Mackay's final year in an executive capacity, I offer my own perspective on the group's achievements, strengths and prospects, in the context of our recent history and the dramatic evolution of the brewing sector during Graham's management career here.



Castle Lager growing across Africa

Castle Lager, a brand synonymous with SABMiller's heritage in South Africa, posted its second year of double digit growth driven by strong trade execution, demonstrating that even a brand with over 100 years of sales behind it can remain relevant to a new generation of consumers. The brand is also now establishing a powerful position as a regional brand across the rest of Africa.

That SABMiller should emerge from modest beginnings in South Africa to become a leading global consumer products company is a remarkable achievement. It is still more remarkable when one considers the considerable obstacles it has overcome as part of that journey. In its early days, South African Breweries posed little challenge to the established giants of European and US brewing. The industry was more collaborative than is the case today and the business was able to learn from other companies, quietly developing the core skills in brewing and brand building that form the basis of the strong operating culture for which SABMiller is rightly known.

In 1989, however, the break up of the Soviet bloc provided the catalyst for the consolidation of the brewing industry and the creation of a global industry. Brewing assets that had long been neglected by indifferent government owners were now suddenly available to buy. South African Breweries, which had already participated in government privatisations in southern Africa, seized the opportunity to break out of the continent and begin expanding into Asia, and Central and Eastern Europe.

Our strategy at the time was to acquire brewing assets that had typically been poorly run and to apply the world-class operational skills we had learned to improve the performance, quality and image of their beers. Initial forays were also driven by a desire to acquire a portfolio of international brands that could compete on the world stage. Perversely, it was the process of evaluating brands for international expansion – and more often than not rejecting them – that reinforced our respect for the local nature of beer.

Our local approach

This belief, that beer remains in essence a local product, rooted in the heritage and culture of particular places or communities, now sets us apart from our major competitors and informs much of our attitude to brand management. Instead of applying a one-size-fits-all approach, we aim to develop full brand portfolios in each of our markets, informed by a deep appreciation for local consumer tastes across a spectrum of prices and drinking occasions. And far from inexorably becoming more global over time, the rise of the craft beer segment in the USA, Europe and Australia would suggest that, if anything, beer is becoming more local than ever.

This belief, that beer remains in essence a local product, rooted in the heritage and culture of particular places or communities, now sets us apart from our major competitors and informs much of our attitude to brand management.

In the core mainstream beer segment, we've become expert at taking undiscovered local brands and turning them into national champions. In Europe, many of our now iconic national brands began life in much less glamorous circumstances. In Latin America, following acquisitions in Central America in 2001 and South America in 2005, we have transformed the image of the beer category in our markets, improving quality and differentiating our products by package, price and position. And in China, our joint venture has established the Snow brand, originally from Manchuria, as both the country's first national beer and now the largest beer brand in the world by volume.

In the USA, following the merger with Miller Brewing Company in 2002, we refined and adapted our skills to succeed in the world's most competitive and sophisticated consumer market, gaining brands which are now part of an increasingly successful international premium portfolio.

The premiumisation of the beer category is a trend we are now leading in many of our developing markets, establishing local premium beers that trade on national pride and offer affordable luxury to consumers looking to trade up. At the lower end of the price ladder, particularly in Africa, we have set out to compete with informal alcohol through the development of affordable beers made from locally available ingredients. We started with the sorghum-based Eagle Lager in Uganda and subsequently launched two new cassava beers in Mozambique and Ghana. While these products open up new markets for us, they also provide a new income stream for farmers previously working at subsistence level and create a new source of revenue for governments.

Management and organisation

The spirit and attitude formed by the business in those early years was manifest in an energy and restlessness that has since become the basis for a formidable performance management culture. Explicitly goal-oriented with a high degree of personal accountability, the business developed a cadre of exceptional senior managers, many of whom I am delighted to say remain with us today. This highly mobile workforce has repeatedly demonstrated its ability to turn around underperforming businesses, cutting costs and driving top line growth. This experience is now proving invaluable again as we look to grow our operations in Australia following the acquisition of the Foster's business in late 2011.

The business today

The result, today, is an attractive spread of businesses – well balanced globally in terms of sales volumes, revenues and EBITA, spanning both developed and developing economies and advantageously exposed to growth markets. We also enjoy valuable partnerships with the Castel group in Africa, China Resources Enterprises in China, Anadolu Efes in Turkey and the former Soviet Union and The Coca-Cola Company for whom we're the leading bottler in Africa and Central America. We continue to be a leader in our sector in terms of our brand management, our approach to sustainability and our commitment to market our products responsibly in every country in which we operate.

Acting Chairman's statement

continued

Corporate governance

The corporate governance update on pages 57 to 65 of this report provides a detailed description of the directors' approach to corporate governance, the board's application of the UK Corporate Governance Code and the role and effectiveness of the board.

The annual appraisal of the effectiveness of our board and its committees, as well as the annual evaluation of each individual director's contribution and performance for the year, assumed particular importance this year in light of the succession arrangements which we implemented last year, summarised below. In my view, the board and its committees continue to operate effectively and to meet in full their obligations to support management, to monitor performance and to maintain the board's strategic oversight. Nevertheless, neither I as acting Chairman, nor the directors collectively, are complacent about matters of corporate governance. Where we have elected not to apply certain provisions of the Code, we have done so because we believe this to be in the best interests of shareholders as a whole, and the results we have delivered to date do not seem to us to indicate that these decisions have adversely impacted the performance of the group.

Having decided that a year characterised by change and transition was not the right year to undertake an external evaluation of our board's effectiveness, we conducted a rigorous and extensive internal review of performance this year, ably orchestrated by our Company Secretary. The results of this performance and effectiveness assessment were reviewed in full and approved by the board. Matters identified as requiring further consideration have been addressed, including changing the frequency and length of board meetings to ensure more regular meetings with additional time to discuss group strategy, senior executive succession planning and the group's talent pipeline below the executive committee level.

We have also taken steps to hold additional board meetings in countries where the group has operations. These will enable the board to conduct more detailed occasional reviews of country and regional performance and to hold regular pre-board meeting events at which non-executive directors have the opportunity to meet more frequently with other members of senior management as well as executive committee members.

Succession

Turning to succession and change, we announced in April 2012 that Meyer Kahn would retire as Chairman after the Annual General Meeting in July 2012, and that Graham Mackay would be appointed as Executive Chairman for an interim period of one year. At this time we also said that Graham would hand over executive responsibilities to Alan Clark as our new Chief Executive after this year's AGM in July 2013, when Graham would become non-executive Chairman. Although the UK Corporate Governance Code recommends that a chief executive should not go on to become chairman of the same company, the board determined that these changes were in the best interests of SABMiller and its shareholders. The decision had the strong backing of our shareholders and was made after discussions with major institutional investors. At the same time we announced a number of other board and executive succession changes, with Rob Pieterse also retiring from the board.

I am glad to say that these changes, and our explanations for them, were welcomed by the overwhelming majority of shareholders. The explanation for our decision was even cited by the Association of British Insurers, in a report in December 2012 on the adequacy of companies' explanations for not applying the UK Corporate Governance Code under the 'comply or explain' principle, as a best practice example. The board approved detailed job specifications setting out the respective authorities and responsibilities of the Executive Chairman and Chief Operating

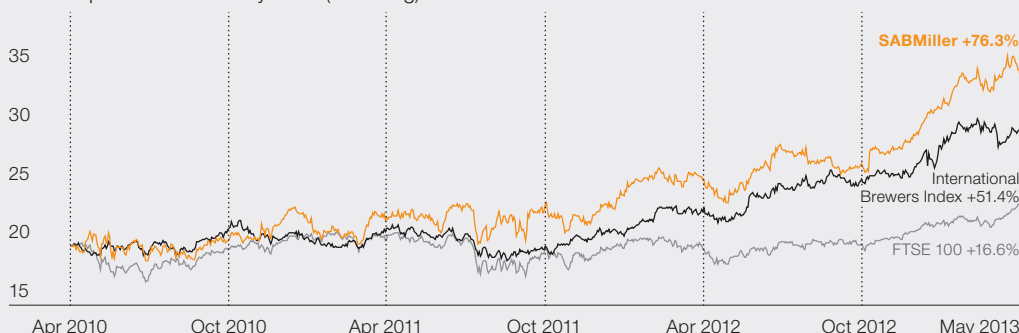
Officer, and over the last year Graham and Alan have worked together to prepare Alan for the Chief Executive role and to effect a staged handover of responsibilities to ensure appropriate continuity in the management of the group.

This served us in good stead, when in April this year Graham was diagnosed with a brain tumour. The board accordingly accelerated Alan's planned promotion to Chief Executive with immediate effect while I stepped into the breach as acting Chairman to allow Graham medical leave of absence to focus on his treatment. As the transition of management responsibilities to Alan was already well advanced, he has simply had to pick up the remaining executive responsibilities a little sooner than expected, with the full support of all of our colleagues on the executive committee and the directors.

Last year we also reported our intention to seek and appoint a new independent non-executive director, with the expectation that in due course he or she would replace me as the senior independent director. We were delighted to be able to announce Guy Elliott's appointment to this role in March 2013. Guy is highly experienced with a strong reputation as a seasoned non-executive and business leader. He has been part of the leadership team of Rio Tinto, a global business working across both emerging and developed markets, and has deep experience of working through joint ventures and partnerships – all very pertinent to our business structure – as well as an understanding of consumer-facing businesses acquired during his time on the Cadbury board. He will be an excellent addition to our board, and his appointment reflects our continued commitment to the process of progressive renewal of the board and the independent directors in terms of age, gender and balance of skills. With Guy's appointment effective on 1 July 2013, we will have appointed six new independent non-executive directors over the past five years.

Share price performance

from 1 April 2010 to 23 May 2013 (£ sterling)



Source: Factset and Datastream as at 23 May 2013

Note: Share prices are rebased to SABMiller; the International Brewers Index charts the share price progression of an index of the company's closest peers in the global brewing industry – Anheuser-Busch InBev, Carlsberg, Heineken and Molson Coors, relative to 1 April 2010. The index is weighted relative to the market capitalisation of the brewers as at 1 April 2010.



Transforming the beer category in Latin America

Since the acquisition of our interests in South America in 2005, we have transformed the image of the beer category in our markets, driving the development of new packs, price points and brand positions. Poker, which in 2006 was a regional brand in Colombia with a market share of 18%, is now the country's largest brand with a 42% share of the beer category.

Sadly, we also announced in April 2013 that Cyril Ramaphosa could not continue as a director of SABMiller because of his increasing public service commitments. Cyril has served SABMiller with distinction since his first appointment as a director and as acting chairman of our predecessor company in South Africa in 1997. His wise counsel, infectious good humour and deep understanding will be sorely missed. The directors are grateful to Cyril for his friendship and dedication over many years of service. On behalf of everyone at SABMiller, we wish him every success in facing the challenges of his new role.

Executive succession also continued apace in the last year with the appointment of Sue Clark, formerly Corporate Affairs Director, as Alan's successor in the role of Managing Director of SABMiller Europe in June 2012. Sue is making excellent progress, providing strong leadership to the operation in a challenging time for these economies. In October we appointed Catherine May as our new Corporate Affairs Director. With her extensive international corporate affairs and communications experience, having previously held similar roles at Centrica and Reed Elsevier, she is already making a major contribution, leading the strong corporate affairs function built up by Sue and continuing to develop the critical capabilities which help to grow our business sustainably for the benefit of all stakeholders.

In January 2013 Norman Adami was promoted to the new role of Chairman, SABMiller Beverages South Africa, to assume overall strategic responsibility for SABMiller's beverage businesses in South Africa. Norman had, for a number of years, acted both as managing director of The South African Breweries (Pty) Ltd and as chairman of our other beverage interests in South Africa. However, with the continuing strategic importance of our operations in South Africa, we decided to appoint a new managing director to run the beer business to enable Norman to play a more strategic and influential role in the further

development of our beverage businesses in South Africa, as well as our developing operations in Namibia.

Further board changes

We had previously announced that, barring unforeseen circumstances, I was expected to retire at the annual general meeting in 2014 and that Guy Elliott would replace me as Deputy Chairman and Senior Independent Director. In the light of Graham's illness, the board is keeping the situation under review pending the progress of his course of treatment. In the meantime, I will continue as acting Chairman, and an appropriate announcement about the future will be made as soon as any definitive decisions have been taken. Taking account of my increased time commitments and responsibilities as acting Chairman, Mark Armour has agreed to the board's request that he succeed me as chairman of the audit committee, a year earlier than planned.

Many of you have written to Graham personally to send him your best wishes and messages of encouragement, and I know he is very grateful to you all for your support. He is inexpressibly proud of this company and its people, of what we have achieved together and the shape it is now in. SABMiller has a strong management team with considerable depth of talent and a strong board with a number of distinguished non-executive directors who have provided considerable continuity, stability and experience over many years of growth. I am confident that under Alan Clark's leadership the management team will continue to grow our business and deliver value to shareholders. I hope that you will continue to give Alan and all of my fellow directors your support.

John Manser
Acting Chairman

Chief Executive's review

'With some 72% of EBITA coming from developing markets, SABMiller continues to enjoy the highest exposure of any global brewer to a wide number of growth opportunities in the beer industry.'



Alan Clark
Chief Executive

In my new capacity as Chief Executive, I would like to highlight the sadness shared by all of us in the group at the news of Graham Mackay's illness, diagnosed in April 2013, and his subsequent decision to step down early as Executive Chairman. Graham's contribution to SABMiller's success is immeasurable, and I am sure that all the group's shareholders and employees would join me in expressing our deep gratitude for everything he has done to make SABMiller the resounding success that it is today. The commitment, skill and foresight with which he has led the business since 1997 will remain an inspiration to a new generation of SABMiller management. Speaking personally, his energy, wise counsel and good humour have greatly enriched my working experience here.

Business performance

The group delivered another year of strong financial performance, with investment in our brands, production capacity, product innovation and trade execution capability driving growth across a number of our businesses. Group revenue rose by 7% on an organic, constant currency basis, supported by organic volume growth of 4% for total beverages. Revenue per hectolitre rose by 3% on an organic, constant currency basis, reflecting selective price increases and a continued focus on expanding our portfolios up and down the price ladder. Operating costs have been controlled despite significant commodity inflation and currency headwinds, contributing to a 70 basis point expansion on a reported basis of the group EBITA margin which was 18.6%.

With some 72% of EBITA coming from developing markets, SABMiller continues to enjoy the highest exposure of any global brewer to a wide number of growth opportunities in the beer industry. Although underlying economic conditions have slowed in some of those markets during the year, most notably Latin America, South Africa and China, we believe the economic fundamentals remain highly attractive over the long term. SABMiller's superior position in these markets reflects the longstanding commitment and investment made to securing positions which are now deeply rooted in local markets up and down the value chain, from farming through to production, distribution, retail and consumption. The social and economic progress of the markets in which we operate is therefore of direct interest to us as we seek to grow our business in a way which is sustainable both locally and globally. The jobs we create, the taxes we pay, the skills we impart and the environmental footprint we leave affect not just the communities we serve but our ability to grow our businesses for the long term.

During the last nine months, while managing the group's executive committee as Chief Operating Officer, I have had the opportunity to review our operations, partnerships, brands and people. The experience has been a powerful reminder of the strengths, rigorously and consistently applied, that underpin SABMiller's successful operating model. This approach is founded on deep local insights, complemented by an increasingly collaborative approach to codifying and reapplying global best practice around the group. As the nature of growth in our industry changes over time however, our ability to learn, adapt and deploy new knowledge at speed and with scale will require the continual evolution of our approach and business model.



Expanding our operations in Africa

We continue to invest in new capacity across Africa with the commissioning of three new facilities in Zambia (left), Uganda and Nigeria. In addition, capacity constraints were alleviated through the expansion of operations in Ghana, South Sudan and Zimbabwe.

Growing the core of our business with mainstream beers

Earlier in this report, John Manser refers to SABMiller's core strength in cultivating and sustaining flagship mainstream lager brands which remain faithful to their heritage while also establishing new connections and relevance with today's consumer. This strength was notable in the year as our insight into local retail and consumer environments supported progress in developed and developing markets alike.

In Latin America, for example, we have been working hard to secure beer's place as the leading alcohol choice, meeting the aspirations of new consumers and enhancing the affordability and accessibility of our products and packs to suit different occasions. As a result, we have seen growing consumer loyalty to core brands such as Cristal in Peru, Pilsener Light in Ecuador, Pilsener in El Salvador and Águila Light in Colombia where an enhanced sales service model, driven by centralised telesales and dedicated account developers, helped improve trade coverage and distribution.

In Australia, I am especially pleased with the progress we have achieved at Carlton & United Breweries (CUB). This is discussed in the operations review for the Asia Pacific region on page 30. Recent signs of improvement in CUB's market share reflect better relationships with key retail partners, the benefits from restructuring our sales force and early results from repositioning the brand portfolio. This is exemplified by the turnaround of Victoria Bitter which has been returned to its original recipe and relaunched into the market, reversing a near-10 year negative trend.

Similarly in South Africa, Castle Lager, a brand synonymous with our own history and heritage, demonstrated that a beer with more than 100 years of sales behind it can be just as vital and relevant to an entirely new generation of consumers, posting its second successive year of double digit growth.

We are expanding our innovation programmes to address a wider range of styles and price points, enabling consumers firstly to trade more easily out of informal alcohol and then to trade up within a more dynamic beer category.

Lastly, in difficult markets on both sides of the Atlantic, our ability to drive top line growth with established brands has been evident. In the USA, Coors Light has become the second largest beer brand in the country, growing its share of the premium light segment through the execution of a successful sales and marketing strategy, together with the consistent and powerful realisation of its 'Refreshment as cold as the Rockies' campaign. In Europe, flagship brands Tyskie in Poland and Timisoreana in Romania increased volume and market share, driven by innovations in products and packs together with strong sales and marketing delivery.

Driving our premium portfolios

Consumer tastes continually evolve, and new generations are now looking for premium and craft beers which are both authentic and clearly differentiated in their markets. SABMiller has created and led this local premium segment in many markets, a lead which is now being secured as we do more to develop the opportunity around the world.

In Latin America we reported encouraging results from our premium portfolio, driven by the strong performance of the Miller brand range. In Panama, Miller Lite and Miller Genuine Draft (MGD) enjoyed strong growth, consolidating their leadership positions in the premium and super premium segments. Similarly in Ecuador and El Salvador, our local premium brands, Club and Suprema respectively, saw double digit growth from the addition of the red beer variants, Club Roja and Suprema Roja.

In response to the popularity of many beers in the craft segment, MillerCoors is successfully reorienting its portfolio to increase its contribution from a more diverse range of premium brands. Tenth and Blake, the MillerCoors craft and imports business, continued its strong performance driven by Blue Moon, Peroni Nastro Azzurro and the Leinenkugel's brand family, which has had notable success this year with Leinenkugel's Summer Shandy.

In Africa, too, we are catering for a new and aspiring middle class with exciting premium offerings. Castle Lite, featured on the front of this report, generated exceptional volume growth across our Africa division. In South Africa the brand has doubled its sales in the



Well-crafted beers

Over the course of the year, comment and debate about craft beer has intensified, driven by consumers in more developed beer markets expressing a preference for a wider range of tastes and flavours. The interest, passion and excitement that craft beer brings to the category is something we are enthusiastic supporters of, using the opportunity ourselves to innovate with new styles and recipes, demonstrating the pride and skill that goes into our brewing. With the introduction of flavours such as honey, spices and fruits, we are inspiring new rituals that lend themselves to a different range of serving occasions or complement certain foods.

As the majority of SABMiller's beers are produced and consumed locally, we are well placed to benefit from the growing interest in the quality, provenance and personality of local craft beer. In the USA,

the Tenth and Blake division offers a roster of original brews including Blue Moon Belgian White, Leinenkugel's, and Batch 19. In Australia our Matilda Bay brewery produces Redback Beer, Bohemian Pilsner, Beez Neez, Alpha Pale Ale and Dogbolter while our Yatala brewery produces the hugely successful Fat Yak Pale Ale and Dirty Granny cider. We also provide a global distribution network for St Stefanus, a Belgian Abbey beer with a monastic heritage dating back to 1295.

Our local approach to brewing allows us to draw on the heritage and values of the communities we serve, informing deep consumer insights. We provide economic benefits to the countries in which we operate by building value chains that drive growth and stimulate social development by using local resources and raw materials in a sustainable fashion.

three years since its relaunch, leveraging its highly successful 'Extra Cold' positioning to account for more than 10% of the total beer market.

Innovation and expanding the beer category

From craft beers and ciders in the USA, Europe and Australia, to beers brewed with entirely new raw materials in Africa, we are expanding our innovation programmes to address a wider range of styles and price points, enabling consumers firstly to trade more easily out of informal alcohol and then to trade up within a more dynamic beer category.

In Europe, we have introduced a number of product innovations such as the Książęce range of speciality beers in Poland, Fenix wheat beer in the Czech Republic and lower-alcohol 'Radlers' or shandies in Poland, the Czech Republic, Hungary and Slovakia.

We launched our second African cassava-based beer in Ghana during the year, building on the success of the cassava-based Impala brand which was launched two years ago in Mozambique. Like Impala, it offers consumers an affordable alternative to illicit or informal alcohol while directly facilitating the development of a local agricultural supply chain. This year, our African division sourced 52% of its agricultural raw materials from within Africa, achieving its 2014 target of 50% a year ahead of schedule.

Our traditional African beer, Chibuku, is now available in 10 markets with a new variant, Chibuku Super, expanding the category and geographic footprint of our more affordable products still further. Similarly in Latin America, we have continued the expansion of our bulk pack offerings, making beer more affordable for low-income consumers

to share. An example is Pilsen Trujillo in Peru which recorded double digit growth by persuading consumers to switch from illicit alcohol.

MillerCoors now has a full pipeline of innovations, illustrated by the launch of Redd's Apple Ale and Third Shift Amber Lager into the above-premium segment this year.

Making good on our responsibilities

Combating the harmful use of alcohol and related issues such as drink-driving or underage drinking are important priorities for us. In October 2012, in response to the call by the World Health Organisation and its member states in the WHO's Global Strategy to Reduce the Harmful Use of Alcohol, we signed a five-year global action plan with other leading beer, wine and spirits companies to help reduce the harmful use of alcohol. We operate over 100 programmes around the world to contribute to reducing the harmful use of alcohol, often working with local partners, governments, law enforcement agencies and communities.

We play our part in tackling the resource challenges we jointly share with local communities, such as water, food and energy security.

Our approach to helping reduce alcohol harm also requires us to regularly review our commercial governance practices to ensure we are meeting society's expectations. We believe that our policies on employee behaviour, commercial communication and product innovation are progressive and industry-leading, as is our company-wide education programme that reinforces our beliefs in this important area.

We also play our part in tackling the resource challenges we jointly share with local communities, such as water, food and energy security. We aim to run our breweries as efficiently as possible, and I'm pleased to report good progress against our water and carbon reduction targets. In the year, our water consumption per hl of lager produced was 3.7 hl, an 8% reduction on the previous year. Over the same period, our fossil fuel emissions totalled 11.1 kgCO₂e per hl of lager produced, a year-on-year drop of 10%.

Businesses, governments and civil society need to work in partnership to develop practical, local solutions to manage scarce resources. In areas where water security presents a potential challenge to our business, we are taking a leading role in creating partnerships such as the Strategic Water Partners Network in South Africa.

Investment

Capital expenditure for the year was US\$1,479 million as we continued to invest selectively in support of future growth. New breweries were commissioned in Zambia, Nigeria and Uganda, with further capacity expansion completed in Ghana and South Sudan.

Through social investment programmes which directly support the communities we work in, we have helped entrepreneurs establish thousands of new businesses and grow to become successful job creators in their own right. This year alone SABMiller – including our foundations – invested US\$6 million in programmes to foster entrepreneurial activity worldwide.

Leveraging our global scale

Our business capability programme has continued to progress, with the deployment of the global Information Services solution in Ecuador completed in the first half, and the necessary preparations completed in the second half for deployment in Poland, which went live on 1 April 2013.

Benefit delivery is tracking ahead of expectations and SABMiller Procurement has continued to drive substantial value from the way we source our raw materials, goods and services. In Europe, a project to understand our fridge buying requirements in more detail has led to a dramatic reduction in the complexity of required specifications, allowing the introduction of more competitive tendering and access to greater scale economies. Equally, in Africa a project to substitute the traditional 'steel' beer can with a more contemporary aluminium can, has resulted in a lighter, more environmentally sustainable product, which has removed approximately 10,000 tons of raw material from our supply chain.

SABMiller Procurement now manages approximately a third of SABMiller's global procurement expenditure, primarily on brewing and packaging materials. Our intention is to increase this level to 50% in the forthcoming financial year and to some 80% over the medium term.

People as our competitive advantage

As Chief Operating Officer through much of this financial year, I have had the privilege to meet a wider cross-section of the group's management and employees. The enthusiasm, commitment, energy and determination I have encountered at all levels of the business has certainly reinforced my view that our people represent an enduring advantage to our business. We now have a more experienced, mobile, mixed-gender and multi-cultural talent pool to draw on than ever before, and, given the globally integrated way in which we expect to compete in the future, this is a critical resource.

Our talent advantage is ably illustrated by the fact that the top 10 performing breweries in the SABMiller group are now all in Latin America, an achievement exemplified by Industrias La Constancia in El Salvador which won our inaugural 2012 SABMiller Best Brewery Award. The progress made by our breweries in Latin America on issues such as efficiency, quality, water usage, carbon emissions and waste is testament less to technology than it is to the determination and professionalism of our people. Across Latin America, our employees have demonstrated a huge thirst for knowledge and a desire to improve and accept challenges. The insights from the region are now being reapplied across the group.

Each of our businesses is responsible for ensuring a safe working environment in its breweries, bottling plants and offices. Our aim is to create a healthy and positive workplace for our employees, and more detail on our health and safety record can be found on page 48 of this report.

Addressing risks

We recognise that running a global business presents complex risks. Our aim is to maximise the opportunities and minimise the threats that any given risk presents so as to generate the greatest return for our shareholders. We have a well developed risk-management process (detailed on pages 16 and 17) for identifying, monitoring and managing the principal risks we face.

The recent directors' review reveals little significant change in the risks we face (see pages 63 and 64). We have, however, stepped up our actions to mitigate risk in some areas. The risk of changing consumer preferences is addressed in our continuing efforts to build and enhance our commercial capabilities to respond to changing consumer tastes and behaviours. The management activities in Australia have ensured that the integration project is running ahead of schedule.

Looking ahead

Looking ahead to the rest of the current financial year, I am immensely proud to have the opportunity to lead such an exceptional senior management team and to carry forward the inspiring story of SABMiller's growth and development.

Trading conditions are expected to be broadly unchanged, affording opportunities to grow our categories further, particularly in developing markets. We will continue to develop and differentiate our beer and soft drinks brand portfolios, leveraging local insights to bring the right products to each market and capture value. We will make price increases selectively. Unit input costs are expected to rise in low to mid single digits in constant currency terms. Focus will be maintained on cost effectiveness, including continued synergy delivery in Australia and expanding the scope of globally-managed procurement. Cash generation will remain a priority. Targeted investments in production capacity, marketing and sales capability will continue in order to drive growth.

Alan Clark
Chief Executive

How we create long-term sustainable value

Strength through local knowledge



Building the right brand portfolio

We construct comprehensive brand portfolios that cater for the full range of consumers and drinking occasions in each local market. We build price ladders that match consumer aspiration at all income levels through a full spectrum of taste profiles and packaging. In selected markets, where value can be created, we operate full beverage portfolios including carbonated soft drinks, water and non-alcoholic malt drinks.

Understanding consumer tastes

We ensure that our brand portfolios remain relevant and the brands within them continue to grow sustainably. Our innovation programmes are driven by a continuous process of gathering insight into how and where consumers choose to buy and consume their favourite beverages.

Being in the right markets

We invest selectively in markets where we believe that we can deploy our skills to generate sustainable cash returns that exceed our capital cost. We expect to remain in each of our markets for the long term and to contribute to the health of the beer category.

Having the right operating processes

We constantly strive to define and share best operating practice. We incentivise our management at every level of the business through a rigorous process of team and individual goal setting which aligns the need for consistent improvement in annual profitability with the longer term ambition of achieving sustainable best practice. Our perpetual quest for improvement relies on a competitive approach to attracting and retaining the best available talent for every job.

Building the right partnerships

We see all our stakeholders – suppliers, employees, distributors, joint ventures, strategic alliances, retailers, governments and societies at large – as partners in a shared endeavour to compete, to improve and to celebrate life through success.

Key performance indicators

Measuring our progress

The key performance indicators (KPIs) outlined below are used to monitor progress against our overall financial goal and our four strategic priorities.

Further detail is contained within the Chief Financial Officer's review and the Sustainable Development review. Detailed definitions and an explanation of the change since last year are on pages 180 and 181.

Financial goal	What we measure	Why we measure	How we have performed		
			2013	2012	2011
To deliver a higher return to our shareholders than our peer group over the longer term.	Total Shareholder Return in excess of the median of our peer group over five-year periods (2012 and 2011: three-year periods).	Monitor the value created for our shareholders over the longer term relative to alternative investments in the drinks industry.	140%	89%	73%
	Growth in adjusted earnings per share.	Determine the improvement in underlying earnings per share for our shareholders.	11%	12%	19%
	Free cash flow.	Track cash generated to pay down debt, return to our shareholders and invest in acquisitions.	US\$ 3,230m	US\$ 3,048m	US\$ 2,488m

Strategic priority	What we measure	Why we measure	How we have performed		
			2013	2012	2011
Creating a balanced and attractive global spread of businesses. The wide geographic spread of our operations allows us to benefit from growth in volumes and value in beer markets around the world. We continue to look for opportunities to strengthen our geographic footprint in both developing and developed markets through greenfield entries, alliances, mergers and acquisitions.	The proportion of our total lager volume from markets in which we have No.1 or No.2 national market share positions.	Gain an overall picture of the relative strength of our market positions.	95%	93%	94%
	The proportion of group EBITA from developing and emerging economies.	Assess the balance of our earnings exposure between regions of the world economy with highest growth potential and more mature regions.	72%	76%	79%
Developing strong, relevant brand portfolios that win in the local market. We seek to develop attractive brand portfolios that meet consumers' needs in each of our markets. This includes expanding our offerings to address new consumer segments and drinking occasions, strengthening our mainstream brands, building a differentiated portfolio of global and local premium brands and channelling the right brands to the right outlets at the right time and price.	Organic growth in lager volumes.	Track underlying growth of our core business.	3%	3%	2%
	Group revenue growth (organic, constant currency).	Assess the underlying rate of growth in sales value of our brand portfolios.	7%	7%	5%
	Revenue growth in premium brands (constant currency).	Monitor progress in building our portfolio of global and local premium brands.	10%	14%	7%
Constantly raising the profitability of local businesses, sustainably. Our aim is to keep enhancing our operational performance through top-line growth and continuous improvement in costs and productivity. It's also important that we maintain and advance our reputation, protect our licence to trade and develop our businesses sustainably for the benefit of our stakeholders.	EBITA growth (organic, constant currency).	Track our underlying operational profit growth.	9%	8%	12%
	EBITA margin.	Monitor our underlying operational profitability.	18.6%	17.9%	17.8%
	Hectolitres of water used at our breweries per hl of lager produced.	Gauge our progress in reducing the amount of water used in our breweries.	3.7 hl/hl	4.0 hl/hl	4.2 hl/hl
	Fossil fuel emissions from energy use at our breweries per hl of lager produced.	Assess progress towards reducing fossil fuel emissions at our breweries.	11.1 kg CO ₂ e/hl	12.4 kg CO ₂ e/hl	13.8 kg CO ₂ e/hl
Leveraging our skills and global scale. Our global spread presents increasing opportunities to gain value from the scale and skills of the group, not least by leveraging our scale and expertise in procurement, standardising our back-office functions and integrating our front-office systems. We are also benefiting from ongoing collaboration and the sharing of skills between our businesses.	Cumulative financial benefits from our business capability programme.	Track the payback from our investment in the group business capability programme.	US\$ 1,229m	US\$ 890m	US\$ 620m

Principal risks

Focused on managing our risks

The principal risks facing the group and considered by the board are detailed below.

The group's well-developed risk management process is described in the corporate governance section while financial risks are discussed in the Chief Financial Officer's review and in note 22 to the consolidated financial statements.

Principal risk	Context	Specific risks we face	Possible impact
Industry consolidation	The global brewing and beverages industry is expected to continue to consolidate. There will continue to be opportunities to enter attractive growth markets, to realise synergy benefits from integration and to leverage our global scale.	<ul style="list-style-type: none"> Failing to participate in value-adding transactions. Paying too much to acquire a business. Not implementing integration plans successfully. Failing to identify and develop new approaches to market and category entry. 	Lower growth rate, profitability and financial returns.
Change in consumer preferences	Consumer tastes and behaviours are constantly evolving, and at an increasingly rapid rate. Competition in the beverage industry is expanding and becoming more fragmented, complex and sophisticated.	<ul style="list-style-type: none"> Failing to develop and ensure the strength and relevance of our brands with consumers, shoppers and customers. Failing to continue to improve our commercial capabilities to deliver brand propositions which respond appropriately to changing consumer preferences. 	Market positions come under pressure, market opportunities are missed, lower top line growth rates and profitability.
Management capability	We believe that our people are our enduring advantage and therefore it is essential that we develop and maintain global management capability.	<ul style="list-style-type: none"> Failing to identify, develop and retain an appropriate pipeline of talented managers for the present and future needs of the group. 	Lower long-term profitable growth.
Regulatory changes	With the debate over alcohol consumption intensifying in many markets, the alcohol industry is coming under increasing pressure from national and international regulators, NGOs and local governments.	<ul style="list-style-type: none"> Regulation places increasing restrictions on the availability and marketing of beer. Tax and excise changes cause pressure on pricing. 	Lower growth, profitability and reduced contribution to local communities in some countries.
Acquisition of Foster's	Following the Foster's acquisition, the group has committed to delivering a turnaround plan with specific and communicated financial value creation.	<ul style="list-style-type: none"> Failing to deliver integration objectives and commercial and operational excellence targets communicated as part of the turnaround plan. Failing to achieve the synergy and cost saving commitments of the transaction. 	Lower growth rates and profitability. Damage to the group's reputation for strong commercial capability and for making value-creating acquisitions.
Delivering business transformation	The group continues to execute a major business capability programme that will simplify processes, reduce costs and allow local management teams to focus more closely on their markets.	<ul style="list-style-type: none"> Failing to derive the expected benefits from the projects currently under way. Failing to contain programme costs or ensure execution is in line with planned timelines. 	Increased programme costs, delays in benefit realisation, business disruption, reduced competitive advantage in the medium term.

Mitigation	Associated strategic priorities
<ul style="list-style-type: none"> Potential transactions are subject to rigorous analysis. Only opportunities with potential to create value are pursued. Proven integration processes, procedures and practices are applied to ensure delivery of expected returns. Activities to deliver synergies and leverage scale are in place, monitored closely and continuously enhanced. Developing non-traditional capabilities to enter and grow profitably in new markets. 	<ul style="list-style-type: none"> Creating a balanced and attractive global spread of businesses. Constantly raising the profitability of local businesses, sustainably.
<ul style="list-style-type: none"> Ongoing evaluation of our brand portfolios in every market to ensure that they target current and future opportunities for profitable growth. Building our brand equities through innovation and compelling marketing programmes. Ensuring we have deep understanding of changing consumer and industry dynamics in key markets, enabling us to respond appropriately to issues which may impact our business performance. Continued enhancement of the SABMiller Marketing Way which sets out the best practice approach for our commercial processes. Focus on monitoring and benchmarking commercial performance and developing the critical commercial capabilities that are required in order to win in local markets. 	<ul style="list-style-type: none"> Developing strong, relevant brand portfolios that win in the local market. Constantly raising the profitability of local businesses, sustainably. Leveraging our skills and global scale.
<ul style="list-style-type: none"> Further develop the group's leadership talent pipeline through our Global Talent Management model and strategic people resourcing. Sustaining 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. 	<ul style="list-style-type: none"> Developing strong, relevant brand portfolios that win in the local market. Constantly raising the profitability of local businesses, sustainably. Leveraging our skills and global scale.
<ul style="list-style-type: none"> Rigorous adherence to the principle of self-regulation backed by appropriate policies and management review. Constructive engagement with government and all external stakeholders on alcohol-related issues and working with them to address the harmful use of alcohol. Investment to improve the economic and social impact of our businesses in local communities and working in partnership with local governments and NGOs. 	<ul style="list-style-type: none"> Creating a balanced and attractive global spread of businesses. Developing strong, relevant brand portfolios that win in the local market. Constantly raising the profitability of local businesses, sustainably.
<ul style="list-style-type: none"> Embedding of the SABMiller Ways (its processes, systems and tools) throughout the Foster's business. Ongoing monitoring of progress versus the integration plan, including frequent and regular tracking of key performance indicators. 	<ul style="list-style-type: none"> Creating a balanced and attractive global spread of businesses. Developing strong, relevant brand portfolios that win in the local market. Constantly raising the profitability of local businesses, sustainably. Leveraging our skills and global scale.
<ul style="list-style-type: none"> Senior leadership closely involved in monitoring progress and in making key decisions. Mechanisms in place to track both costs and benefits. Rigorous programme management and governance processes with dedicated resources and clear accountability. 	<ul style="list-style-type: none"> Constantly raising the profitability of local businesses, sustainably. Leveraging our skills and global scale.

Operations review

Latin America



‘Effective marketing campaigns, successful innovations and excellent trade execution contributed to alcohol market share gains across all countries.’

Karl Lippert
President, SABMiller Latin America

Strategic focus areas

Establishing beer as the preferred alcohol choice

Enhancing beer’s appeal across consumer segments and occasions

Making beer more affordable

Meeting the aspirations of our premium consumers

Optimising our service quality and reach

Sustaining operational excellence and cost performance

Raising awareness of the impact of illegal alcohol

In Latin America lager volumes were up 3% compared with the prior year. Firmer pricing underpinned reported group revenue growth of 9%, while further cost leverage resulted in reported EBITA growth of 13%. Effective marketing campaigns, successful innovations and excellent trade execution contributed to alcohol market share gains across all countries. In Colombia, Honduras and El Salvador the continued expansion of our bulk pack offering made beer more affordable for low income consumers, while our efforts to drive premiumisation, particularly with the Miller brand range, have shown encouraging results. Financial results were aided by a reduction in real terms of unit production costs, distribution efficiencies and fixed cost productivity, while marketing investment further supported expanded reach and innovation initiatives. EBITA margin increased 90 bps to 27.0%, or 80 bps on an organic, constant currency basis. In January 2013 we announced the signing of an agreement to dispose of our milk and juice business in Panama, and this received regulatory approval in May 2013. The disposal will streamline the Panama business and allow management to focus on our core lager and soft drinks businesses.

In **Colombia**, which saw a softening of economic growth and private consumption, lager volumes grew by 3%, while our share of the alcohol market improved by 150 bps,

reflecting the widening appeal of our brand and pack range. In line with our commercial strategy, the roll-out of bulk packs continued to drive incremental volume while the December 2012 price increase on our mainstream single serve packs and selective price increases on our premium brands earlier in the year boosted revenue growth. Our enhanced sales service model, with enhanced account development, helped to improve trade coverage and product availability. The light beer segment performed well on the back of Águila Light’s double digit volume growth, reflecting both the appeal of light beer and the success of the bulk pack. Product costs showed a real reduction reflecting plant efficiencies, while distribution costs benefited from the insourcing of transport operations. In the non-alcoholic malt beverages category, volumes declined by 3% as a result of price reductions in the soft drinks market, although our value share remained stable.

Peru continued to perform strongly with full year lager volume growth of 5%. Lager share gains continued, notwithstanding price increases taken ahead of the peak period, supported by increased trade coverage and fridge investment. Our flagship brand, Cristal, grew volumes by 15% reflecting the strong resonance of this brand with consumers, underpinned by its food and football communication platforms. Pilsen Trujillo

Financial summary	Reported 2012	Net acquisitions and disposals	Currency translation	Organic growth	Reported 2013	Organic, constant currency growth %	Reported growth %
Group revenue (including share of associates) (US\$m)	7,158	–	136	527	7,821	7	9
EBITA ¹ (US\$m)	1,865	–	42	205	2,112	11	13
EBITA margin (%)	26.1				27.0		
Sales volumes (hl 000)							
Lager	41,596	–		1,411	43,007	3	3
Soft drinks	17,418	–		448	17,866	3	3

¹ In 2013 before exceptional charges of US\$63 million being business capability programme costs (2012: US\$119 million being business capability programme costs of US\$85 million and integration and restructuring costs of US\$34 million).

● Significant business with production operations
● Selling operations and major export markets



continued to expand by sourcing consumers from illegal alcohol, recording double digit volume growth for the year. In the premium segment our local premium brand, Cusqueña, saw softer volumes on the back of earlier price increases and the cycling of high growth in the prior year. In the soft drinks category, volume growth was strong, with our non-alcoholic malt brand, Maltin Power, up 32%, supported by digital campaigns and further penetration of the secondary education channel.

In Panama our lager volume growth of 7% was underpinned by healthy economic growth and low unemployment.

Ecuador lager volumes were up 2% despite increased trade restrictions and the loss of three trading days during Presidential elections in February 2013, while two price increases during 2012 boosted revenue growth. In the mainstream segment, Pilsener Light volumes more than doubled, reflecting the appeal of lighter beer in areas with warmer climates and benefiting our revenue mix. Our local premium brand, Club, also saw double digit growth from the addition of the

Club Roja red beer variant. The expanded direct service model improved trade presence and enabled healthy gains in our share of the alcohol market. We continued expansion of the new PET packs for the non-alcoholic malt brand, Pony Malta, resulting in volume growth of 25%. As part of the group business capability programme the global IS solution was deployed in the first half of the year, which has helped streamline processes and improve productivity.

In **Panama** our lager volume growth of 7% was underpinned by healthy economic growth and low unemployment. Our brand portfolio development and market execution have significantly boosted our market share, with the premium segment seeing robust growth, driven by the strong adoption of Miller Genuine Draft and Miller Lite. Miller Lite more than tripled its volumes, while both brands consolidated their positions as market leaders in their respective premium priced segments. Our non-alcoholic malt brand, Malta Vigor, recorded 13% growth, while soft drinks volumes declined due to heightened price competition.

In **Honduras** our focus on making beer more accessible to low income consumers with our affordable bulk packs has solidified our market position, with over 500 bps improvement in share of the alcohol market.

This is against the backdrop of the government's fiscal deficit and continuing security concerns, which have impacted both our ability to trade and consumer spending patterns, where we have seen a structural shift over the last few years to more off-premise consumption. Nevertheless, volumes were marginally ahead of the prior year with healthy growth shown by Salva Vida and Miller Lite. Soft drinks volumes grew by 1%, aided by further fridge penetration and brand activations aimed at stimulating home consumption.

El Salvador saw robust domestic lager volume growth of 12% with bulk packs growing strongly, which combined with significant fixed cost productivity, boosted operating margins. Our flagship mainstream brand, Pilsener, grew by 19%, while Golden Light, which was repositioned in the upper mainstream segment, grew volumes by double digits. In the premium segment our local brand Suprema grew by 17%, assisted by the launch of the red beer variant Suprema Roja and increased market activations. Soft drinks volumes grew by 3% over the prior year, with particularly strong growth in non-alcoholic malts and juices.



◀ Consumer insight boosts Pilsener in El Salvador

Our 'Todos por mis Amigos' ('All for my friends') TV campaign in El Salvador showed locals finding ingenious ways to grab some fun time with their friends over a Pilsener. This witty insight into the Salvadoran character has transformed Pilsener's sales.

Operations review
Latin America continued

▼ Linking cultural heritage and economic development

With a number of partners, we're running a programme in Cusco, Peru, to conserve the local cultural heritage, attract sustainable tourism and improve the skills of small entrepreneurs. The aim is to promote local economic development and create jobs.



30%

EBITA growth

▲ Transforming the culture in El Salvador

A culture-change programme in El Salvador has engaged the whole business in overcoming 'imaginary limitations'. This has contributed greatly to a boost in our performance with EBITA growth of more than 30% in the year and the Salvadoran brewery ranked the best in the group.



◀ Miller Lite takes Panama's premium segment by storm

Miller Lite has changed the dynamics of the Panamanian beer market. In the past year it has gained a 75% share of the premium segment and is now our most profitable brand in Panama.

▼ Innovation adds new dynamism to Club Colombia

The Roja and Negra extensions to Club Colombia have enhanced the sales and profitability of this mature brand in the past two years, supporting the premiumisation of the beer category in Colombia.



◀ Larger packs, lower cost

In Colombia, Águila is now available in larger, 750ml packs to encourage a sharing culture (as already exists in Peru) and to offer low-income consumers a more affordable option.



‘Despite a challenging economic backdrop, volume growth was delivered through successful launches of brand and pack innovations.’

Sue Clark
Managing Director, SABMiller Europe

Strategic focus areas

Drive revenue and margin growth through enhanced consumer perceptions of the beer category, progressive development of our brand portfolio and innovative marketing

Continue to drive differentiation amid structural market challenges through innovation in product, packaging and dispense systems

Leverage scale, cost advantage and focus

In Europe lager volumes were up 3%, or 6% on an organic basis. Organic information includes our share of Anadolu Efes’ results for March 2013 and excludes trading in Russia and Ukraine in the prior year, following the conclusion of our strategic alliance in March 2012. Despite a challenging economic backdrop, volume growth was delivered through successful launches of brand and pack innovations. Except for the Czech Republic, all our markets saw improved domestic volume performance. Beer market trends continued with growth of the modern trade, especially the discounter channel, and declining on-premise channels together with increased relevance of economy brands and packs. Reported EBITA was down 6% impacted by the weakening of European currencies against the US dollar. Organic, constant currency EBITA was up 1% compared with the prior year with a margin decline of 70 bps on the same basis driven by increased raw material costs and negative mix effects.

In **Poland** lager volumes were up 8% benefiting in the first half from the Euro 2012 football tournament and the cycling of a weak comparative period with performance in the second half assisted by brand innovations and buying ahead of price increases at the end of March 2013. Selective resetting of price points assisted the growth of our core

brands. Tyskie gained market share supported by the successful ‘5th stadium’ campaign and the launch of Tyskie Klasyczne while growth of mainstream brand Žubr was driven by effective promotional activities. The launch of Lech Shandy helped develop a new category and boosted the performance of premium brand Lech. EBITA was level with the prior year as increases in revenue per hl and volumes were offset by raw material cost increases and higher marketing investment to support key campaigns and innovation launches.

Domestic volumes in the **Czech Republic** were down 3%. Channel dynamics affected performance with the continuing consumer shift from the high-value on-premise channel to the off-premise channel, along with selective price increases in the off-premise channel in October which impacted the third quarter. Consequently our performance in the super-premium and mainstream segments was adversely impacted, as Pilsner Urquell and Gambrinus respectively are heavily skewed to the on-premise channel. Premium segment performance was boosted by Kozel 11, with outlet expansion driving growth along with the successful launch of Gambrinus Radler. EBITA declined due to channel mix and increased input costs despite operational cost efficiencies.

Financial summary	Reported 2012	Net acquisitions and disposals	Currency translation	Organic growth	Reported 2013	Organic, constant currency growth %	Reported growth %
Group revenue (including share of associates) (US\$m)	5,482	455	(387)	217	5,767	5	5
EBITA ¹ (US\$m)	836	7	(63)	4	784	1	(6)
EBITA margin (%)	15.3				13.6		
Sales volumes (hl 000)							
Lager	43,951	(730)		2,110	45,331	6	3
Soft drinks	533	6,903		145	7,581	28	1,322

¹ In 2013 before exceptional charges of US\$64 million being business capability programme costs (2012: net exceptional gains of US\$1,135 million being net profit on disposal of businesses of US\$1,181 million, a refund of a previous anti-trust fine of US\$42 million and business capability programme costs of US\$88 million).

- Significant business with production operations
- Selling operations and major export markets
- Associates



Operations review

Europe continued

In **Romania** lager volumes grew by 24% primarily driven by the growth of economy brand Ciucaş in a new PET pack launched at the end of the prior financial year. Mainstream brand Timisoreana performed ahead of prior year benefiting from growth in PET and marketing activity associated with the national football team sponsorship. Our premium brand Ursus also grew assisted by the launch of a new bottle in the second half of the year along with a supporting promotional campaign. Increased investment in discounts and marketing resulted in EBITA below the prior year.

Domestic lager volumes grew 4% in **Italy** despite a particularly challenging economic environment and poor consumer sentiment. Growth was mainly driven by the mainstream and economy segments with Peroni benefiting from the expansion of draught volumes and economy brand Wuhrer performing well in the off-premise channel. Premium brand Nastro Azzurro performed ahead of the prior year with the subdued market impacting performance in the on-premise channel while off-premise growth was supported by promotional activities. Despite negative sales mix and higher input costs, volume growth resulted in EBITA growth.

In the **United Kingdom** the continued growth of Peroni Nastro Azzurro through on-premise expansion resulted in volume growth of 4%. EBITA grew ahead of the prior year with revenue per hl growth and volume increases.

In the **Netherlands** domestic lager volumes were up 1% in a highly competitive environment impacted by low consumer confidence resulting from economic uncertainty. In this environment the on-premise channel was negatively impacted but growth was delivered in the off-premise channel. Volume growth and revenue per hl improvements resulted in increased EBITA compared with the prior year.

In Romania lager volumes grew by 24% primarily driven by the growth of economy brand Ciucaş in a new PET pack launched at the end of the prior financial year.

In the **Canaries** lager volumes grew 2% against a backdrop of weak consumer sentiment in a challenging economic environment driven by strong performance in the off-premise channel while the on-premise channel continued to be subdued. Volumes grew 8% in **Slovakia** driven by the successful launch of Smadny Mních Radler along with growth of Kozel and Pilsner Urquell. In **Hungary** volumes were up 5% boosted by strong promotional support in the on-premise channel along with the successful launch of Hofbrau Radler.

On a *pro forma*¹ basis, our associate Anadolu Efes grew total volumes by 6% for the year, with an 8% decline in lager more than offset by soft drinks growth of 14%.

¹ *Pro forma* volumes are based on volume information for the period from 1 April 2011 to 31 March 2012 using SABMiller's definition of volumes for the enlarged Anadolu Efes group as if the strategic alliance had commenced on 1 April 2011.



◀ The innovative Książęce collection

Książęce is a collection of premium speciality beers. Its three variants lend themselves to different occasions and ways of serving and have proved a success with Polish beer consumers looking for new taste experiences.



Opera di PERONI

▼ A fresh take on Italian style

Playing on the theme of Italian style, our 'Opera di Peroni' and 'Amici' programmes for Peroni Nastro Azzurro in the UK have brought al fresco opera to city audiences and aperitivo and dining evenings to urban trend-setters, helping to drive share and reinforce the brand's premium positioning.



▼ Dutch business wins Lean and Green award

As part of the Dutch government's Lean and Green initiative, our business in the Netherlands undertook to cut its CO₂ emissions by 20% between 2007 and 2012. With actions that included modifying road transport operations, we achieved almost 22%.

-22%

reduction in CO₂ emissions in the Netherlands



▲ Seizing the shandy opportunity

By launching Lech Shandy in April 2012, our Polish business beat its main competitor into the shandy segment, enabling it to establish a favourable price point and position in the market. The product exceeded its annual target within five months.



▲ Internship scheme attracts the best

In collaboration with two universities in Pilsen and Prague, our internship programme in the Czech Republic offers talented young people a high-quality, mentored development programme within the business. Miloslava Kovačková and Lucie Švejďová are two of 16 trainees selected from more than 150 candidates in 2012.

► Brewery fresh

The delivery of tanked, unpasteurised Pilsner Urquell direct from the brewery to the pub in the Czech Republic has raised the image of beer and strengthened links with the trade. Pilsner Urquell fresh from the tank is now also available in Slovakia.



Operations review

North America



'MillerCoors' EBITA increased by 1% as the impact of lower volumes, increased costs of goods sold and higher marketing spend was more than offset by strong revenue management and favourable sales mix.'

Tom Long
Chief Executive Officer, MillerCoors

Strategic focus areas

Win in premium lights with Coors Light, Miller Lite and Miller 64

Expand MillerCoors' position in above-premium with big new innovations

Create value through strong revenue and category management in partnership with chain and independent customers

Support and develop the three-tier distribution system to drive effectiveness and value

The North America segment includes the group's 58% share of MillerCoors and 100% of Miller Brewing International and the group's North American holding companies. Total North America reported EBITA was 2% higher than the prior year, driven by firm pricing and favourable mix.

MillerCoors

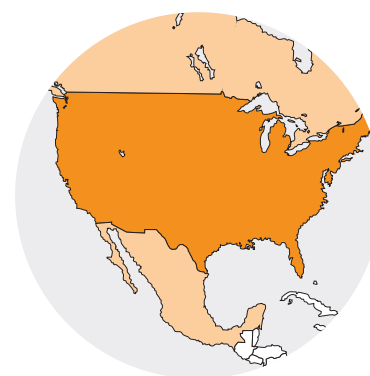
For the year ended 31 March 2013, MillerCoors' US domestic sales to retailers (STRs) declined by 2% on a trading day adjusted basis amid weaker industry performance. Domestic sales to wholesalers (STWs) were down by 2% on an organic basis. EBITA increased by 1% as the impact of lower volumes, increased costs of goods sold and higher marketing spend was more than offset by strong revenue management and favourable sales mix.

Premium light volumes were down by low single digits, as the continued growth in Coors Light was offset by a mid single digit decline in Miller Lite. Coors Light has benefited from the brand's 'Refreshment as cold as the Rockies' campaign and focus on

multicultural outreach, while Miller Lite has continued to invest in the 'It's Miller Time' campaign. The Tenth and Blake division saw double digit volume growth driven by Blue Moon and Leinenkugel's and their seasonal variants, with Leinenkugel's Summer Shandy performing particularly well. The economy segment declined by mid-single-digits as consumers continued to trade up to other categories. The premium regular segment was also down by mid single digits, with a double-digit decline in Miller Genuine Draft partly offset by mid single digit growth in Coors Banquet. Other brands in the above-premium segment grew by low single digits following the national launch of Redd's Apple Ale and Third Shift Amber Lager.

MillerCoors' revenue per hectolitre grew by 3% due to strong pricing and favourable brand mix.

● Significant business with production operations
● Selling operations and major export markets



Financial summary	Reported 2012	Net acquisitions and disposals	Currency translation	Organic growth	Reported 2013	Organic, constant currency growth %	Reported growth %
Group revenue (including share of associates) (US\$m)	5,250	9	-	96	5,355	2	2
EBITA ¹ (US\$m)	756	(4)	-	19	771	3	2
EBITA margin (%)	14.4				14.4		
Sales volumes (hl 000)							
Lager – excluding contract brewing	41,346	32		(793)	40,585	(2)	(2)
MillerCoors' volumes							
Lager – excluding contract brewing	39,848	32		(612)	39,268	(2)	(1)
Sales to retailers (STRs)	39,760	n/a		n/a	38,818	n/a	(2)
Contract brewing	4,549	n/a		n/a	4,760	n/a	5

¹ In 2013 before exceptional charges of US\$nil (2012: US\$35 million being the group's share of MillerCoors' impairment of the Sparks brand).

MillerCoors' revenue per hectolitre grew by 3% due to strong pricing and favourable brand mix, following growth in the Tenth and Blake division and the above-premium segment, together with a decline in the economy segment. Cost of goods sold per hectolitre increased by low single digits, due to higher brewing material costs and adverse pack mix linked to product innovation, partly offset by cost saving initiatives.

Increased media investment behind the premium light portfolio, together with higher spending on new products and packaging innovation, led to an increase in marketing spend. Our share of impairment charges relating to the discontinuation of Home Draft packaging and of information systems assets related to MillerCoors' Business Transformation project was taken during the year.

▼ **Leinenkugel's – the shandy that became a cult**

Launched in 2007, Leinenkugel's Summer Shandy has become the largest seasonal beer in the USA and gained a cult-like following. Despite calls for year-round sales, it remains available only from March to August – supported in summer 2013 by national TV advertising.



Operations review
North America continued



◀ **Rapid growth for Coors Light**

By building on its 'Rocky mountain cold refreshment' positioning, in 2012 Coors Light recorded the greatest growth by volume of any established beer brand in the USA, and became the country's number two brand.



Photograph by Don Cudney

▶ **Encouraging a knowledge and appreciation of fine beer**

As consumers have become more beer-literate, MillerCoors' crafts and imports division has stepped up its beer education programmes. Over 500 employees, distributors and retailers have completed the company's week-long training course and all employees must prove their skills in beer sales and service.



▲ **Innovation revitalises Miller Lite's can business**

The introduction of Miller Lite's punch top can ('No matter how you punch it, it's Miller Time') has created intense interest among retailers and consumers, stimulating social media and reversing a downward trend in Miller Lite's can sales.



▲ **The master craftsman**

Keith Villa intended to be a doctor until an internship ignited his passion for brewing. After training in Belgium, he returned to the USA and crafted one of the country's most popular beers, Blue Moon Belgian White. He continues to create award-winning beers for MillerCoors.

◀ **Safe rides home**

Since 1987, the Miller Lite Free Rides™ programme has provided safe transport home for over three million people after public celebrations. In 2012 our US joint venture became the first corporate sponsor of Chicago's New Year's Eve Penny Rides programme, taking 130,000 revellers safely home.



'In Africa lager volumes grew 6% despite cycling strong comparative growth of 14% in the prior year.'

Mark Bowman
Managing Director, SABMiller Africa

Strategic focus areas

Drive growth in beer and soft drinks through full brand portfolios, wider price ranges and expansion into adjacent categories

Step up investment behind our mainstream brands and differentiated premium portfolio

Increase share of alcohol through accessible brand and package offerings

Further develop sales and distribution to enhance our outlet presence and extend our geographic coverage

Mitigate high imported input costs through innovation and local supply chains

In Africa lager volumes grew 6% despite cycling strong comparative growth of 14% in the prior year. Double digit volume growth was achieved in a number of territories but this was partially offset by the impact of a significant excise increase in Tanzania dampening sales and softer trading in Uganda driven by a weaker economy. The Castle brand family continued to deliver robust growth, with the premium offering, Castle Lite, growing by 43% for the year. We continue to invest in the future growth of the region with the commissioning of two new facilities at Onitsha in Nigeria and Ndola in Zambia during the year. In addition, capacity constraints were further alleviated during the year by expansions in Ghana, South Sudan and Zimbabwe.

Soft drinks volumes on an organic basis grew strongly at 9% supported by continued growth in the non-alcoholic malt beverages category, most notably in Nigeria and Tanzania, and sparkling soft drinks growth in Ghana, Zambia, Zimbabwe and Castel. Reported soft drinks volumes declined as a result of the prior year management ownership changes related to the Angolan businesses. Other alcoholic beverages organic growth of 6% was dampened by a decline in Botswana due to the zoning legislation enacted during the year which negatively impacted Chibuku volumes.

As part of our affordability strategy, traditional beer is now available in 10 markets as we continue to expand our geographic footprint and is taking share from informal alcohol. Chibuku Super, a traditional beer that is bottled in PET and has a longer shelf life, is performing particularly well in Zambia and was recently launched in Zimbabwe.

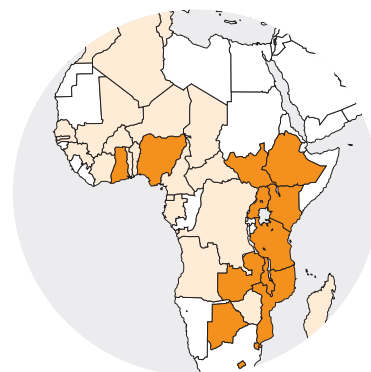
Reported EBITA growth of 13% (20% on an organic, constant currency basis) was achieved through a combination of volume growth, improving group revenue per hl driven by pricing and positive segment mix in lager. Increased local sourcing of raw materials, efficiencies gained through our capacity expansion and synergy benefits from the combination of our Angolan and Nigerian businesses with Castel underpinned EBITA growth. This was partially offset by costs associated with our capacity expansion and increasing market-facing investment, including growing our sales force and increasing marketing spend in markets. Strong EBITA margin expansion of 150 bps, to 21.7%, was principally driven by synergies in Angola and Nigeria as well as geographic mix benefits.

In **Tanzania**, where we were cycling a strong comparative, lager volumes declined by 8% mainly due to the negative impact of the 25% excise increase and softer consumer

Financial summary	Reported 2012	Net acquisitions and disposals	Currency translation	Organic growth	Reported 2013	Organic, constant currency growth %	Reported growth %
Group revenue (including share of associates) (US\$m)	3,686	(210)	(221)	598	3,853	18	5
EBITA ¹ (US\$m)	743	(2)	(46)	143	838	20	13
EBITA margin (%)	20.2				21.7		
Sales volumes (hl 000)							
Lager	17,374	35		1,036	18,445	6	6
Soft drinks	13,475	(1,570)		1,058	12,963	9	(4)
Other alcoholic beverages	5,330	75		321	5,726	6	7

¹ In 2013 before net exceptional credits of US\$72 million being profit on disposal of business US\$79 million net of US\$5 million share of associates' impairments (2012: net exceptional gains of US\$185 million being profit on disposal of business of US\$67 million, profit on disposal of investment in associate of US\$103 million and the group's share of the profits on transactions in associates of US\$23 million, net of US\$8 million business capability programme costs).

● Significant business with production operations
● Associates



Operations review

Africa continued

spending. However lager volumes returned to growth at the end of the year and the fourth quarter was in line with the prior year. Castle Lite outperformed the market with growth of 17% despite the tough trading conditions. The wines and spirits business continued to grow driven by new product and pack innovations.

Lager volumes in **Mozambique** grew by 11% underpinned by our full portfolio offering. In the mainstream segment both 2M and Manica posted double digit growth while Castle Lite grew at a significantly higher rate in the premium segment in the first full year since its launch. Impala, our cassava-based affordable offering, continues to impress as we begin to expand its reach.

Capacity constraints that had previously limited growth in **Zambia** have now been alleviated with the commissioning of the brewhouse at Ndola in November 2012. Lager volume growth of 12% was achieved through improved availability and an improved economic environment. The premium portfolio benefited from strong growth of Castle Lite, while Castle Lager and Mosi performed well in the mainstream segment. Soft drinks delivered strong volume growth. Traditional beer volumes also posted good growth aided by the launch of Chibuku Super in the first half of the year which has begun to revolutionise the category.

In **Nigeria** lager volumes grew significantly, both as reported and organically, due to the additional capacity provided by the commissioning of our greenfield brewery in Onitsha in August 2012.

In **Nigeria** lager volumes grew significantly, both as reported and organically, due to the additional capacity provided by the commissioning of our greenfield brewery in Onitsha in August 2012, the successful launch of Hero lager and the continued growth of the Trophy lager brand.

Botswana continued to feel the impact of anti-alcohol sentiment with the introduction of zoning legislation and a further increase in the alcohol levy. Total alcoholic beverage volumes declined during the year with market share gains in lager volumes more than offset by the decline in traditional beer volumes as a result of the impact of the new zoning regulations.

Lager volumes in **Uganda** ended in line with the prior year as a result of softer consumer spending following a sustained period of high inflation. In **Ghana** lager volumes grew by 15% driven by the continued growth of Club lager. In addition we launched our second African cassava-based lager in March 2013. Despite challenges in **South Sudan**, particularly in the second half of the year, double digit growth in lager volumes was achieved led by the White Bull brand. In **Zimbabwe** lager volumes at our associate Delta were dampened by excise-related pricing in November 2012 and a more subdued economic landscape. Lager volume growth of 4% on an organic basis was achieved through an increased focus on market activations on premium brands, while traditional beer volumes declined marginally.

Our associate **Castel** delivered *pro forma*¹ lager volume growth of 6% with good volume performances in Cameroon, Ethiopia and Burkina Faso. *Pro forma*¹ soft drinks volumes grew by 9%.

¹ *Pro forma* volumes are based on volume information for the period from 1 April 2011 to 31 March 2012 for the Castel business as if the management combinations in Angola and Nigeria and the Castel acquisition in Madagascar had occurred on 1 April 2011.



▲ Ghana's original lager continues to grow

Repositioned to appeal to young professionals, Club Premium Lager grew by 32% this year and has become Ghana's largest selling lager.

▼ New brewery, new brand

To mark the opening of its new brewery in Onitsha, our Nigerian business launched a new mainstream brand in September 2012. Rooted in Nigeria's south east, Hero is now contributing to the strong annual growth rate across the business.



▼ **Impala benefits consumers and farmers alike**

Launched in Mozambique in 2011 and the first commercial beer to be made from cassava, Impala delivered a strong performance by providing an affordable alternative to home brews and creating a new market for local growers.



▼ **Developing talent in Africa**

Under our Africa Nationals programme, 30 managers have been given international experience in African countries outside their home market. Our aim is to develop their capabilities through practical involvement as opposed to formal training and to ensure a pipeline of high quality candidates for key positions in the future.

30

Managers on foreign assignments in African markets



▲ **Safari Lager beats 50 entries to become Africa's Grand Champion**

The Africa Beer Awards in Ghana in March 2013 were the first-ever awards from the Institute of Brewing and Distilling for beers brewed in Africa. We scooped 12 of the 13 awards on offer with Safari Lager from Tanzania taking the Grand Champion Beer award.



▲ **Chibuku Super brings innovation to traditional opaque beer**

In the first major change to the Chibuku brand since the 1960s, the higher-margin Chibuku Super is pasteurised and lightly carbonated and has a much longer shelf-life than the original. It's now produced in Zimbabwe as well as Zambia.

Operations review

Asia Pacific



'In Asia Pacific lager volumes for the year grew by 6% on an organic basis, with reported volume growth of 16% reflecting the Foster's acquisition and some acquisitions in China.'

Ari Mervis
Managing Director, SABMiller Asia Pacific

Strategic focus areas

Reinvigorate our Carlton & United Breweries' (CUB) brands and commercial functions while delivering cost synergies

Further build market leadership in China while enhancing profitability

Continue to drive Snow, the largest beer brand in China, with additional premium variants to increase revenue

Pursue market liberalisation in India and focus investment on growth and profitability in selected states

In Asia Pacific lager volumes for the year grew by 6% on an organic basis, with reported volume growth of 16% reflecting the Foster's acquisition and some acquisitions in China, all of which were completed in the prior year. Reported EBITA grew by 166% and group revenue per hl grew by 40% primarily due to the inclusion of Foster's. EBITA margin increased by 590 bps on a reported basis also due to the benefit of the Foster's acquisition.

In **Australia** lager volumes on a *pro forma*¹ continuing basis² delivered an improving trend, with 3% growth in the fourth quarter versus the prior year. This strong performance has been underpinned by flagship brand, Victoria Bitter, returning a second consecutive quarter of sales growth since its relaunch in October 2012; the first such growth in over a decade. The fourth quarter performance was further supported by strong growth in the contemporary mainstream and premium segments, with brands such as Carlton Dry, Great Northern Brewing Co, Peroni and Miller all performing strongly.

Full year volumes were lower by 5% on a *pro forma*¹ continuing basis², while total volumes, including discontinued brands, were down 13%. Weak underlying market growth in the first three quarters of the year underpinned the majority of the *pro forma*¹ decline.

Our strategy to restore the core has resulted in strong volume resurgence by both Victoria Bitter in the second half of the year and Crown Lager for the full year, while Carlton Dry continued with solid growth compared with the prior year. Focus on premium growth opportunities has seen volumes for Peroni and Miller Genuine Draft grow on a *pro forma*¹ basis compared with the prior year, due to increased marketing campaigns and from leveraging CUB's extensive distribution network. In addition we have introduced a number of innovative cider variants to continue the strong growth within this premium margin market segment, delivering full year *pro forma*¹ volume growth of 7% compared with the prior year.

Promotional optimisation strategies implemented post acquisition focused on delivering greater value both for our customers and ourselves resulting in *pro forma*¹ group revenue per hl up 4%. This result was underpinned by an increased focus on profitable revenue growth, as well as strong execution behind our premium portfolio. The integration programme continues to progress well and ahead of expectations, with half the anticipated annual net operating profit synergies already delivered for the group. Initiatives driving this benefit include the integration of the Pacific Beverages business, world class manufacturing and

● Significant business with production operations
● Selling operations and major export markets
● Associates



Financial summary	Reported 2012	Net acquisitions and disposals	Currency translation	Organic growth	Reported 2013	Organic, constant currency growth %	Reported growth %
Group revenue (including share of associates) (US\$m)	3,510	2,171	(106)	110	5,685	3	62
EBITA ¹ (US\$m)	321	524	(12)	22	855	7	166
EBITA margin (%)	9.1				15.0		
Sales volumes (hl 000)							
Lager	58,121	5,960		3,211	67,292	6	16

¹ In 2013 before exceptional charges of US\$104 million being integration and restructuring costs of US\$74 million and impairments of US\$30 million (2012: US\$70 million being transaction-related costs of US\$109 million, integration and restructuring costs of US\$26 million, business capability programme costs of US\$1 million and a gain on remeasurement of existing interest in joint venture on acquisition of US\$66 million).

procurement programmes and grid and logistics improvement initiatives. The integration programme has also increased capability across all functions, with deliberate prioritisation of revenue and people management, marketing and manufacturing via the roll out of SABMiller's Capability Ways. All of these factors combined enabled solid *pro forma*¹ domestic EBITA growth with *pro forma*¹ EBITA margin advancing in excess of 300 bps.

The sale of Foster's interests in its Fijian beverage operations, Foster's Group Pacific Limited, to Coca-Cola Amatil Ltd (CCA) was completed on 7 September 2012 and Foster's soft drinks assets were also sold to CCA on 28 September 2012. There was no gain or loss on either disposal. With effect from 1 October 2012, our associate distribution business in Dubai previously reported as part of Australia was transferred to our Europe division.

In **China** lager volumes grew 6% on a reported basis (5% on an organic basis). Our associate, CR Snow, continued to expand its national market share although market growth was affected by heavy and prolonged rains and cooler temperatures that affected certain key provinces particularly during the first and third quarters of the financial year. Market share increases were delivered in

Jiangsu, Guizhou, Shanxi, Inner Mongolia, Guangdong and Heilongjiang, although market share was lost in Sichuan, Anhui and Zhejiang provinces.

In Australia lager volumes on a *pro forma*¹ continuing basis² delivered an improving trend, with 3% growth in the fourth quarter versus the prior year.

Group revenue per hl on a reported basis was broadly level with the prior year impacted by provincial mix. The underlying trend continues to be positive in most provinces driven by CR Snow's strategy of premiumisation of the portfolio underpinned by the growth of key Snow variants, notably Snow Draft and Snow Brave the World. The rising costs of raw materials, higher labour costs and shifting product mix have increased operating costs substantially but EBITA margin increased driven by cost-control and efficiency initiatives with a double digit increase in EBITA as a result.

In February 2013 CR Snow entered into an agreement to acquire the brewery business of Kingway Brewery Holdings Limited. The

transaction was approved by shareholders of Kingway on 9 May 2013 but remains subject to regulatory approval.

Lager volumes in **India** grew 20% with strong performance across the year and the cycling of trade restrictions in Andhra Pradesh to the end of August 2012. Good growth was achieved in most states in which the business operates including the key states of Karnataka, Haryana, Madhya Pradesh, Punjab, Maharashtra and Andhra Pradesh underpinned by strong performance from the core mainstream brands and innovation in the premium segment with the continued roll-out of Miller High Life. Group revenue per hl increased by 7% on a constant currency basis, reflecting price increases in certain states and a continued focus on higher margin brands, packs and states. The strategy of focusing resources on areas of greater profitability continues to yield strong results and EBITA increased more than 70% when compared with the prior year.

¹ *Pro forma* volumes and financial information are based on results reported under IFRS and SABMiller accounting policies for the period from 1 April 2011 to 31 March 2012, as if the Foster's and Pacific Beverages transactions had occurred on 1 April 2011.

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

▼ Australia's 'Big Cold Beer' is back

Reversing a decade of declining sales with two consecutive quarters of growth, CUB's iconic Victoria Bitter has been restored to its original strength and flavour, regaining its place as the country's best cold beer.



**IT'S BACK.
MATTER OF FACT
YOU CAN GET IT NOW**

For a hard earned thirst.

18+ FOR PEOPLE OVER THE AGE OF 18 ONLY

Operations review
Asia Pacific continued

▶ **New pride among CUB's brewers**

Over recent months, CUB in Australia has applied our global brewing standards to all its processes. The resulting improvements in taste across the portfolio have been validated by feedback from consumers and customers alike. Our team of delighted brewers claim they've finally got their beers back.



▼ **Replenishing groundwater in India**

At our Rochees brewery in Rajasthan, we have funded the construction of six dams to help restore groundwater levels. The subsequent rise in aquifer levels has replenished almost as much water as the brewery extracted last year.



▲ **Snow reinforces its position as the world's biggest beer brand**

CR Snow in China has increased its capacity and widened its coverage with the addition of seven new breweries during the year. The Snow brand continues to grow ahead of the market with a rising share of the faster-growing premium segments.



BREWED WITH SPICES

INDUS PRIDE

▶ **Brewed in India, for India**

Designed for the Indian palate, Indus Pride is the first Indian beer to be brewed with authentic Indian herbs and spices. Four new variants based on cardamom, coriander, cinnamon and fennel are the result of months of innovation to capture India's essence.



▲ **Showcasing the best new hops**

CUB's partnership with Hop Products Australia is devoted to building hop expertise and developing new varieties that are showcased in the Cascade First Harvest beer each year.



'The continued focus on market-facing activities and enhanced retail execution helped drive good volume growth.'

Norman Adami
Chairman, SABMiller Beverages South Africa

Strategic focus areas

Create growth by further developing our beer and soft drinks portfolio while ensuring that the core brands continue to resonate with consumers

Leverage scale to drive productivity and reinvest savings in market-facing activities

Engage the competition in all alcohol categories

Shape a culture of partnership and superior beer and soft drinks service offering in all classes of trade

Show leadership in shaping our role and purpose in society

Beverages

The South Africa: Beverages business reported a 3% decline in reported EBITA due to the weakness of the South African rand against the US dollar but delivered strong constant currency EBITA growth of 10% and improved EBITA margins. The continued focus on market-facing activities and enhanced retail execution helped drive good volume growth, in spite of a deterioration in consumer confidence towards the latter part of the year.

Group revenue declined by 5% on a reported basis, due to the continued depreciation of the rand, but was up 8% on a constant currency basis. Group revenue per hl grew by 6% on a constant currency basis while net revenue growth, after excise, was curtailed by the 10% beer excise increase implemented in February 2012. Lager revenue benefited from strong growth in the premium beer portfolio and a moderate price increase in February last year. In the soft drinks portfolio, revenue growth was tempered by well below inflationary price increases across the portfolio.

We continued to make significant investments in market-facing operations, funded largely by savings in non-market-facing areas.

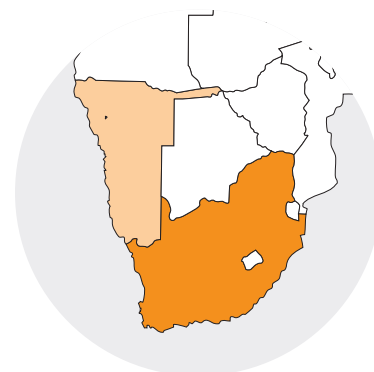
Lager volumes grew 2% despite the worsening consumer environment, and we continued to gain market share as volumes benefited from innovative through-the-line promotional campaigns. Castle Lite gained additional market share in the premium segment, increasing its share of the total beer industry to more than 10%. This was achieved by continuing to leverage its unique 'Extra Cold' brand positioning. Castle Lager continued its strong growth following the success of the 'It all comes together with a Castle' campaign which draws on its combination of the finest home-grown ingredients. Carling Black Label's rate of decline was reversed, supported by the award-winning marketing campaign 'Carling Cup'. In addition, Carling's 'Be the Coach' campaign won four Cannes Lions awards, the first ever South African Breweries has been awarded.

Lager sales benefited from innovation in retail execution as well as continuing improvements in customer service. There was a strong focus on key trade marketing and customer loyalty programmes tailored to specific key classes of trade. There was a significant increase in the sales force and the role of the customer interaction centre was enhanced.

Financial summary	Reported 2012	Net acquisitions and disposals	Currency translation	Organic growth	Reported 2013	Organic, constant currency growth %	Reported growth %
Group revenue (including share of associates) (US\$m)	5,815	–	(762)	487	5,540	8	(5)
EBITA ¹ (US\$m)	1,168	–	(155)	116	1,129	10	(3)
EBITA margin (%)	20.1				20.4		
Sales volumes (hl 000)							
Lager	26,859	–		421	27,280	2	2
Soft drinks	17,979	–		389	18,368	2	2
Other alcoholic beverages	1,565	–		48	1,613	3	3

¹ In 2013 before exceptional charges of US\$22 million being charges incurred in relation to the Broad-Based Black Economic Empowerment scheme of US\$17 million, integration and restructuring costs of US\$17 million, net of business capability programme credits of US\$12 million (2012: US\$41 million being Broad-Based Black Economic Empowerment scheme charges of US\$29 million and business capability programme costs of US\$12 million).

● Significant business with production operations
● Selling operations and major export markets



Operations review

South Africa continued

A number of measures were implemented to drive social responsibility during the year, including the development of a detailed water risk map for the supply chain which led to the first-time introduction of sustainable agriculture principles to 500 farmers. In addition, our efforts to promote responsible consumption continued through a new public private partnership established with the National Institute for Crime Prevention and the Reintegration of Offenders (Nicro) to further our work on tackling drink driving.

Soft drinks volumes grew 2%, cycling a strong performance in the second half of the prior year and despite a more challenging consumer landscape and a double digit price increase on the core returnable glass pack in December 2012. The growth in volumes was driven largely by increased market penetration, improved customer service levels and focused channel execution, with particularly strong growth in two litre PET packs. Improved market penetration was achieved through the use of market logistics partnerships and reward structures. Growth in the still drinks portfolio was well above the portfolio average with strong performances from Powerade and Play.

Lager sales benefited from innovation in retail execution as well as continuing improvements in customer service.

On a reported basis our associate Distell posted a decline in group revenue but on an organic, constant currency basis group revenue grew in double digits, driven by an increase in sales volumes in both domestic and international markets, the latter benefiting from a weaker rand. EBITA fell on a reported and organic, constant currency basis, impacted by a one-off excise charge, caused by the reclassification of wine aperitifs by the South African Revenue Service.

Both the beer and soft drinks businesses benefited from planned productivity initiatives, which included vendor contract negotiations, marketing spend effectiveness and optimising spend on freight, as we sought to limit the cost impact of high single digit raw material cost increases and various market-facing initiatives. Reported EBITA declined by 3%, but was up 10% on a constant currency basis due to the revenue growth and productivity improvements, with reported EBITA margin increasing by 30 bps to 20.4%.

▼ 'Extra cold' proposition revives Castle Lite

Castle Lite has regained momentum and become South Africa's largest local premium brand after a campaign to highlight its 'Extra Cold' credentials. The new positioning has included temperature-sensitive labels, specialised fridges and advertising featuring US rappers Vanilla Ice and MC Hammer.



▲ Supporting female employees

We seek to promote diversity in the workplace and create an environment supportive of female employees. Recent years have seen rapid growth in the numbers of women employed in our South African business at all grades with a 77% increase in female middle executives since 2008.

► Backing South Africa's smaller brewers

We continue to show our support for the growing craft beer industry in South Africa by sponsoring craft beer festivals and events. We also help our fellow South African brewers to access raw materials, transfer skills and work on issues such as maintaining the quality of the country's hops.



▼ Rewarding innovation

Our annual Social Innovation Awards were set up in South Africa to recognise innovations that could benefit disadvantaged people. Last year's ZAR1 million winner was an affordable and potentially life-saving malaria diagnosis kit developed by two young South African entrepreneurs, Ashley Uys and Lyndon Munger.



▼ Promoting cans

Our 2012 'Summer of Cans' programme in South Africa has helped to shift consumers from traditional bulk packs to the more convenient and profitable 440ml cans. The promotion of 12-packs of cans for outdoor occasions has lifted our sales and share of value in the can format.



◀ Every man an expert with Carling Black Label

Fronted by football legend Ruud Gullit, our highly successful 'Be the Coach' campaign is based on the insight that every man secretly believes he's a sports expert. It breaks new ground in digital engagement by allowing consumers to take on the role of football coach, select their players and be rewarded with a Carling Black Label.

Hotels and Gaming

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

Our share of Tsogo Sun's reported revenue was US\$466 million, a decrease of 4% from the prior year with organic, constant currency growth of 7%. The operations of Tsogo Sun remain highly geared towards the South African consumer in gaming and the corporate and government markets in hotels; both sectors

showing good growth despite the difficult economic climate.

Gaming revenues were 8% up on an organic, constant currency basis. The gaming industry in the major provinces of South Africa experienced varying levels of growth over the prior year with the largest province in terms of gaming win, Gauteng, reporting 7% growth and with KwaZulu-Natal growing by 9%. Three of Tsogo Sun's four large casinos in these provinces outperformed the market growth.

The South African hotel industry continued to show signs of improvement during the year. South African market occupancies averaged 61% in the year compared with 57% in the prior year. Group-wide occupancies ended the year at 65% against prior year occupancies of 62%.

Reported EBITA for the year declined by 1%, with growth of 11% on an organic, constant currency basis. The underlying growth was driven by improved gaming and hotel revenues together with cost savings.

Financial summary	Reported 2012	Net acquisitions and disposals	Currency translation	Organic growth	Reported 2013	Organic, constant currency growth %	Reported growth %
Group revenue (share of associates) (US\$m)	487	8	(63)	34	466	7	(4)
EBITA ¹ (US\$m)	135	2	(19)	16	134	11	(1)
EBITA margin (%)	27.7				28.8		
Revenue per available room (Revpar) – US\$	69.39	n/a	n/a	n/a	66.20	n/a	(5)

¹ In 2013 before exceptional charges of US\$nil (2012: exceptional gains of US\$23 million being the group's share of profits on transactions in associates).

Chief Financial Officer's review

'We again achieved strong adjusted earnings per share growth in the year, up 11%, continuing the trend of double digit growth. Free cash flow at US\$3,230 million also continued to be robust and was ahead of last year by US\$182 million.'



Jamie Wilson
Chief Financial Officer

Financial highlights

- Group revenue up 10% to US\$34,487 million; revenue up 7% to US\$23,213 million.
- EBITA of US\$6,421 million, an increase of 14%.
- EBITA margin of 18.6%, 70 bps higher than the prior year.
- Adjusted profit before tax of US\$5,630 million, an increase of 11%; profit before tax of US\$4,712 million, down 16%.
- Adjusted EPS of 238.7 US cents increased by 11%; basic EPS of 205.9 US cents.
- Total dividend for the year of 101 US cents per share, up 11%.
- Free cash flow improved by US\$182 million to US\$3,230 million.
- Net debt of US\$15,701 million, a decrease of US\$2,161 million from the prior year.

Shareholder value

The group's financial goal is to deliver a higher return to our shareholders than our peer group over the longer term. We aspire to be the investment of choice in the global beer industry. We measure our performance against this goal by assessing total shareholder return (TSR), growth in adjusted EPS and free cash flow.

We again achieved strong adjusted EPS growth in the year, up 11%, continuing the trend of double digit growth. Free cash flow at US\$3,230 million also continued to be robust and was ahead of last year by US\$182 million.

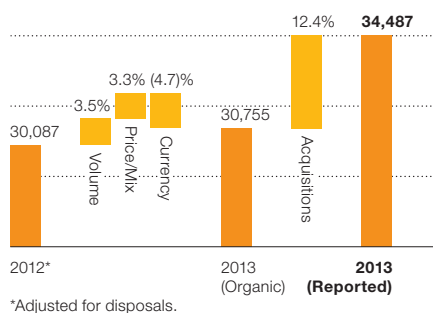
Over the five years to 31 March 2013 we achieved a TSR of 216%, compared with the median of the comparator group of 76%, as measured in accordance with the terms of the performance share awards using three-month averages. The differential between the two is our TSR key performance indicator, as shown on page 15. In addition, since SABMiller moved its primary listing to the London Stock Exchange in March 1999, and over the past five years, we have significantly outperformed the FTSE 100 in sterling terms, as demonstrated in the table below which is based on daily figures.

	Since listing in March 1999 to 31 March		Last five years to 31 March	
	2013 %	2012 %	2013 %	2012 %
SABMiller plc	1,014	690	254	154
FTSE 100	66	44	36	10

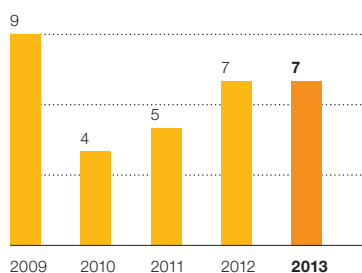
Key performance indicators (KPIs)

We use a range of KPIs to monitor progress against our four strategic priorities and our financial goal, as noted on page 15. Our KPIs and other performance indicators include non-GAAP performance measures to assess underlying performance. These incorporate constant exchange rates for measuring revenue and profit growth; organic measures to exclude acquisition and divestment effects; adjusted profit measures to exclude exceptional items and amortisation of certain intangible assets; and adjusted EBITDA as a key cash flow measure (which includes dividends from the MillerCoors joint venture and excludes the cash impact of exceptional items). Detailed definitions of these terms can be found on pages 180 and 181, and for certain items reconciliations to the nearest equivalent GAAP measure are provided below or in the notes to the consolidated financial statements.

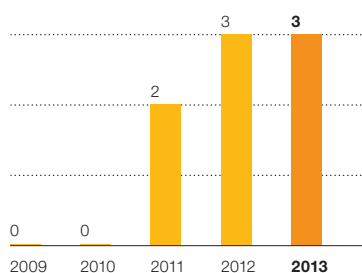
(a) Group revenue US\$m
Components of performance



(b) Group revenue growth %
Organic, constant currency basis



(c) Lager: organic volume growth %



Revenue

Group revenue was US\$34,487 million (including the group's share of associates' and joint ventures' revenue of US\$11,274 million). This represented an increase of 10% (7% on an organic, constant currency basis) driven by selective price increases, increased volumes and favourable mix, and for the reported figure the impact of acquisitions, in particular Foster's.

As can be seen in chart (a), increased volumes and improved price and mix have contributed similarly to the growth in group revenue, with price/mix gains in most divisions, most notably Latin America, Africa, and South Africa: Beverages. Currency movements during the year reduced reported group revenue by almost 5%, mainly due to the weakening of European currencies and the South African rand, partly offset by the appreciation of the Colombian peso and Peruvian nuevo sol. The impact of acquisitions in the prior year, primarily Foster's and the Anadolu Efes transaction, added 12% to group revenue in the year on the prior year base as adjusted for disposals.

In the past five years, we have grown group revenue, both on an organic basis and by acquisition. The compound annual organic growth rate in lager volumes has been 2.0% (2012: 2.4%), and we have leveraged this growth through price and mix benefits to generate compound annual organic, constant currency group revenue growth of 6.6% (2012: 7.1%) over the same period.

Chart (b) illustrates the organic growth in group revenue for each of the past five years, with performance shown in constant currency.

Volumes

The combination of innovation, effective brand development and good commercial execution drove strong volume performance in our developing markets in Africa, Latin America, Asia Pacific and South Africa, while North America's volumes declined amid weak industry performance. Total volumes,

including lager, soft drinks and other alcoholic beverages volumes, grew by 4% compared with the prior year on an organic basis and by 7% on a reported basis. Lager volumes grew by 3% on the prior year on an organic basis and by 6% on a reported basis.

	Reported		Organic	
	2013 hl m	2012 hl m	% change	% change
Total volumes	306	286	7	4
Lager volumes	242	229	6	3

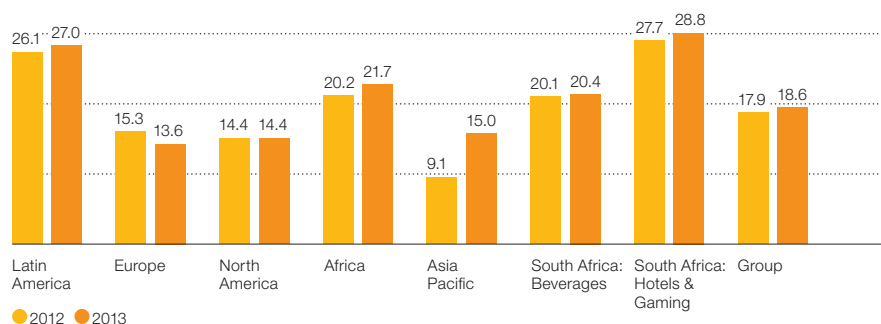
Chart (c) shows organic growth in lager volumes for each of the last five years. Volumes in the 2009 and 2010 financial years were impacted by the global economic recession following the global financial crisis.

Input costs

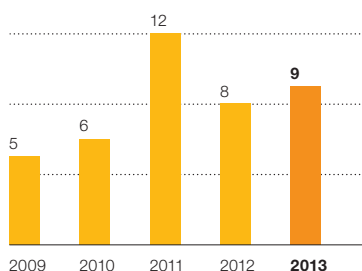
In the year cost of goods sold increased approximately 4% on the prior year, on a constant currency per hl basis. Raw material input costs increased at a slightly lower rate in the second half of the year reflecting global grain prices retreating from a yearly high in the first half of the year. The impact of increases in commodity prices has been mitigated partially from savings achieved through our global procurement programme, particularly in packaging materials through lower conversion costs as well as value engineering initiatives. Distribution costs, however, grew at a higher rate in the second half of the year as crude oil prices increased, partly offset by efficiency initiatives throughout our distribution network.

We expect raw material input costs to increase by low to mid single digits in the forthcoming financial year. This will principally be driven by the anticipated increases in the global grain and sugar market prices, moderated by our forward cover positions, but could be impacted by the Argentinian and European barley harvests. Packaging costs are expected to grow at a slightly slower rate, as the scope of our procurement function expands and is expected to continue to deliver savings.

(e) EBITA margin performance %



(d) EBITA growth %
Organic, constant currency basis



EBITA

We report EBITA (earnings before interest, tax, amortisation and exceptional items) as this is the key profit metric by which the group is managed and operating performance is evaluated internally. Segmental performance is reported after the apportionment of attributable head office service costs.

We delivered a strong financial performance in 2013 with EBITA growth of 9% on an organic, constant currency basis, with all divisions contributing to the increase, albeit Europe's EBITA declined on a reported basis. We grew reported EBITA (including the impact of acquisitions) by 14% compared with the prior year, to US\$6,421 million. Chart (d) shows the increase in EBITA for each of the last five years with each year's growth shown in constant currency after excluding the impact of acquisitions and disposals.

EBITA margin

EBITA margin at 18.6% was 70 bps higher than the prior year. Chart (e) shows EBITA margin by division. Asia Pacific and Africa made particular progress, up 590 bps and 150 bps respectively, the former reflecting the higher margin Foster's business.

Exceptional items

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

Net exceptional charges of US\$203 million before finance costs and tax were reported during the year (2012: credits of US\$1,037 million) and included net exceptional charges of US\$3 million (2012: credits of US\$11 million) related to the group's share of associates' and joint ventures' exceptional charges. The net exceptional charges included:

- US\$79 million additional gain on the prior year disposal of our Angolan businesses to the Castel group in Africa;
- US\$141 million charge related to the business capability programme in Latin America, Europe, South Africa: Beverages, and Corporate;
- US\$91 million charge related to integration and restructuring costs in Asia Pacific and South Africa;
- US\$30 million charge in respect of the impairment of our business in Vietnam; and
- US\$17 million charge in respect of the Broad-Based Black Economic Empowerment scheme in South Africa.

Our share of joint ventures' and associates' exceptional items in the year comprised a US\$5 million charge relating to an impairment in Castel's Angolan operations. After non-controlling interests our share of the charge amounted to US\$3 million.

Finance costs

Net finance costs were US\$735 million, a 31% increase on the prior year's US\$562 million mainly as a result of a full year's interest charge on the debt related to the Foster's acquisition. Finance costs in the year included a net gain of US\$12 million (2012: US\$2 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 did not include any exceptional finance costs (2012: US\$22 million).

This mark to market gain, and the net exceptional finance costs in the prior year, have been excluded from adjusted finance costs and adjusted EPS. Adjusted net finance costs are reconciled to net finance costs in the table on page 39. They were 38% higher than in 2012. Interest cover has decreased to 9.1 times from 11.4 times in the prior year.

	2013 US\$m	2012 US\$m
Net finance costs	735	562
Mark to market gain on capital items	12	2
Exceptional finance costs	-	(22)
Adjusted finance costs	747	542

We expect finance costs in the 2014 financial year to be broadly similar to those in 2013.

Tax

The effective rate of tax for the year (before amortisation of intangible assets other than computer software and exceptional items) was 27.0% compared with a rate of 27.5% in the prior year. This change in the rate resulted from a combination of factors including:

- a full year's impact of the Foster's acquisition;
- the resolution of various uncertain tax positions; and
- reductions in corporate income tax rates in certain territories.

In the medium term we continue with our expectation that the effective tax rate will be between 27% and 29%. This is a level which we believe is sustainable based on the current structure of the group.

The statutory corporate tax charge for the year was US\$1,201 million, a small increase compared with US\$1,126 million in the prior year.

Corporate income taxes paid can be distorted relative to the annual tax charge as a result of the payment of a tax liability falling outside the financial year, and because of deferred tax accounting treatment. Uncertainty of interpretation and application of tax law in some jurisdictions also contributes to differences between the amounts paid and those charged to the income statement. The amount of tax paid in the year decreased to US\$683 million from US\$893 million in the prior year. The reduction was largely as a result of tax refunds received in Australia arising from the settlement of a longstanding dispute. As a result of specific Australian legislation the tax refunds generated a liability to pay an amount back to the Australian Tax Office (ATO) which becomes a prepayment of future corporate income tax liabilities. Approximately US\$440 million was paid back to the ATO in April 2013. The payment will be recovered in future years against tax liabilities that arise in Australia.

Tax revenues play a key role in funding local public services and supporting vibrant communities. We pay a significant amount of tax and in many countries we are one of the largest contributors to government income. In terms of total taxes borne and collected by the group, including excise and indirect taxes, these amounted to US\$9,900 million (2012: US\$9,400 million) in the year. The composition and divisional analysis is shown in charts (f) and (g) respectively.

During the year approximately US\$2,500 million (2012: US\$2,500 million) of taxes have been paid to African tax authorities (including South Africa).

Profit and earnings

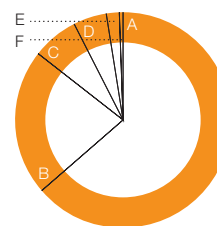
Adjusted profit before tax improved by 11% over the prior year to US\$5,630 million primarily as a result of increased volumes, improved revenue per hl reflecting selective price increases and positive sales mix, and the inclusion of Foster's for the whole year. On a statutory basis, profit before tax of US\$4,712 million was 16% less than the prior year due to the inclusion of significant exceptional credits arising on transactions in the prior year, together with a full year's amortisation of Foster's and Anadolu Efes' intangible assets. The table below reconciles EBITA to adjusted profit before tax and to the statutory profit before tax.

	2013 US\$m	2012 US\$m	% change
EBITA	6,421	5,634	14
Adjusted finance costs	(747)	(542)	(38)
Share of associates' and joint ventures' finance costs	(44)	(30)	(47)
Adjusted profit before tax	5,630	5,062	11
Exceptional items (excluding finance cost exceptionals)	(205)	1,037	
Adjustments to finance costs	12	(20)	
Amortisation	(483)	(264)	(84)
Share of associates' and joint ventures' tax and non-controlling interests	(242)	(212)	(14)
Profit before tax	4,712	5,603	(16)

Adjusted earnings increased by 12% to US\$3,796 million. With the weighted average number of basic shares in issue for the year of 1,590 million, up slightly from last year's 1,583 million, we achieved strong adjusted EPS growth in our reporting currency of US dollars and also in the currencies in which our shares are quoted, as demonstrated in the table below.

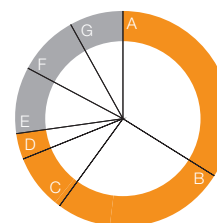
	2013	2012	% change
US cents	238.7	214.8	11
UK pence	151.1	134.4	12
South African cents	2,031.3	1,607.0	26

(f) Tax borne and collected by category



A Excise	64%
B Other indirect taxes	22%
C Employment taxes	7%
D Taxes on profits	5%
E Tax withheld at source	2%
F Taxes on property	0%

(g) Tax borne and collected by region



Emerging and developing economies

A Latin America	34%
B Africa	26%
C Europe	9%
D Asia Pacific	4%

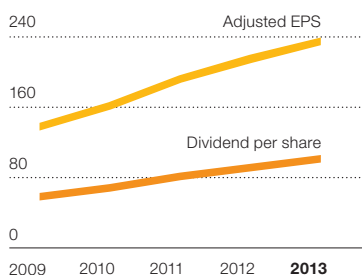
Developed economies

E Asia Pacific	10%
F Europe	9%
G North America	8%

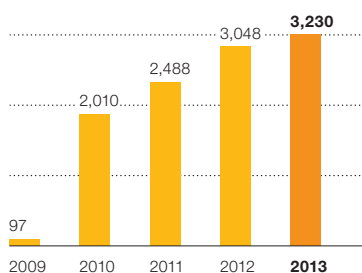
Chief Financial Officer's review

continued

(h) Adjusted earnings per share (EPS) and dividend per share
US cents



(i) Free cash flow
US\$m



A reconciliation of the statutory measure of profit attributable to owners of the parent with adjusted earnings is shown in note 8 to the consolidated financial statements. On a statutory basis, basic earnings per share were 23% down on the prior year primarily as a result of the exceptional gains in the prior year.

Dividends

The board has proposed a final dividend of 77 US cents to make a total of 101 US cents per share for the year – an increase of 11% over the prior year. This represents dividend cover of 2.4 times based on adjusted earnings per share (2012: 2.4 times). Our guideline is to achieve dividend cover of between 2.0 and 2.5 times adjusted earnings. The relationship between the growth in dividends per share and adjusted earnings per share is demonstrated in chart (h).

Details of payment dates and related matters are disclosed in the directors' report.

Business combinations and similar transactions

On 14 March 2013 our Tanzanian subsidiary, Tanzania Breweries Ltd, acquired a 60% interest in Darbrew Ltd, a traditional beer company in Tanzania, for cash consideration of US\$6 million. Our effective interest in Darbrew is 22%.

With effect from 1 January 2013, following changes to the shareholder agreement, our associate, Anadolu Efes, has fully consolidated Coca-Cola Icecek AS (CCI), the Turkish soft drinks business in which it has a 50.26% interest. While Anadolu Efes recorded a non-cash gain on the change in control, we have not recognised our share of the gain as the uplift in value was reflected within the fair valuation on acquisition of our investment in Anadolu Efes. The impact of the change in control has been adjusted in our organic results.

On 7 September 2012 we completed the disposal of Foster's interests in its Fijian beverage operations, Foster's Group Pacific Ltd, which was classified as held for sale at 31 March 2012, for cash consideration of US\$57 million, net of cash disposed, and on 28 September 2012 we completed the disposal of Foster's soft drinks assets, both to Coca-Cola Amatil Ltd. No gain or loss was recognised on the disposals as the net assets were fair valued on our acquisition of Foster's.

On 7 November 2012 Foster's sold its 49.9% interest in Foster's USA LLC to MillerCoors for cash consideration of US\$21 million. Foster's USA is now wholly owned by MillerCoors.

Cash flow and investment highlights

Net cash generated from operations before working capital movements (EBITDA) of US\$5,758 million increased by 16% compared with the prior year. EBITDA excludes cash contributions from associates and joint ventures and also includes the effects of cash flows from exceptional items. To consider cash generation on an underlying basis, we use an adjusted EBITDA measure which excludes the cash flow impact of exceptional items and includes the dividends received from MillerCoors (which are a proxy for our share of MillerCoors' EBITDA). Adjusted EBITDA of US\$6,835 million grew by 11% compared with the prior year. Adjusted EBITDA margin, including our share of MillerCoors' revenue, improved 110 bps in the year to 24.1%.

	2013 US\$m	2012 US\$m
EBITDA (see note 27a)	5,758	4,979
Plus cash outflows from exceptional items	191	308
Plus MillerCoors dividend	886	896
Adjusted EBITDA	6,835	6,183
Revenue	23,213	21,760
Plus share of MillerCoors' revenue	5,214	5,116
	28,427	26,876
Adjusted EBITDA margin	24.1%	23.0%

Cash flow from working capital was an outflow of US\$204 million, principally as a result of the utilisation of restructuring and onerous contract provisions, primarily in Australia, together with the impact of higher sales in the final month of the year on debt collection, partially offset by the extension of supplier payment terms. Cash generated from operations increased by 6% over the prior year, to US\$5,554 million.

Tax paid in the year was down to US\$683 million from US\$893 million in the prior year. As described in the tax section the decrease arose largely as a result of a refund following the settlement of a long standing dispute in Australia, partially offset by additional withholding taxes paid as a result of our geographic structure and general timing differences. Tax payments in the year ending 31 March 2014 are expected to increase as result of the tax prepayment made in Australia in April 2013.

Net interest paid increased compared with the prior year to US\$770 million from US\$407 million primarily reflecting a full year's interest payments on the increased borrowings following the Foster's transaction.

Capital expenditure on property, plant and equipment for the year was US\$1,335 million (2012: US\$1,473 million), or US\$1,479 million (2012: US\$1,639 million) including the purchase of intangible assets. We have continued to invest selectively in our operations to support future growth, particularly in Africa where new breweries were commissioned in Nigeria, Uganda and Zambia during the year and there has been further capacity expansion in Ghana and South Sudan. Capital expenditure of approximately US\$1,700 million is expected in the next financial year.

Free cash flow improved by US\$182 million to US\$3,230 million, reflecting higher cash generated from operating activities and decreased capital expenditure. Free cash flow over the last five years is shown in chart (i).

Business Capability Programme

In addition to the exceptional costs of the business capability programme noted above, the programme incurred capital expenditure in the year of US\$65 million (2012: US\$122 million). Accumulated improvements in working capital of US\$560 million have been achieved. Cumulative net operating benefits in the year amounted to US\$321 million (2012: US\$159 million). These include benefits generated from the global procurement programme, the regional manufacturing operation in Europe and sales and distribution systems in Latin America. Including cost avoidance benefits and the net operating benefits of prior years, the accumulated benefits from the programme now amount to US\$1,229 million.

We continue to benefit from the extension of our globally-managed procurement programme and other components. Our estimates of cumulative net operating benefits are expected to be US\$400 million in the forthcoming year and with an annual run rate of approximately US\$450 million by March 2014.

Balance sheet

A significant proportion of the non-current assets on our balance sheet reflect acquisitions since our listing on the London Stock Exchange in March 1999. No goodwill or intangible assets are recognised on the balance sheet in relation to businesses or brands that have been developed organically or were acquired prior to 1998. The same policy applies for our investments in associates and joint ventures, including MillerCoors. Acquisitions post 1 April 1998 and prior to the IFRS transition in 2005 were accounted for in accordance with UK GAAP, with intangible assets, such as brands, not separately recognised but instead forming part of the goodwill on the acquisition, which was amortised over 20 years in most instances. On transition to IFRS in 2005, we changed our policy and have recognised acquired intangible assets, primarily brands, separately from goodwill on acquisitions, with intangible assets subject to amortisation and with no amortisation of goodwill. The goodwill and intangible assets relating to investments in associates and joint ventures including MillerCoors are subsumed within the investment total and not separately identified on our balance sheet.

Total assets increased to US\$56,294 million from the prior year's US\$55,928 million (restated to reflect adjustments to provisional fair values of business combinations in the prior year), primarily as a result of profits earned and cash generated in the year, partly offset by the impact of currency translation.

Goodwill decreased by US\$309 million to US\$19,862 million compared with the restated prior year amount, predominantly as a result of the impact of foreign exchange rate changes on goodwill denominated in currencies other than the US dollar.

Intangible assets decreased by US\$323 million, compared with the restated prior year amount, to US\$9,635 million primarily reflecting amortisation and foreign exchange movements, partially offset by additions primarily related to the business capability programme.

Gross debt at 31 March 2013 decreased to US\$17,872 million from US\$18,607 million at 31 March 2012. Gross debt comprises borrowings together with the fair value of derivative assets or liabilities held to manage interest rate and foreign currency risk of borrowings. Net debt (comprising gross debt net of cash and cash equivalents) decreased to US\$15,701 million from US\$17,862 million at 31 March 2012. The reduced level of debt resulted primarily from the partial repayment of the Foster's acquisition facilities, together with the repayment on maturity of bonds in Colombia and South Africa. As at 31 March 2013 we held cash and cash equivalent investments of US\$2,171 million (2012: US\$745 million).

An analysis of net debt is provided in note 27c to the consolidated financial statements. Our gearing (presented as a ratio of net debt to equity) has decreased to 57.2% from 68.6% at 31 March 2012 (restated).

Total equity increased from US\$26,032 million at 31 March 2012 (restated) to US\$27,460 million at 31 March 2013. The increase was primarily due to the profit for the year, share issues, a credit of US\$189 million related to share-based payment charges, partly offset by currency translation movements on foreign currency investments and dividend payments.

Financial structure and liquidity

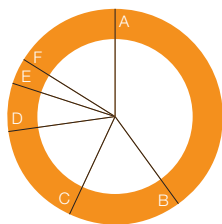
Our strong financial structure gives us adequate resources to facilitate ongoing business along with medium-term flexibility to invest in appropriate growth opportunities and manage the balance sheet.

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, we avoid over-reliance on any particular liquidity source. We use cash in hand, cash from operations and short-term borrowings to manage liquidity.

Chief Financial Officer's review

continued

(j) Net debt profile



A US dollar	40%
B Australian dollar	17%
C Euro	16%
D Colombian peso	7%
E South African rand	4%
F Other currencies	16%

The following table summarises our funding structure at 31 March 2013.

	2013 US\$m	2012 US\$m
Overdrafts	(212)	(139)
Borrowings	(18,301)	(19,067)
Derivatives	676	620
Finance leases	(35)	(21)
Gross debt	(17,872)	(18,607)
Cash and cash equivalents	2,171	745
Net debt	(15,701)	(17,862)

Maturity of gross debt:		
Within one year	(2,376)	(1,061)
Between one to two years	(4,135)	(1,958)
Between two and five years	(4,811)	(10,263)
Over five years	(6,550)	(5,325)

The average maturity of the gross committed debt portfolio is 6.7 years (2012: 6.9 years).

On 19 July 2012 and 9 September 2012 respectively, ZAR1,600 million 9.935% Notes due 2012 and COP370,000 million IPC+8.18% Ordinary Bonds due 2012 matured and were repaid from existing resources.

On 6 December 2012 SABMiller Holdings Inc issued €1,000 million 1.875% Notes due January 2020. The notes were issued under the SABMiller Holdings Inc US\$3,000 million Euro Medium Term Note Programme, established on 12 October 2012 and guaranteed by SABMiller plc. The proceeds of the bond were used to repay a portion of the three and five-year term facilities put in place to finance the acquisition of Foster's.

On 28 March 2013 SABSA Holdings Ltd issued ZAR1,000 million 7.125% Notes due March 2018. The notes were issued under the ZAR6,000 million Domestic Medium Term Note Programme, established on 13 December 2012 and guaranteed by SABMiller plc. The proceeds of the bond were used to repay existing indebtedness.

On 15 March 2013 SABMiller plc extended the maturity date of its US\$2,500 million committed syndicated facility to 6 April 2018.

Our committed undrawn borrowing facilities have decreased from US\$3,810 million at 31 March 2012 to US\$3,352 million at 31 March 2013. We have sufficient headroom to service our operating activities and ongoing capital investment. Maturing debt in the next 18 months includes COP338,500 million and COP640,000 million bonds maturing June 2013 and May 2014 respectively, US\$1,100 million and US\$550 million bonds maturing in August 2013 and January 2014 and a number of local bank facilities. Current committed headroom is sufficient to cover all maturing facilities over the next 18 months.

We have continued to be able to access sufficient and significant funding from a number of sources and expect to renew maturing facilities as necessary.

Currency, interest rate, commodity and credit risk management

We manage the risks from foreign exchange, interest rates, commodities and credit risk within a framework of policies approved by the board which are reviewed on a regular basis. Exposures are managed within target hedge levels and reported regularly to the treasury and audit committees.

Currency risk

Most of our net assets are denominated in currencies other than the US dollar with the result that our US dollar balance sheet can be significantly affected by currency movements. We seek to mitigate this impact, where cost effective, by borrowing (directly or synthetically) in the same currencies as the functional currencies of our main operating units. We borrow principally in US dollars, Australian dollars, euros, Colombian pesos and South African rand. Other than this, we do not hedge translation exposures.

Our debt profile at 31 March 2013 (after taking account of derivatives) is illustrated in chart (j).

We are 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 is also hedged; this is principally achieved using forward exchange contracts and foreign exchange swaps.

Interest rate risk

Our policy is to borrow (directly or synthetically) principally in floating rates, reflecting our view that floating rates are generally lower than fixed rates in the medium term. However, in order to mitigate the impact of an upward change in interest rates, the extent to which group debt may be in floating rates is restricted to below 75% of consolidated net debt and in addition is managed to a measure based on the potential impact of adverse moves in interest rates. This policy excludes inflation-linked debt. As at 31 March 2013 56% of net borrowings were at fixed rates taking into account financial derivatives, compared with 50% at 31 March 2012. Exposure to movements in interest rates on group borrowings is managed through interest rate swaps and forward rate agreements as well as borrowings in fixed and floating rate instruments.

The weighted average interest rate for the total gross debt portfolio at 31 March 2013 decreased to 4.1% (2012: 4.9%) primarily reflecting the reduction in interest rates in certain currencies and the repayment of some high interest rate debt during the year.

Commodity risk

Our policy is to manage both commodity supply and price risk. Commodity supply risk is managed by the setting of minimum coverage levels and principally through supplier contracts. Commodity price risk is managed within minimum and maximum guardrails principally through multi-year fixed price contracts with suppliers and where appropriate derivative contracts. We hedge a proportion of commodity supply and price risk for a period of up to five years. Where derivative contracts are used, we manage exposures principally through exchange traded futures, forward contracts and swaps.

Credit risk

Our counterparty credit risks arise mainly from exposure to customers and financial institutions. We limit 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 we have a large number of internationally dispersed customers.

Usage of derivative instruments

Our policy only allows the use of derivative instruments to manage the currency, commodity and interest rate risks arising from our operations and financing activities. It is group policy that no trading in financial instruments is undertaken.

Currency

The key exchange rates to the US dollar used in the preparation of the consolidated financial statements are detailed in the table below. Most of the major currencies in which we operate depreciated against the US dollar on a weighted average basis over the year with the exception of the Colombian peso and the Peruvian nuevo sol. In terms of closing rates, European currencies as well as the South African rand weakened, while the Australian dollar and Peruvian nuevo sol strengthened.

	Year ended 31 March		%
	2013	2012	change
Average rate			
Australian dollar	0.97	0.95	(2)
South African rand	8.51	7.48	(12)
Colombian peso	1,796	1,831	2
Euro	0.78	0.72	(7)
Czech koruna	19.65	17.65	(10)
Peruvian nuevo sol	2.61	2.73	5
Polish zloty	3.26	2.99	(8)
Turkish lira	1.80	1.73	(4)
Closing rate			
Australian dollar	0.96	0.97	1
South African rand	9.24	7.67	(17)
Colombian peso	1,832	1,792	(2)
Euro	0.78	0.75	(4)
Czech koruna	20.07	18.52	(8)
Peruvian nuevo sol	2.59	2.67	3
Polish zloty	3.26	3.13	(4)
Turkish lira	1.81	1.78	(1)

Accounting policies

The principal accounting policies used by the group are shown in note 1 to the consolidated financial statements.

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, including forecasts of future growth, in particular the success of integration initiatives in relation to newly acquired businesses, the appropriate discount rates and long-term growth rates;
- 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 and 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.

Jamie Wilson

Chief Financial Officer

Sustainable development

Value through local growth

SABMiller has become a global brewer by excelling locally – nurturing strong, local brands which suit the tastes of consumers in each of our markets. We generate long-term returns by building value chains that drive economic growth and stimulate social development while using scarce resources efficiently.

Promoting economic growth and innovation across our value chain

Our local operations produce high-quality drinks that are enjoyed by millions of consumers every day, creating jobs, paying taxes, encouraging enterprise and developing local skills.

In the year, SABMiller generated US\$25,042 million of economic value¹. The majority of this was distributed through the course of our business to our employees, shareholders and investors, suppliers and governments, as well as to local communities through our corporate social investment activities.

The multiplier effect – the jobs and employment created as a result of our investments and operations – can be a powerful driver of development. Our operations in Africa and South Africa employ over 24,000 people, supporting a further million jobs indirectly and contributing over US\$9,000 million of added value to the economy².

Around the world we have enabled entrepreneurs to establish thousands of new businesses. Many have grown from informal businesses into self-sustaining, growing companies. Last year alone, SABMiller – including our foundations – invested over US\$6 million in programmes to foster entrepreneurial activity worldwide.

In Africa, we are creating completely new beer brands brewed with locally grown crops. Across the continent, SABMiller works with a spectrum of farmers from large-scale commercial growers to near-subsistence smallholder farmers to boost yields, incomes and economic growth. By pioneering the use of traditional crops such as sorghum and cassava in brewing, we are opening up new opportunities, markets and sources of income for local farmers and communities.

For the year ended 31 March 2013, SABMiller Africa sourced 52% of agricultural crops used from within Africa, reaching a year early its target to source 50% of agricultural crops in Africa by 2014.

In Ghana, the introduction of cassava beer during the year gives consumers of illicit and informal alcohol access to an affordable, quality alternative. It also gives farmers previously working at subsistence level a new income stream and provides government with a new source of revenue from taxation. In Uganda, our Eagle brands – beers brewed from locally sourced sorghum crops – have now grown to account for 30% of the local market.

A fair approach to taxation

Given its important contribution to local public services, the level of tax paid by multinational companies is of major interest to many stakeholders.

We work closely with revenue authorities around the world to ensure our tax returns and related disclosures meet their requirements and this is underpinned by a robust governance structure. This year, we were recognised as Best Taxpayer of the Year for the third year running by Mozambique's Tax Authority.

Total taxes borne and collected by SABMiller plc in the last financial year amounted to US\$9,900 million compared with US\$9,400 million in 2012. These include excise taxes, corporate taxes, transactional taxes and taxes borne by employees, as well as a share of our US joint venture's taxes. Of this total, 73% was paid in developing countries. The corporate tax charge for 2013 was US\$1,201 million compared with US\$1,126 million last year, giving us an effective tax rate of 27% (2012: 27.5%).

Reducing the harmful use of alcohol

We know that most consumers enjoy beer in moderation with friends and families, but there is a minority who drink too much, putting themselves and the people around them at risk of harm. Combating the harmful use of alcohol and the issues linked with it, such as drink-driving or underage drinking, are core priorities for us. We operate over 100 programmes around the world to help reduce the harmful use of alcohol, working with local partners, governments and communities.

Our approach to helping to reduce alcohol harm also requires regular reviews of our commercial governance practices to reflect society's expectations. We believe that our policies on employee behaviour, commercial communication and product innovation are at the leading edge of our industry, as is the company-wide education programme that reinforces our beliefs in this area.

The increasing focus by both governments and NGOs on alcohol-related harm is leading to increased regulatory intervention and a stronger expectation that industry will play a leading role in tackling these problems. In October, in response to the call by the World Health Organization (WHO) and its member states in the WHO's Global Strategy to Reduce the Harmful Use of Alcohol, we signed a five-year global action plan with other leading beer, wine and spirits companies to help reduce the harmful use of alcohol. This requires us to strengthen and expand marketing codes of practice; provide consumer information and innovate products responsibly; reduce underage drinking; reduce drinking and driving; and enlist the support of retailers to reduce harmful drinking. We are confident we can meet these commitments according to the stated timetable.

The growing resource challenge: nexus thinking across our value chain

The anticipated growth of the middle class from two billion to five billion worldwide by 2030³ is expected to raise millions of people out of poverty, but will also put pressure on scarce natural resources. According to the 2013 World Economic Forum Global Risks Report, water supply is one of the top five global risks in terms of likelihood and impact. We rely on high-quality water and water scarcity is already becoming a reality for some of our breweries.

¹ For more information on the economic value generated by SABMiller, see *Sustainable Development Summary Report 2013*, page 10.

² For more information see *SABMiller: Our economic impact in Africa* animation, and *Working for South Africa: the contribution of SAB to the South African Economy*, at www.sabmiller.com.

³ *The emerging middle class in developing countries*, Homi Kharas, OECD Development Centre Working Paper No. 285, January 2010. Middle class is defined as having daily per capita spending of US\$10 to US\$100.



◀ Expanding the Water Futures partnership

The Water Futures partnership was established in 2009 to facilitate local action to address some of the most pressing shared water risks facing SABMiller and surrounding communities and ecosystems. It set out to prove the business case for private sector action.

This has been done through local partnerships in eight countries with projects to protect watersheds, upgrade infrastructure and strengthen local water management institutions. For instance, in George, South Africa, SAB (Pty) Ltd is working with the Department of Environmental Affairs, WWF and local hop farmers to clear alien vegetation. This will help to improve water run-off in the area and relieve stress to the region. In 2012, a new project in Zambia joined the partnership: Zambian Breweries is working with stakeholders to rehabilitate a local spring used by both its Ndola facility and the local community.

To open up the knowledge, experience and benefits of the partnership to more participants, the partnership has agreed to scale-up into a broader Water Futures initiative. This will expand its reach, increase the global network of local partnerships and encourage new partners to join in collaborative action.

For more information, see www.water-futures.org



▲ Addressing the illegal alcohol market in Latin America

Across Latin America one of the greatest challenges we face is the presence of a large illegal alcohol market.

Tackling the complex factors that lead to the harmful use of alcohol requires a targeted, evidence-based approach. This year we asked FLACSO, a well-respected association of university sociology faculties in Latin America, to look at alcohol consumption patterns across the region. Among other interesting findings, they found that in countries with lower per capita levels of beer consumption there is likely to be a higher proportion of the population prone to harmful consumption of alcohol, mostly cheap and often illegal spirits.

A second study, with Euromonitor International, helped us to determine the size and shape of the illegal alcohol market in

Latin America. It found illegal alcohol to be roughly a quarter of the total alcohol market – rising to almost a third in countries such as Peru and Ecuador. It also showed that where beer is more affordable – as in Panama – the illegal market tends to be small.

These studies help us to take more targeted action. For instance in Peru we are working with local authorities to understand the reasons for the existence of the illegal alcohol market. In Colombia our media campaign, Licores Adulterados de Colombia (LACRA), a caricature of a fictional illegal alcohol company, seeks to change consumer attitudes towards illegal alcohol by exposing its dangers.

Through this evidence-based approach, and working in partnership with governments, NGOs and other stakeholders to develop a targeted response, we are helping to reduce the harmful use of alcohol across the continent.

Sustainable development continued

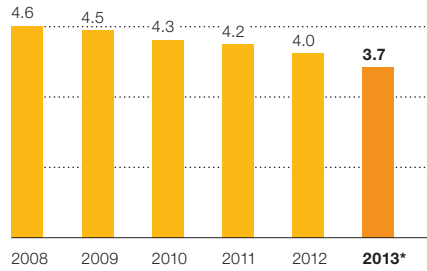
Water security cannot be achieved in isolation: it needs to be addressed alongside food and energy security with businesses, governments and civil society working in partnership to develop practical, local solutions. In areas where water security presents a potential challenge to our business, we are taking a lead in creating these partnerships.

Our Water Futures partnership, established in 2009 to protect watersheds and boost groundwater levels, covers local projects in eight countries. In South Africa we are a founder member of the Strategic Water Partners Network – part of the global Water Resources Group (WRG) – which brings together businesses and other organisations to improve water efficiency and infrastructure.

Last year, water efficiency within our operations improved by 8% while fossil fuel emissions per hectolitre of lager produced fell by 10%. From a 2008 baseline, we are on track to meet our goals of reducing water use per hectolitre of lager produced by 25% by 2015 and to halve our on-site fossil fuel emissions per hectolitre of lager produced by 2020.

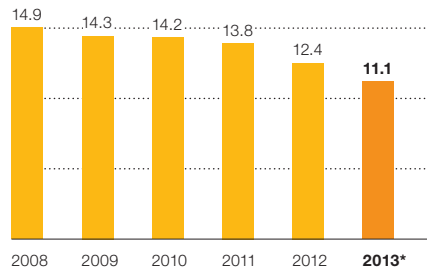
Brewing more efficiently also reduces waste. The waste we produce is mainly organic and 94.4% is reused or recycled. We also work hard to improve the sustainability of our packaging. Over half of our beer is packaged in returnable bottles and kegs which have a lower carbon and waste impact than single-use types of packaging. We work with suppliers to reduce the weight and environmental impact of both returnable and one-way packaging. For example, this year, Grolsch changed its iconic swing-top bottle

Water to lager ratio (hl water/hl lager)



Water to lager ratio down 8% to 3.7 hl/hl and on track to reach 3.5 hl/hl by 2015.

CO₂e emissions from fossil fuel energy used on site (kgCO₂e/hl lager)



Fossil fuel emissions from energy use at our breweries down 10% to 11.1 kgCO₂e/hl.

for a lighter version, saving over 100 tonnes of steel a year.

Building sustainable development into our operations and business planning

Our 10 sustainable development priorities have provided a consistent framework for managing our most significant social, environmental and economic impacts since their launch in 2006. They support our strategic priority to raise constantly the profitability of local businesses, sustainably.

Our local operations use the 10 priorities to guide how they invest their resources, depending on their local issues and challenges. At a global level we focus on three priorities material to all our operations: discouraging irresponsible drinking; making more beer using less water; and encouraging enterprise development in our value chains. We believe that these three issues have the greatest potential to impact on business value and create the greatest benefits for the communities in which we work. Our approach to water recognises that water, food and energy are connected and we therefore have an aggressive global carbon reduction target.

Progress against our 10 priorities is overseen by the group corporate accountability and risk assurance committee (CARAC), a sub-committee of the SABMiller plc board. Twice a year our Sustainability Assessment Matrix (SAM) provides a detailed country-

* Independent assurance has been obtained from PricewaterhouseCoopers LLP on the 2013 data: excluding data relating to MillerCoors LLC the water to lager ratio and CO₂e emissions from fossil fuel energy used on site were 3.7 hl/hl and 10.4 kgCO₂e/hl respectively. For more information see our Sustainable Development Summary Report 2013.



◀ Nexus animation

Water, food and energy are interconnected. Water is used to grow food and to generate energy; energy is needed to grow food and to treat and move water; and land is needed to produce energy. These three resources cannot be managed in isolation. This interconnectedness is often called the water-food-energy nexus. Watch our animation to find out more about the water-food-energy nexus at www.sabmiller.com/nexus

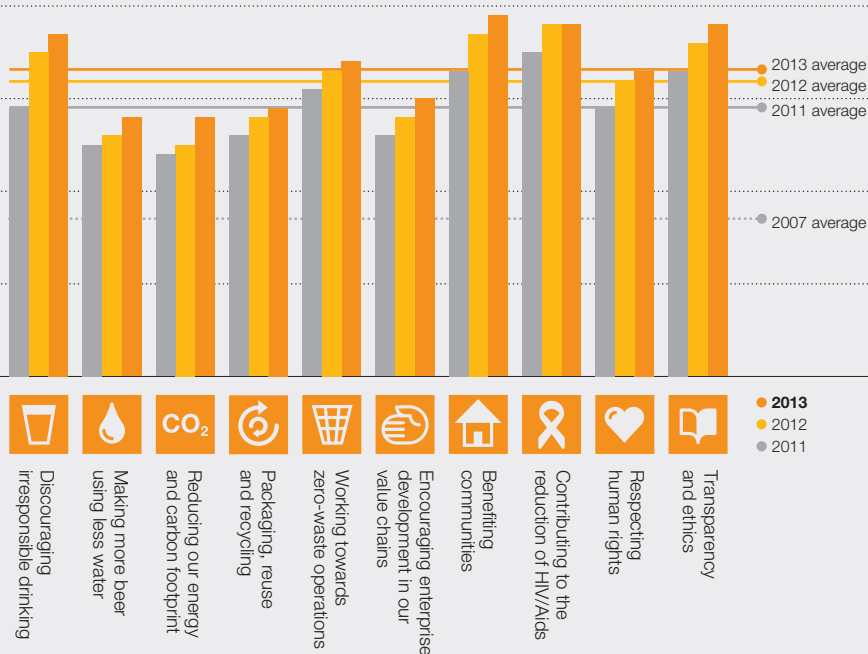
◀ Sustainable Development Report

For more information on our approach to sustainable development and our performance, go to our Sustainable Development Report 2013 at www.sabmiller.com/sd

Stairway level assessment criteria

Improving our sustainable development performance

- 5 Leading edge:** performance that represents genuine global leadership on an issue.
- 4 Best practice:** achieving what is currently considered to be global best practice in a particular field.
- 3 Developing leadership:** applying a comprehensive approach including innovative tools and widespread engagement.
- 2 Progressing:** ensuring consistent performance is achieved in a particular field.
- 1 Minimum standard:** all operations must achieve level one, or have a plan in place to do so, as it represents management of our key sustainable development risks.



level assessment of our sustainable development performance. Every country is assessed against five levels of performance from a minimum standard (level one) to leading edge (level five). SAM data is used to inform business planning and corporate governance through our regional and group CARACs. In many cases, sustainable development performance forms part of our senior managers' performance objectives and remuneration.

During the year, the group's average SAM score increased from 3.2 to 3.3 – the sixth year of continual improvement. Scores increased across nine out of 10 priorities (HIV/Aids maintained a high average score of 3.8) as our local businesses focused on tackling the sustainable development issues that are most significant in their particular market.

The average score achieved against our Sustainability Assessment Matrix was 3.3.

Transparency and ethics

This year we have continued to obtain assurance as to the effective implementation of our ethics and anti-bribery policies. Our anti-bribery programme includes internationally recognised good practice including training and communication, vetting of relevant suppliers and communicating our ethical standards, procedures in areas such as gifts and entertainment, donations and sponsorships, and promoting our independent whistleblowing hotlines and procedures. Our global procurement business, SABMiller Procurement, has also integrated ethics and anti-corruption requirements into its best practice sourcing policies. During the year, we have also been working with some of our key joint venture partners to understand their approach to transparency and anti-bribery issues, and to ensure that this is aligned with our commitment to high ethical standards. Our Internal Audit function is engaged in a project to monitor the roll-out of our anti-bribery programme within key operating business units.

Our work to ensure both that our ethical procedures are integrated into 'business as usual' processes, and that transparency and ethics are a key consideration in all significant business decisions, will continue on an ongoing basis.

We place a high value on reporting and communicating in an open and honest way with our stakeholders. We produced our first group sustainable development report in 1998. This year, 16 of our businesses produced their own local sustainability reports and many others provide information online. We also contributed to several independent reports, including the Water Funds Business Case Report which highlights how investing in water funds in several Latin American cities can create competitive advantage.

Increasingly we use new ways of raising awareness of sustainable development challenges. For example, in February 2013, SABMiller partnered with The Guardian to hold a day of broadcasts and live online debates on how to achieve inter-connected action on water, food and energy security. The debates were viewed online by over 3,000 visitors from 101 different countries, reaching an estimated 1.5 million people through social media.

People

Succeeding by valuing and empowering our employees

We believe that better business decisions come from groups of competent, high-calibre individuals with a mix of skills, experience and backgrounds.

Providing a flexible, fair and diverse place to work

SABMiller employs over 70,000 people across six continents. Our success is driven by each individual's contribution and we recognise the advantages of a diverse workforce with the right skills, commitment and motivation.

All our employees are compensated with a fair wage and comprehensive benefits and have access to development opportunities both within their role and towards career progression.

In many countries we offer our employees free medical healthcare if they need it. In countries where HIV/Aids prevalence is greater than 1% we provide access to voluntary counselling and testing and managed healthcare programmes for our employees and their immediate dependants if they need it.

On 31 March 2013 we had 1,733 HIV/Aids peer educators, equating to one peer educator for every 12 employees in high prevalence countries (defined as greater than 5% of the population).

We treat all employees equally, respecting and promoting diversity in our workforce. We have clear policies and processes in place to ensure that we recruit and treat people fairly and on merit, regardless of age, gender, sexual orientation, religion, disability or ethnic origin. We believe that better business decisions come from groups of competent, high-calibre individuals with a mix of skills, experience and backgrounds.

In an industry traditionally perceived as male-dominated, we have various initiatives for ensuring better representation for women. These include MillerCoors' Building Relationships and Empowering Women (BREW) mentoring programme in the USA, companywide and supported by a female executive sponsor. As at 31 March 2013, 18.8% of our workforce were female (2012: 19.0%) and 28.1% of our executives and managers were women (2012: 27.8%). Although only two of the 12 members of the executive committee are female, 19% of SABMiller's plc board are women,

which is higher than the FTSE100 average¹ and three of our eight independent non-executive directors are female.

Our employees play a crucial role in our success and it is important that we solicit their views and listen to their ideas and opinions. This is done in almost all of our operations through employee engagement surveys. We respect our employees' right to union representation and 38% of our workforce are union members (2012: 36%). Many of our businesses have developed productive partnerships with trade unions on collective bargaining and other issues.

We are signatories of the UN Global Compact and have recently rolled out a revised approach to managing human rights risks, taking account of the UN's Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights. This approach helps our local businesses to identify and mitigate any significant risks within their operations and value chains.

This year, SABMiller Procurement launched a new Supplier Code of Conduct and Sustainable Development Standards covering the protection of human rights and labour standards, transparency and business ethics and environmental impact. As a member of SEDEX, the Supplier Ethical Data Exchange, and AIM-PROGRESS, a cross-sector forum that promotes responsible sourcing, we work collaboratively to improve supplier standards and share best practices. Two thirds of our global suppliers' sites have been assessed against our standards using SEDEX.

For many years, in South Africa we have supported Broad-Based Black Economic Empowerment (BBBEE) initiatives aimed at growing the economy by including and empowering previously disadvantaged South Africans. More than 78% of SAB (Pty) Ltd's workers are from previously disadvantaged groups and 61% of its workers are black. This year in the annual BBBEE verification, SAB achieved 73.11 (2012: 72.9) and is therefore a Level 4 contributor to BBBEE. Through its BBBEE ownership programme, SAB Zenzele, the business has created almost 40,000 shareholders among staff and retailers.

Safety, health and wellbeing of our employees

Each of our businesses is responsible for ensuring a safe working environment in its breweries, bottling plants and offices. We aim to create a healthy and positive work environment and we know that absent or unmotivated employees can reduce productivity. We support the World Economic Forum's alliance on workplace wellness, a consortium of companies committed to advancing wellness in the workplace. Through this group, we share information about our programmes with other members – one example being our Employee Alcohol Policy.

We aim to make sure that our employees, contractors and visitors to our breweries, bottling plants and offices are safe. We have systems to identify and minimise the risk of accidents, including regular audits, and robust monitoring and reporting of incidents when they do occur.

We employ over 70,000 people across six continents.

It is with regret that we report 14 employee and contractor fatalities this year. Two of these related to accidents while undertaking maintenance or repair activities, nine related to accidents involving vehicles, and three related to robberies or assaults on our staff while on sales or trade visits. In each case we have undertaken an investigation and, where applicable, implemented measures to minimise the likelihood of such an incident recurring.

During the year, we recorded 15,695 days lost through injury – a 12% decrease on 2012. However, we recorded 1,788 industrial injuries, which represents a slight increase on last year (2012: 1,713).

This year we have undertaken a detailed review of our global health and safety practices, the results of which have been shared with the group CARAC. A working group is now looking at strengthening our health and safety management and reporting structures across all of our operational functions. This review has a high priority within the business and we aim to implement any changes in the coming financial year.

Delivering business success through high performance

We recognise and reward strong performance. Every year, each employee sets stretching individual objectives in conjunction with their manager. These goals are linked to local company objectives, ensuring that each individual has clear accountability for delivering the business strategy.

¹ The Female FTSE board report 2012, International Centre for Women Leaders, Cranfield University.

Bonus payments and salary increases are linked to performance against these individual goals and are calculated against a combination of individual achievement and overall company performance.

Attracting and retaining talent

We aim to offer appropriate career development opportunities to all our employees and encourage each individual to take ownership of, and manage, their own development, whether in their current role or to prepare them for a new one.

Through our global learning strategy we offer over 200 courses from specific functional programmes to management development

and leadership programmes, using techniques from e-learning to programmes facilitated by leading educational institutions. This year we introduced more functional training in technical areas such as engineering and brewing to strengthen and boost our capabilities and so protect us from potential skills shortages. In the year ended 31 March 2013, we provided an average of 3.7 training days for every employee.

3.7 days of training per employee on average.

We seek to ensure that the talent we need to protect our growth and provide tomorrow's leaders is identified early and properly nurtured. The roles most critical to delivering business strategy within SABMiller have been identified, as has a global succession pool for these roles – monitored by the executive committee – with candidates from all regions. In the past year, we have made 36 key appointments from this global talent pool with experienced executives taking up senior posts groupwide.



Improving employee retention in India

In recent years in India, we have seen high employee turnover rates of around 20%. In a competitive labour market we have faced a particular challenge in attracting and retaining employees with the talent and skills to support the growth of the business.

To tackle the issue, we have run a comprehensive employee engagement campaign, Project Sangam ('Bringing Together' in Sanskrit), to communicate our strategy and ensure consistent execution across the business. Greater alignment has resulted in greater engagement and has reduced turnover to 8% this year. The business has built also clear frameworks to show how employees can progress and enjoy a fulfilling career with the company. SABMiller India is also doing more to communicate its aspirations – including holding regular 'town hall' meetings with senior leaders – so that all employees feel part of future success.

Promoting prevention, testing and treatment for life-threatening diseases in Africa

We operate in regions where some life-threatening diseases such as HIV/Aids and malaria are prevalent. Following successful pilots in Botswana, South Africa, Swaziland and Tanzania, we are rolling out our new Wellness Development Programme which focuses on these diseases as well as on sexually transmitted infections, hepatitis B and C and tuberculosis. Under the programme, we train employees to become peer educators who can engage with their colleagues and the surrounding community to promote prevention, testing and treatment.

As we tackle HIV/Aids in countries of high prevalence, this approach has proved effective in reducing the associated stigma and increasing voluntary testing and counselling rates for employees and their dependants.



Board of directors



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1. Graham Mackay BSc (Eng), BCom
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Chairman

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. In July 2012 he was appointed Executive Chairman of SABMiller plc.

He is a director of Philip Morris International Inc. and a non-executive director of Reckitt Benckiser Group plc.

Mr Mackay was diagnosed with a brain tumour in April 2013, leading the board to accelerate the planned promotion of Alan Clark to Chief Executive with Mr Mackay becoming non-executive Chairman. At the date of this annual report Mr Mackay is on medical leave of absence while continuing treatment.

2. John Manser CBE, DL, FCA
 ○ □

Acting Chairman and Senior Independent Director

John Manser joined the board in 2001, was appointed Senior Independent Director in July 2010 and became Deputy Chairman in 2012. He is a fellow of the Institute of Chartered Accountants and was, until his retirement in February 2013, Chairman of Shaftesbury plc. He has formerly held a number of senior positions, both in listed companies and the financial services industry, including Chairman of Robert Fleming Holdings and Chairman of the London Investment Banking Association. He is currently the Chairman of Trustees of Marlborough College and is Deputy Chairman of the College Council.

He has assumed the role of acting Chairman while Mr Mackay is on medical leave of absence. In light of his additional responsibilities and time commitment as acting Chairman, he will stand down as chairman of the audit committee and as a member of the audit and remuneration committees on 5 June 2013.

3. Alan Clark MA, DLitt et Phil
 ○ △

Chief Executive

Alan Clark was appointed as Chief Executive in April 2013. He joined SAB Ltd in 1990 as Training and Development Manager. He has since held a number of senior positions in the group, including Chief Operating Officer, SABMiller plc; Managing Director, SABMiller Europe; Marketing Director, SAB Ltd; Managing Director, Amalgamated Beverage Industries Ltd (SAB Ltd's soft drinks division) and Chairman, Appletiser South Africa (Pty) Ltd.

Before joining the group, he received his Doctorate of Psychology degree from the University of South Africa.

4. Jamie Wilson LL.B.(hons), CA, ATII
 ○ △

Chief Financial Officer

Jamie Wilson was appointed as Chief Financial Officer in 2011. He joined SABMiller in 2005 and has held a number of senior positions in the group, including Senior Vice President, Market Development and Strategy, Miller Brewing Company, USA; Managing Director, SABMiller Russia; Managing Director for SABMiller's Central European businesses, and Finance Director for SABMiller Europe.

Before joining SABMiller he held a number of senior roles in the global beverage industry.

5. Mark Armour MA, FCA
 ▽ ◇

Mark Armour joined the board in 2010. He is a non-executive director of the Financial Reporting Council. He was Chief Financial Officer of Reed Elsevier Group plc and of its two parent companies, Reed Elsevier PLC and Reed Elsevier NV, from 1996 to 2012. Prior to joining Reed Elsevier in 1995 he was a partner in the London office of Price Waterhouse. From 2002 until 2004, he was the Chairman of The Hundred Group of Finance Directors. He succeeds Mr Manser as chairman of the audit committee on 5 June 2013.

6. Geoffrey Bible FCA (Aust), ACMA
 ○ □

Geoffrey Bible joined the board in 2002 as a nominee of Altria Group, Inc. (Altria) following completion of the Miller Brewing Company transaction. He served as Chief Executive Officer of Altria 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 2002.

7. Dinyar Devitre BA (hons), MBA
 ▽

Dinyar Devitre joined the board in 2007 as a nominee of Altria. He is a member of the board of Altria, a director of Western Union Company and a special advisor to General Atlantic LLC. He was senior vice president and Chief Financial Officer of Altria between 2002 and 2008 and was a director of Kraft Foods Inc. between 2002 and 2007.

He is a director of Pratham USA, serves as a Trustee of the Brooklyn Academy of Music and is a Trustee Emeritus of the Asia Society.

8. Lesley Knox MA
 ◇ ▽

Lesley Knox joined the board in 2011. She is a non-executive director of Centrica plc and is a Trustee of the Grosvenor Estates and Chairman of Grosvenor Group Limited. She originally qualified as a solicitor, and then spent 15 years with Kleinwort Benson before becoming Governor of the British Linen Bank and a founder director of British Linen Advisers. Most recently, she was Chairman of Alliance Trust plc. She is involved with a number of arts and charitable organisations. She will succeed Mr Morland as chairman of the remuneration committee following the 2013 AGM.

- Corporate accountability and risk assurance committee (CARAC)
- △ Executive committee
- Nomination committee
- ◇ Remuneration committee
- ▽ Audit committee



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9. John Manzoni BEng, MBA
□ □ ◇

John Manzoni joined the board in 2004. Between 2007 and 2012 he was President and Chief Executive Officer of Talisman Energy Inc. Prior to joining Talisman 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 2003. He is a member of the Accenture Energy Advisory Board.



10.

10. Miles Morland
□ ◇ ▽

Miles Morland joined the board in 1999. He is founder and Chairman of two companies investing in Africa, Blakeney Management and Development Partners International. He is also a director of various companies investing in the emerging world. He will stand down as chairman and as a member of the remuneration committee following the 2013 AGM.



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11. Dambisa Moyo BSc, MPA, MBA, Ph.D ○

Dambisa Moyo joined the board in 2009. She is an international economist who writes on the macro economy and global affairs, and is a non-executive director of Barclays PLC and Barrick Gold Corporation.



12.

12. Carlos Alejandro Pérez Dávila BA, MPhil

Carlos Pérez joined the board in 2005 as a nominee of the Santo Domingo Group following completion of the Bavaria transaction. He is a Managing Director at Quadrant Capital Advisors, Inc., Chairman of the Board of Caracol TV S.A. and serves on the board and executive committee of Valorem S.A. He is also a Director of Comunican S.A., Cine Colombia S.A. and the Queen Sofia Spanish Institute. He was previously an investment banker at Goldman Sachs & Co., S.G. Warburg & Co. and Violy, Byorum & Partners.



13.

13. Cyril Ramaphosa 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 the founder and Chairman of Shanduka Group and holds directorships in MTN Group Ltd, The Bidvest Group, Standard Bank and Alexander Forbes.



14.

He was elected deputy president of the African National Congress (ANC) in December 2012 and in light of the increasing amount of time which he will need to devote to his public service commitments, he will retire from the board following the 2013 AGM.



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14. Alejandro Santo Domingo Dávila BA □

Alejandro Santo Domingo joined the board in 2005, as a nominee of the Santo Domingo Group following completion of the Bavaria transaction. He is a Managing Director at Quadrant Capital Advisors, Inc., and serves on the boards of Valorem S.A., Comunican S.A. and Caracol Television S.A. He is the treasurer of Aid for AIDS Charity, a member of the board of trustees of The Metropolitan Museum of Art and is also a member of the board of the US-based DKMS Americas Foundation, WNET (Channel Thirteen) and the Wildlife Conservation Society.



16.

15. Helen Weir CBE, MA, MBA, FCMA
▽

Helen Weir joined the board in 2011. She is Group Finance Director of the John Lewis Partnership. Between 2008 and 2011 she was Group Executive Director – Retail at Lloyds Banking Group plc. She has formerly held a number of senior positions in both Lloyds TSB plc and Kingfisher plc and was a non-executive director of Royal Mail Holdings and the City of London Investment Trust. She will replace Cyril Ramaphosa as a member of the nomination committee following the 2013 AGM.



17.

She is a member of the Said Business School Advisory Council and was previously a member of the Accounting Standards Board.

16. Howard Willard BA (hons), MBA

Howard Willard joined the board in 2009 as a nominee of Altria. He is Executive Vice President and Chief Financial Officer of Altria and also oversees the financial services business of Philip Morris Capital Corporation and the Strategy and Business Development organisation. Prior to this he was Executive Vice President, Strategy and Business Development for Altria and has held various leadership positions at Philip Morris USA Inc. Before joining the Altria family of companies in 1992 he worked at Bain & Company and Salomon Brothers Inc. He currently serves on the Executive Advisory Council for the Robins School of Business at the University of Richmond.

17. Guy Elliott MA, MBA

Guy Elliott will join the board on 1 July 2013 and become a member of the audit and remuneration committees.

He is a senior executive director of Rio Tinto plc and Rio Tinto Limited and served as Chief Financial Officer from 2002 until April 2013. He has been a non-executive director of Royal Dutch Shell plc since 2010 and the chairman of its audit committee since May 2011. He has been on the UK Takeover Panel since 2012.

He was previously a non-executive director of Cadbury plc from 2007 until its acquisition by Kraft in 2010, and during his tenure he served as chairman of the audit committee until April 2009 and as senior independent director from 2008 until 2010.

Executive committee



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The executive committee (excom) is appointed by the Chief Executive. It comprises the Chief Executive, the Chief Financial Officer, regional 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 executes the strategy and budget approved by the board. 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.

1. Norman Adami BBusSc (hons), MBA

Chairman, SABMiller Beverages South Africa

Norman Adami was appointed to the role of Chairman, SABMiller Beverages South Africa in January 2013 and has overall strategic responsibility for SABMiller's beverage business in South Africa. Prior to this he was Chairman and Managing Director of The South African Breweries Limited (SAB Ltd). He first joined SAB Ltd in 1979 and has held a number of senior positions in the group. These include Regional Director, Operations Director, Chairman and Managing Director, SAB Ltd, President and Chief Executive Officer, Miller Brewing Company and President and Chief Executive Officer, SABMiller Americas.

He is an independent non-executive director of Allied Electronics Corporation Limited.

2. Mark Bowman BCom, MBA

Managing Director, SABMiller Africa

Mark Bowman was appointed Managing Director of SABMiller Africa in 2007. He joined SABMiller's beer division in 1993 and has held various senior positions in the group. These include Managing Director of SABMiller's Polish subsidiary Kompania Piwowarska S.A., Managing Director of Amalgamated Beverage Industries Ltd (now the soft drinks division of SAB Ltd) and Chairman of Appletiser.

He is an independent non-executive director of Tiger Brands Limited.

3. Sue Clark BSc (hons), MBA

Managing Director, SABMiller Europe

Sue Clark was appointed Managing Director, SABMiller Europe in June 2012, previously having held the position of Corporate Affairs Director, SABMiller plc since 2003. Prior to this, she held a number of senior roles in UK companies, including Director of Corporate Affairs, Railtrack Group from 2000 to 2003 and Director of Corporate Affairs, Scottish Power plc from 1996 to 2000.

She is a Trustee of the Clore Social Leadership Programme.

4. John Davidson MA, BCL

General Counsel and Group Company Secretary, SABMiller plc

John Davidson joined the group as General Counsel and Group Company Secretary in 2006. Before joining SABMiller, he spent his entire legal career at Lovells, a leading international law firm, where he had been a partner since 1991, specialising in international corporate finance, cross border mergers and acquisitions, and corporate governance advisory work. He was the Chairman for 2010 and 2011 of the GC100 group (the association of general counsel and company secretaries of companies in the FTSE 100).

5. Domenic De Lorenzo BCom (hons), CA (SA)

Director, Corporate Finance and Development, SABMiller plc

Domenic De Lorenzo joined SABMiller's corporate finance team in 1996 from UAL Investment Bank in South Africa. He became Director, Corporate Finance and Development for Europe and the Americas in 2000 and the Director of the global team in 2010.

6. Nick Fell 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.

7. Tony van Kralingen 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, Pzensuský Prazdroj a.s. and, most recently, Chairman and Managing Director: SAB Ltd. In his current role he is accountable for Group Procurement, Technical and R&D and Human Resources.

8. Karl Lippert M.Eng (Mechanical)

President, SABMiller Latin America

Karl Lippert was appointed President, SABMiller Latin America in 2011. He joined the group in 1992 and has extensive experience in the global brewing industry. Prior to his appointment as President of Bavaria S.A. in Colombia in 2006, he was Managing Director of Kompania Piwowarska S.A. in Poland, and previously held senior positions as Managing Director of Dreher in Hungary, Sales and Distribution Director for SABMiller Europe, and various positions within SAB Ltd in South Africa.

9. Catherine May BA (hons)

Corporate Affairs Director, SABMiller plc

Catherine May was appointed Corporate Affairs Director, SABMiller plc in October 2012. She joined SABMiller from Centrica plc, where she served as Corporate Affairs Director from 2006 until December 2011, having previously been Group Director of Corporate Relations at the global information publishing business Reed Elsevier Group plc.

She is a non-executive director of the English National Opera and a trustee of the UK National Funding Scheme and the Foundation for World Capitals of Culture.

10. Ari Mervis BCom

Managing Director, SABMiller Asia Pacific and Chief Executive Officer, Carlton & United Breweries

Ari Mervis was appointed Managing Director Asia Pacific and Chief Executive Officer of Carlton & United Breweries in 2011, having been Managing Director of SABMiller Asia since 2007. He joined SAB Ltd's soft drinks division, Amalgamated Beverages Industries Ltd, 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.

He is a director of the Melbourne Business School, and Chairman of China Resources Snow Breweries.

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 2013.

Principal activities and business review

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

We are required by the Companies Act 2006 to produce a fair review of our business, including a description of the principal risks and uncertainties we face, our development and performance during the year, and our position at the end of the year. These are all covered in the business review on pages 2 to 43 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 our sustainable development review and people section on pages 44 to 49 of this annual report.

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

In September 2012 the group completed the disposal of Foster's Group Pty Limited's (Foster's) interests in its Fijian beverage operations, Foster's Group Pacific Limited, and the disposal of Foster's soft drinks assets. These interests and assets were originally acquired as part of our December 2011 acquisition of Foster's and were sold to Coca-Cola Amatil Limited.

In December 2012, SABMiller Holdings Inc, a wholly owned subsidiary of SABMiller plc, issued €1,000 million, 1.875% Notes due January 2020. These notes were issued under its US\$3,000 million Guaranteed Euro Medium Term Note Programme established in October 2012 and guaranteed by SABMiller plc. The proceeds were used by SABMiller Holdings Inc to repay in part its bank borrowings incurred to finance the acquisition of Foster's.

In January 2013, we announced that our subsidiary in Panama, Cerveceria Nacional, S.A., had agreed to sell its milk and juice business to La Cooperativa de Productores de Leche Dos Pinos R.L. for a total cash consideration of US\$86 million. Following approval from the Panama competition authority (the Authority for Consumer Protection and the Defence of Competition) the transaction completed in May 2013.

In February 2013, we announced that China Resources Snow Breweries Limited, our joint venture with China Resources Enterprise, Limited, had entered into an agreement with Kingway Brewery Holdings Limited to acquire its brewery business, for a total cash consideration of RMB5.38 billion (c. US\$864 million). The transaction was approved by Kingway shareholders in May 2013, and completion remains subject to requisite regulatory approvals.

In March 2013, SABSA Holdings Limited (SABSA), a wholly owned South African subsidiary of SABMiller plc, issued ZAR1,000 million, 7.125% Notes due March 2018. The Notes were issued under its ZAR6,000 million Domestic Medium Term Note Programme established in December 2012 and guaranteed by SABMiller plc. The proceeds were used by SABSA to repay existing indebtedness.

Also in March we exercised an option to extend the maturity date on our US\$2,500 million committed syndicated revolving credit facility by one year to April 2018.

Directors

The names and biographical details of the current directors are set out on pages 50 and 51. All the current directors served throughout the period except for Mr Clark, who was appointed to the board on 26 July 2012. Messrs Kahn and Pieterse served as directors until their retirement on 26 July 2012. As detailed in our corporate governance report, it is intended that Mr Elliott will join the board as an independent non-executive director on 1 July 2013 and that Mr Ramaphosa will retire from the board at the conclusion of the 2013 annual general meeting. Details of the interests in shares and options of the directors who held office during the year and any persons connected to them are set out in the directors' remuneration report on pages 66 to 85.

Corporate governance

The directors' approach to corporate governance, and statements of our application of the UK Corporate Governance Code are set out in the corporate governance report, which forms part of this directors' report, on pages 57 to 65 and in the directors' remuneration report on pages 66 to 85.

Share capital

During the year, our issued ordinary share capital increased from 1,664,323,483 shares of 10 US cents each to 1,669,731,799 shares of 10 US cents each, as a result of the issue of 5,408,316 ordinary shares to satisfy the exercise of options granted under our share incentive plans, details of which are shown in note 25 to the consolidated financial statements.

During the year we transferred 4,600,000 ordinary shares from treasury to the SABMiller plc Employees' Benefit Trust (EBT), to be used to satisfy awards outstanding under our share incentive plans. At 31 March 2013 we held a total of 67,468,338 ordinary shares in treasury.

During the year 1,329,857 ordinary shares were purchased by the trustee on behalf of the EBT (at an average price of £25.08 per share) which amounted to 0.080% 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 Plans. The total consideration paid amounted to US\$53,291,403.

In addition, we have had 50,000 deferred shares of £1 each in issue since our incorporation in 1998. None were issued during the year.

Purchase of own shares

At the last annual general meeting, shareholder authority was obtained for us to purchase our own shares up to a maximum of 10% of the number of ordinary shares in issue as at 8 June 2012. This authority is due to expire at the earlier of the next annual general meeting or 26 October 2013, 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 us to purchase our own shares.

We did not repurchase any shares during the year for the purpose of cancellation, holding in treasury or for any other purpose.

Annual general meeting

Our 2013 annual general meeting will be held at the InterContinental London Park Lane, One Hamilton Place, London W1V 7QY, UK at 11.00am on Thursday 25 July 2013. Copies of the Notice of this meeting may be obtained from our website.

Directors' report

continued

Dividends

An interim dividend of 24 US cents per share was paid to shareholders on 14 December 2012, in respect of the year ended 31 March 2013. Details of the final dividend proposed by the board for the year ended 31 March 2013 are set out below:

Amount of final dividend proposed by the board:	77 US cents per share.
Total proposed dividend for the year ended 31 March 2013:	101 US cents per share.
If approved, the final dividend will be payable to shareholders on either section of the register on 16 August 2013 in the following way:	
Dividend payable on:	23 August 2013.
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:	12 August 2013 for shares traded on the JSE Limited, South Africa. 14 August 2013 for shares traded on the London Stock Exchange (LSE).

The rate of exchange for conversion from US dollars will be calculated on 24 July 2013 and published on the RNS of the LSE and the SENS of the JSE Limited on 25 July 2013.

Since the introduction on 1 April 2012 of a dividend withholding tax in South Africa dividends paid to shareholders registered on the RSA section of the register will, unless a shareholder qualifies for an exemption, be subject to a dividend withholding tax at a rate of 15%. The dividend withholding tax is only of direct application to shareholders registered on the RSA section of the register, who should direct any questions about the application of the dividend withholding tax to Computershare Investor Services (Pty) Limited, Tel: +27 11 373-0004.

Note 9 to the consolidated financial statements discloses dividends waived.

Donations

During the year the group contributed US\$ 37.5 million to corporate social investment programmes, of which US\$12,746,988 represented charitable donations. Of this amount charitable donations amounting to US\$219,549 were made by SABMiller plc and our UK subsidiary, Miller Brands (UK) Limited, both in the UK and overseas, comprising donations in respect of community development, health and education, the environment and other causes.

In March 2013 the board announced, following due consideration, that the group would provide funding to political parties in the 2014 South African elections. Donations of US\$1 million (ZAR9 million) in total were made in May 2013, distributed across the six largest parties in proportion to their seats in the National Assembly. The group made contributions of ZAR5 million in the run up to the 1999, 2004 and 2009 elections and has not made any other political donations in South Africa outside the national election cycle. This year's higher donation value in South African rand follows a number of years of double-digit inflation in South Africa.

In Australia, our Carlton & United Breweries (CUB) business paid membership fees to registered political parties and incurred expenditure in attending public policy events by registered political parties. The total value of the fees and expenditure incurred was US\$38,387. All CUB expenditure related to participation and attendance at public policy events. CUB does not provide stand-alone cash or in kind donations to any political party. Donations of this nature in Australia are an accepted part of the socio-political environment.

In Honduras the group's subsidiary, Cervecería Hondureña, donated soft drinks to the value of US\$5,954 to participants in the primary elections for the benefit of volunteers assisting during the elections.

It remains our policy not to make donations to political organisations in the European Union. Other political donations are only made by exception, and where permitted by local laws, and must be consistent with building multi-party democracy.

Ethical business conduct

The SABMiller Code of Business Conduct and Ethics sets out the high ethical standards with which all SABMiller employees are expected to comply, and forms part of our wider programme of policies and procedures throughout the group for combating bribery and corruption. We are committed to conducting business in a way that is fair, ethical and within the framework of applicable laws and regulations. We offer

independent confidential whistleblower hotlines in the countries in which we operate so that our employees can report any breach of our Code, including bribery, fraud or corruption.

Employment, environmental and social policies

Our aim is to be the employer of choice in each country in which our group companies operate. To achieve this, each operating company designs employment policies which attract, retain and motivate the highest quality of staff. We are 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. We value the benefits of employing people of different races, genders, creeds and backgrounds. If employees become disabled, efforts are made to allow them to continue in their role, or a suitable alternative role, through making reasonable adjustments. Full consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

We are committed to the 10 principles of the United Nations Global Compact, which sets out universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. Our website sets out these principles and our progress towards achieving them.

We are committed to regular communication and consultation with our employees and we encourage employee involvement in our performance. We have global distribution of real time news through our global intranet, which is available to all of the group's businesses to help inform employees about what is happening in our global operations. Further information is provided to employees at regional and 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 44 to 47 gives an overview of the progress against our 10 sustainable development priorities and of the impact of our business on the environment. More detailed information is provided in our sustainable development report 2013, available on our website.

Research and development

To ensure improved overall operational effectiveness, we place considerable emphasis on research and development in our global technical activities. This enables us to develop new products, packaging, processes and manufacturing technologies. Continued progress was made in our research in the key areas of raw materials, brewing, flavour stability, packaging materials and energy and water saving.

Payment of suppliers

Our policy is to pay invoices in accordance with the terms of payment agreed in advance. At the year end, the amount we owed to trade creditors was equivalent to 48.6 days (2012: 49.4 days) of purchases from suppliers.

Overseas branches

SABMiller plc does not have any branches registered overseas.

Going concern and audit

Page 86 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.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and resolutions proposing their reappointment 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 and associates. 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 and associates. 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.

These indemnities are categorised as qualifying third-party indemnity provisions as defined by Section 234 of the Companies Act 2006. They will continue in force for the benefit of directors and officers in respect of their periods of office.

Substantial shareholdings

Details of notifications received by the company in accordance with the Disclosure and Transparency Rules as at 3 June 2013 and of persons with significant direct or indirect holdings known to the company at the year end are set out in the ordinary shareholding analyses on page 182 of this annual report.

Financial instruments

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

Other disclosures required by the Companies Act and the Disclosure and Transparency Rules

We do not have any contractual or other arrangements that individually are essential to the business of the company or the group as a whole.

The structure of our 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 31 March 2013 our employees' benefit trusts held 8,339,106 ordinary shares in the company. By agreement with the company, voting rights attached to these shares are not exercised unless shares are beneficially owned by a participant and that participant has instructed the underlying shareholder to vote. As at 31 March 2013 there were no beneficially held shares in our employees' benefit trusts.

Directors' report

continued

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 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. These powers are subject to renewal by our shareholders each year at the annual general meeting.

Our 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. Additionally, as disclosed in the corporate governance report on pages 57 to 65, 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.

We have 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, and in certain limited circumstances may give China Resources Enterprise, Limited the ability to exercise certain rights under a shareholders 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, and would result in certain minority protection rights contained in our relationship agreement with the Anadolu Group and Anadolu Efes ceasing to apply.

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.

Our 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 our shares from taking place on an open and proper basis. The board 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 our register 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 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.

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

Unless the directors otherwise determine, no shareholder is entitled in respect of any share held by them 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 them to the company in respect of that share remains unpaid. In addition, no shareholder will be entitled to vote if they have 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 to the consolidated financial statements (although there are no convertible shares currently in issue).

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.

John Davidson

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

5 June 2013

Introduction

This report describes our directors' approach to corporate governance and how the board applies the UK Corporate Governance Code. In his statement on pages 6 to 9 of the annual report, our acting Chairman reports on how we apply the principles of the Code relating to the role and effectiveness of the board.

Application of the UK Corporate Governance Code

The board applied all of the principles and provisions of the Code throughout the year ended 31 March 2013, except in three respects:

1. In July 2012, our Chief Executive, Mr Mackay, was appointed as Executive Chairman with the intention that he would hold this position for an interim period of one year. The Code recommends that a chief executive should not go on to be chairman of the same company and that the chairman should on appointment meet the independence criteria set out in the Code. As a former Chief Executive, Mr Mackay was not independent on appointment.

Mr Mackay's proposed appointment was announced in April 2012, when the board set out a number of changes to the composition of the board to take effect at our 2012 annual general meeting, including the retirement of our then Chairman, Mr Kahn, and of Mr Pieterse, an independent non-executive director; the appointment of Mr Mackay as Executive Chairman; and the appointment of Mr Clark as an executive director and Chief Operating Officer, with the intention that he would succeed Mr Mackay as Chief Executive at the end of the interim period, when Mr Mackay would become non-executive Chairman.

Before announcing these changes, we discussed them with our major institutional shareholders, and at the time of their announcement our Senior Independent Director, Mr Manser, wrote on behalf of the board to all shareholders to explain the process that had been followed and to set out the board's reasons for these changes. These changes were welcomed by the overwhelming majority of shareholders, and our explanation of our decision not to apply the Code in this respect under the 'comply or explain' principle was cited by the Association of British Insurers, in a report in December 2012, as a best practice example.

Subsequently, as shareholders will be aware, Mr Mackay was diagnosed in April 2013 with a brain tumour, which led the

board to accelerate the planned promotion of Mr Clark to Chief Executive. The transition of management responsibilities from Mr Mackay to Mr Clark was well advanced when Mr Clark assumed the role of Chief Executive on 23 April 2013, three months earlier than was originally planned.

Mr Manser has assumed the role of acting Chairman while Mr Mackay, who is currently on a medical leave of absence, continues his treatment.

2. Our audit committee did not consist solely of independent directors. Under our relationship agreement, as approved by shareholders in 2002 and in 2005, Altria Group, Inc. (Altria) has the right to nominate a director to the audit committee, and has nominated Mr Devitre, whom the board does not consider to be an independent director for the purposes of the Code. The board nevertheless 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 experience and background in financial matters of Mr Devitre, as a former chief financial officer of Altria, the independence from management and the effectiveness of our audit committee in discharging its functions continue to be considerably enhanced and not in the least compromised.
3. Two directors, Mr Armour and Ms Weir, were unable to attend our 2012 annual general meeting because of long standing prior commitments.

Leadership and effectiveness

Board of directors: composition, independence and renewal

Composition

We have 16 directors: our Chairman (Mr Mackay, who is currently on medical leave of absence); our acting Chairman (Mr Manser, who is also our Deputy Chairman and Senior Independent Director); seven other independent non-executive directors; five non-executive directors who we do not consider to be independent; and two executive directors (Mr Clark, the Chief Executive, and Mr Wilson, the Chief Financial Officer). Short biographies of each of the directors are on pages 50 and 51.

The size and certain aspects of the composition of our board and our audit, nomination and corporate accountability and risk assurance committees continue to be determined in part by the terms of our relationship agreements with Altria and with BevCo Ltd (a holding company of the Santo Domingo Group), both of which have been approved by SABMiller's shareholders.

Our 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 nominated by the board. Our agreement with BevCo allows BevCo to nominate up to two non-executive directors for appointment to the board.

As was the case last year, the number of directors currently exceeds the number permitted under our agreement with Altria. Altria has consented to this in order to facilitate the progressive renewal of the board and the broadening of the diversity of background, gender and experience at board level. The board is grateful to Altria for its agreement to permit the maximum number of directors allowed under the relationship agreement to be exceeded for the time being. The board has announced further changes to the composition of the board, detailed overleaf, that will, in the absence of unforeseen circumstances, restore the number of directors to that envisaged by the agreement, while still applying the provision of the Code that at least half of the directors (excluding the Chairman) should be independent non-executive directors.

Altria and BevCo have each exercised their right under their respective agreements to nominate one director for appointment to the nomination committee, being Mr Bible and Mr Santo Domingo respectively. Both Altria and BevCo have the right to nominate directors for appointment to the corporate accountability and risk assurance committee (CARAC), which Altria has exercised (nominating Mr Bible) but BevCo has not, and Altria has exercised its right to nominate one director (Mr Devitre) for appointment to the audit committee.

Independence

The board considers eight directors – Mr Armour, Ms Knox, Mr Manser, Mr Manzoni, Mr Morland, Dr Moyo, Mr Ramaphosa and Ms Weir – to be independent for the purposes of the Code. The board considers five non-executive directors not to be independent for the purposes of the Code: Mr Bible, Mr Devitre and Mr Willard, as they are nominees of Altria, the company's largest shareholder; and Mr Santo Domingo and Mr Pérez, as they are nominees of BevCo Ltd, the company's second largest shareholder. As noted in our statement of our application of the Code, Mr Mackay was not considered independent on his appointment as Chairman.

Corporate governance continued

If a director has served for a period of nine years or more, the Code requires the board to consider whether that director continues to be independent. In respect of each of the two independent directors who have served the board for more than nine years and are offering themselves for re-election (Mr Manser and Mr Morland), 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 remains independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement, and that the independence of character and judgement of each of the directors concerned is not in any way affected or impaired by length of service, noting also that as a result of executive directors' succession over the last two years, neither Mr Manser nor Mr Morland has served concurrently with any executive director for more than two years.

The board also conducted a rigorous review of the performance of Mr Manser and Mr Morland and considers that they both continue to bring invaluable integrity, wisdom and experience to the board and to contribute positively to board and committee deliberations, especially during the period of transition of both executive directors and the chairman over the past two years. The board is therefore entirely satisfied as to the

performance and continued independence of each of these directors.

Progressive renewal of the board

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 our directors, and the experience and skills which they bring to their duties.

We have been fortunate to retain the services of a number of distinguished non-executive directors, Mr Bible, Mr Manser, Mr Morland and Mr Ramaphosa, who have held office for all, or most, of the period since the company's listing on the London Stock Exchange in 1999. Together they have provided stability to the board and the board has benefited greatly from their valuable insights into the group, its markets and the industry.

Nevertheless, our directors have shown their commitment to the progressive refreshment of the board in terms of age, experience, gender and balance of skills. We have appointed six new independent non-executive directors over the past five years, and in March 2013 we announced changes that will see the appointment of Mr Elliott as another independent non-executive director on 1 July 2013, and, in light of the increasing amount of time which he will need to devote to public service following his appointment as deputy president of the African National Congress, the retirement of Mr Ramaphosa

on 25 July 2013. Barring unforeseen circumstances it is expected that Messrs Manser and Morland will retire at the annual general meeting in 2014 and that Mr Elliott will replace Mr Manser as Deputy Chairman and Senior Independent Director.

With these planned changes, by the time of the AGM in July 2014 the number of independent non-executive directors who have served more than nine years will fall from three to one, while the average length of service for non-executive directors will remain at approximately six years (excluding the Chairman).

The Code recommends that all directors should stand for annual re-election and the board has decided that all directors, save those who are retiring, should stand for re-election at the next annual general meeting.

The board considers there is an appropriate balance of skills, collective experience, independence, knowledge and gender among our non-executive directors to enable them to discharge their respective duties and responsibilities effectively.

How the board operates

Board meetings and attendance

During the year we held six board meetings. Individual directors' attendance at board and committee meetings and at the annual general meeting is set out in the table below.

Directors' attendance (1 April 2012 to 31 March 2013) and committee memberships

Directors	Independent	Board		Audit		Remuneration		Nomination		CARAC		AGM
		Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
J M Kahn	N/A	3	3									Y
E A G Mackay	N/A	6	6							2	2	Y
P J Manser	Yes	6	6	4	4	3	3	1	1	2	2	Y
A J Clark	N/A	3	3							2	2	Y
J S Wilson	N/A	6	6							2	2	Y
M H Armour	Yes	5*	6	4	4	3	3					N*
G C Bible	No	6	6					1	1	2	2	Y
D S Devitre	No	6	6	4	4							Y
L M S Knox	Yes	6	6	3†	4	2†	3					Y
J A Manzoni	Yes	6	6			3	3	1	1	2	2	Y
M Q Morland	Yes	6	6	4	4	3	3	1	1			Y
D F Moyo	Yes	6	6							2	2	Y
C A Pérez	No	6	6									Y
R Pieterse	Yes	3	3									Y
M C Ramaphosa	Yes	6	6					1	1	2	2	Y
A Santo Domingo	No	6	6					1	1			Y
H A Weir	Yes	5*	6	4	4							N*
H A Willard	No	6	6									Y

* Mr Armour and Ms Weir were unable to attend the annual general meeting in July 2012 and the preceding board meeting because of longstanding prior commitments.

† Our March 2013 board and committee meetings were held in Australia. Because of a longstanding prior commitment and the travelling time required Ms Knox was unable to arrive in Australia in time for the audit and remuneration committee meetings, but was able to attend the board meeting held the following day.

In the few instances where directors have not been able to attend a board or committee meeting, any comments which they have had on the matters to be considered at that meeting have been given in advance to the chairman of the meeting or to the Company Secretary.

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, members of our executive committee (our executive directors, our regional managing directors and the directors of our key group functions: corporate affairs; corporate finance and development; legal; marketing; and supply chain and human resources) make regular presentations to the board, enabling directors to explore and interrogate 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.

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; sustainability and environmental policies; 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. 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 all board members before the next board meeting.

Conflicts of interest

Our directors are required to avoid situations 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 allow the board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. Procedures are in place for the disclosure by directors of any potential conflicts and for the appropriate authorisation to be sought if a conflict arises. These procedures continue to operate effectively. There were no actual or potential conflicts of interest which were required to be authorised by the board during the year ended 31 March 2013.

The roles of executive and non-executive directors

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

Information and training

Our Company Secretary is responsible for advising the board, through the Chairman, on matters of corporate governance. The board and its committees are supplied with full and timely information, including detailed financial information, to enable directors to discharge their responsibilities, and the committees are provided with sufficient resources to undertake their duties. 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. During the year ended 31 March 2013, none of the directors sought independent external advice through the company.

Following the appointment of new directors to the board, they are briefed on the duties they owe to the company as directors, 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 head office and 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 is 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 specialisms and regular updates on relevant legal, regulatory, corporate governance and technical developments are presented to committee members at each meeting and, as appropriate, to the full board. The Chairman considers the training and development needs of the board and discusses these with the respective directors as necessary.

Upon appointment to the board Mr Clark received a tailored induction which included, among other things, a briefing on his responsibilities as a director of a company listed on the London and Johannesburg stock exchanges.

Outside appointments

Non-executive directors may serve on a number of other boards provided that they continue to demonstrate the requisite commitment to discharge effectively their duties to SABMiller. The nomination committee keeps under review the extent of directors' other interests to ensure that the effectiveness of the board is not compromised by the extent of their external commitments. The board is satisfied that all of the non-executive directors commit sufficient time to their duties as directors of the company and the non-executive directors standing for election or re-election have confirmed that they have sufficient time to fulfil their respective obligations to the company. As noted on page 58, Mr Ramaphosa has decided not to offer himself for re-election, because of the increasing amount of time that he expects to devote to his public service commitments in South Africa.

The board believes, in principle, in the benefit to the group of our 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, subject to the agreement of the board, executive directors and members of the executive committee are permitted to accept external non-executive board appointments and to retain any fees received from those appointments.

During the year ended 31 March 2013, Mr Mackay held office as a non-executive director of Reckitt Benckiser Group plc and a member of the board of Philip Morris International Inc. Fees earned by Mr Mackay from these appointments are set out in the directors' remuneration report, and were retained by Mr Mackay. Of the executive committee members, Mr Adami is a non-executive director of Allied Electronics Corporation Limited, and Mr Bowman is a non-executive director of Tiger Brands Limited, both being companies listed on

Corporate governance continued

the Johannesburg Stock Exchange, and Mr Mervis is a director of the Melbourne Business School.

Chairman, Chief Executive, Deputy Chairman and Senior Independent Director

As noted in the introduction to this report, following the retirement of Mr Kahn as the company's Chairman at the 2012 annual general meeting, Mr Mackay was appointed as Executive Chairman for an interim period and Mr Clark was appointed as Chief Operating Officer. During that period the division of responsibilities between the Executive Chairman and Chief Operating Officer were clearly defined in a written statement of responsibilities which was considered and approved by the board at its meeting in May 2012. Following Mr Clark's appointment as Chief Executive in April 2013, a revised statement of the division of responsibilities between the Chairman and the Chief Executive, which had already been considered by the nomination committee at its meeting in March 2013, was approved by the board at its meeting in May 2013.

Mr Manser has extensive experience of chairing or serving on all four main committees of the board, and is therefore well placed to influence the governance of the company and to meet his responsibilities as Deputy Chairman and Senior Independent Director. He serves as an additional contact point for shareholders, and 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 other members of the management team. During Mr Mackay's medical leave of absence Mr Manser is acting Chairman. In light of his additional responsibilities and time commitments as acting Chairman, Mr Manser will stand down as chairman of the audit committee and as a member of the audit and remuneration committees.

Our Chairman and Deputy Chairman are both available to consult with shareholders throughout the year and, in the month prior to the annual general meeting, major shareholders are invited to meet with the Chairman to discuss any issues which they wish to raise (although this year this invitation will be to meet with the acting Chairman). The board is kept informed of the views of shareholders through regular updates from the Chairman, the Deputy Chairman and the Company Secretary, as well as through the inclusion in the board papers of reports on comments from, and exchanges with, shareholders, investor bodies and analysts. In the year under review, the Deputy Chairman hosted a meeting of the non-executive directors without the executive directors being present at which, among

other things, the performance of the Chairman was discussed.

Board, committee and director performance evaluation

A formal and rigorous evaluation of the performance and effectiveness of the board and its principal committees is carried out each year, led by the Chairman and the Company Secretary, with input from the Deputy Chairman, and in consultation with other directors. The Code recommends that the evaluation of board performance should be externally facilitated at least every three years. Given that the period under review was a year of transition, the board decided that it was not appropriate to carry out an externally facilitated performance evaluation. The evaluation process included specific consideration by each of the non-executive directors on the performance of Mr Mackay in his role as Executive Chairman, Mr Clark in his role as Chief Operating Officer and the effectiveness of the division of responsibilities between them.

The performance of the Executive Chairman was reviewed by the nomination committee in light of responses from each director to questionnaires covering the elements of his performance and this review was shared with and considered by the board. The performance of the Chief Executive and the Chief Financial Officer was reviewed by the Chairman and the nomination committee, and reported on to the board by the nomination committee. Each non-executive director's performance was evaluated by the Chairman, in consultation with the Deputy Chairman, who in turn consulted with the executive directors and the Company Secretary.

In reviewing the performance of the board and its committees, again in the light of directors' responses to questionnaires, the Chairman and the Deputy Chairman were aligned in their conclusion that, measured against the principal duties expected of them, the board and its standing and ad hoc sub-committees continued to operate effectively, including in their support of management, in monitoring of performance, and maintaining the board's strategic oversight.

The Chairman, the Deputy Chairman, the committee chairmen and the Company Secretary met at the end of the process to review the results of the performance and effectiveness evaluations conducted in respect of the board, of the directors individually, of the Chairman and the Deputy Chairman and of each of the board's four standing committees. Regarding the board committees, the committee chairmen expressed their views regarding the operation of their respective committees against their terms of reference and the performance and effectiveness of each

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. The conclusion of this meeting was that the board was balanced and operated effectively and that the board committees discharged effectively their duties under their respective terms of reference.

The results of the performance and effectiveness assessment process as outlined above were reviewed in full and approved by the board. Matters identified as requiring further consideration have been addressed, including changing the frequency and length of board meetings to ensure more regular meetings at which additional time is made available to discuss group strategy, senior executive succession planning and the group's talent pipeline below the executive committee level; organising additional board meetings to be held in countries where the group has operations, to allow the board the opportunity to conduct more detailed occasional reviews of country and regional performance; and the introduction of regular pre-board meeting events at which non-executive directors have the opportunity to address particular themes or issues in more depth, and to meet more frequently with other members of senior management as well as executive committee members.

All directors, except for Mr Ramaphosa, will be standing for re-election at this year's annual general meeting. The nomination committee has confirmed to the board that each of the existing directors offering themselves for election or re-election continues to perform effectively and to demonstrate commitment to their role. In particular, the committee has confirmed that, in relation to each of the non-executive directors who will have served for over nine years, the committee is satisfied with his performance and has determined that the length of their service does not compromise their independence. The test of independence does not apply to Mr Bible. Mr Manser, as Deputy Chairman and Senior Independent Director, confirms the Chairman has performed effectively and demonstrated commitment to his role during the year, although he is currently on medical leave of absence.

The board unanimously recommends to shareholders the election of Mr Elliott as an independent non-executive director. He is a highly experienced business leader, with a strong reputation and, as part of the leadership team of a global business working across a mix of emerging and developed markets, has gained skills pertinent to our business structure. Biographical details of all directors, and of Mr Elliott, are included on pages 50 and 51.

Retirement of directors

The company's articles of association require that 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. However, the board has determined that all directors will stand for re-election annually. Independent non-executive directors who have served for nine years will only be asked to stand for re-election if the board remains satisfied both with the director's performance and that nine years' continuous service does not compromise the director's continuing independence.

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.

The board's committees and the executive committee

The executive committee

The board delegates responsibility for proposing and implementing the group's strategy and for managing the group to the Chief Executive, Mr Clark, who is supported by the executive committee (excom), which he chairs. Excom members are appointed by Mr Clark, after consultation with the board. The other members of excom are our Chief Financial Officer, our regional managing directors and the directors of our key group functions (corporate affairs; corporate finance and development; legal; marketing; and supply chain and human resources). 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 executes the strategy and budget approved by the board 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.

The audit committee

During the year under review, the audit committee was chaired by Mr Manser, chairman since 2002. Mr Manser qualified as a chartered accountant in 1964 and was made a Fellow of the Institute of Chartered Accountants in 1976.

Mr Morland, Mr Devitre, Mr Armour, Ms Knox and Ms Weir also served on the committee throughout the year. Mr Morland has been a member of the committee since 13 April 1999, Mr Devitre since 16 May 2007, Mr Armour since 1 May 2010, and Ms Knox and Ms Weir since 19 May 2011. The board

is satisfied that the chairman, Mr Devitre, Mr Armour, Ms Knox and Ms Weir have recent and relevant financial experience. Biographical information concerning Mr Manser and members of the committee is set out on pages 50 to 51. Mr Elliott will join the audit committee at the conclusion of the 2013 annual general meeting. Mr Elliott has recent and relevant financial experience, having been chief financial officer of Rio Tinto until his retirement in April 2013, and currently being the chairman of the audit committee of Royal Dutch Shell.

It had been intended that Mr Armour would succeed Mr Manser as chairman of the audit committee following the conclusion of the 2014 annual general meeting, but in light of the additional responsibilities and time commitments assumed by Mr Manser as acting Chairman, during Mr Mackay's absence on medical leave, Mr Armour agreed to the board's request that he succeed Mr Manser as chairman of the audit committee with effect from 5 June 2013, when Mr Manser will stand down from the audit committee.

The committee met four times during the year. The external auditors, the Chairman (Mr Kahn in May 2012 and Mr Mackay thereafter), the Chief Operating Officer, 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 and up to the date of this report included consideration of:

- the annual financial statements and the preliminary results announcement for the years ended 31 March 2012 and 31 March 2013 before their submission to the board for approval, including consideration of the group on a going concern basis, with particular reference to the balance sheet, the upcoming year's budgeted profit and cash flows, its medium-term projections and committed treasury facilities;
- the interim financial statements and interim results announcement for the six months ended 30 September 2012;
- areas of significance in the preparation of the financial statements, including: exceptional items and compliance with group policy; acquisition accounting for Foster's Group Ltd and the investment in Anadolu Efes; impairment reviews and key assumptions; evolution of tax exposures and tax provisions; and the treatment of costs and reported benefits tracking relating to the group's business capability programme;
- governance and controls in relation to the business capability programme and review of the regular reports on progress of

deployment by internal audit and by an independent external project assurance team from KPMG;

- reports from the external auditors on the annual and interim financial statements, the approval of the audit plan and its expected evolution with the changes envisaged by the business capability programme and the auditors' fee proposal for the 2013 year-end audit;
- developments in accounting and reporting standards and review of the group's responses;
- a review of the progress of the year's internal audit programme and matters arising and reviewing the plan for the forthcoming year;
- the effectiveness of the internal audit function and of the Chief Internal Auditor;
- the results of the group's bi-annual letters of representation;
- the internal control environment, principal risks and risk management systems and the group's statement on internal control systems, prior to endorsement by the board;
- revisions to and compliance with treasury policies including compliance with risk limits and reviewing significant hedging programmes and a continuing focus on counterparty credit limits;
- material legal developments;
- whistleblowing systems in place within the group and material whistleblowing reports;
- independence and the effectiveness of the external auditors, particularly taking into account the rotation of both audit partners at group level and the recommendation to the board of the reappointment of PricewaterhouseCoopers LLP as the external auditors;
- the policy on auditor independence and non-audit services, and consideration of the nature, scope and independence threats and safeguards of non-audit services supplied by the external auditors and pre-approval of proposed projects in line with policy; and
- its terms of reference and effectiveness.

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 financial reporting and accounting standards as they relate to published financial information.

The 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 finance, control

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and assurance committees are also available to, and any key findings are raised with, the audit committee. During the year, the chairman of the committee met quarterly with the external auditors and with the Chief Internal Auditor without management being present and the committee met with the external auditors at least once without management being present.

The nomination committee

During the year, the nomination committee was chaired by Mr Kahn until his retirement in July when the role of chairman was taken by Mr Manser. Mr Bible, Mr Manser, Mr Manzoni, Mr Morland, Mr Ramaphosa and Mr Santo Domingo were members of this committee throughout the year, and Mr Mackay joined the committee on his appointment as Executive Chairman. It had been planned that he would succeed Mr Manser as chairman of the committee at the conclusion of the 2013 annual general meeting, although Mr Manser will continue to chair the committee during Mr Mackay's medical leave of absence if it should be necessary for the committee to meet during that period. Ms Weir, who was appointed a non-executive director in May 2011, will become a member of the committee at the same time, in place of Mr Ramaphosa who is retiring as a director. The committee considers the composition of the board and its committees, the retirement, appointment and replacement of directors, and makes appropriate recommendations to the board. The nomination committee has continued to evaluate the balance of skills, knowledge and experience of the board and remains committed to the progressive renewal of the board through orderly succession. Where vacancies arise they prepare a description of the role and capabilities required for the appointment. Appropriate succession plans for the non-executive directors, for the executive directors and for senior management are also kept under close review. The committee is conscious of the need for due regard to be given to diversity when considering appointments to the board. Five of the last eight independent non-executive directors to be appointed by the board were women, and currently more than one-third of the company's independent non-executive directors are women. The committee therefore believes that the company is well positioned in terms of the future balance of the board.

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. In relation to the most recent non-executive board appointment, Mr Elliott, who will join the board in July, an external search firm was retained and produced a strong list of candidates, who were then shortlisted for consideration

by the nomination committee on the basis of their relevant skills and experience.

The remuneration committee

During the year, the remuneration committee consisted entirely of independent directors: Mr Morland (Chairman), Mr Armour, Ms Knox, Mr Manser and Mr Manzoni. Ms Knox, who was appointed as a non-executive director in May 2011, will succeed Mr Morland as chairman of the remuneration committee at the conclusion of the 2013 annual general meeting, when Mr Morland will stand down from the committee. Mr Elliott will join the committee at the same time. Mr Manser will stand down from the committee with effect from 5 June 2013.

The committee is responsible for the assessment and approval of a broad remuneration strategy for the group, for the operation of the company's share-based incentive plan and for reviewing and approving short-term and long-term remuneration for the executive directors and members of the executive committee.

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 engages other consultants, on a project basis.

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

- reviewing trends in global executive remuneration and governance;
- reviewing the key elements and design of the group's long-term incentive schemes (including peer comparator group composition);
- reviewing global benchmarks;
- reviewing and approving performance targets and conditions for short and long-term incentive awards;
- reviewing and approving long-term incentive awards for executive committee members;
- reviewing executive director shareholding guidelines;
- review of performance against agreed criteria;
- reviewing and approving total remuneration for the executive directors and executive committee members;

- determining the appropriate remuneration for Mr Clark on his appointment as Chief Operating Officer, for Ms Clark on her appointment as Managing Director of SABMiller Europe, and for Ms May, our newly appointed Director of Corporate Affairs and executive committee member; and
- reviewing and approving the directors' remuneration report and recommending it to the board.

During the year, the chairman of the remuneration committee undertook a detailed review of executive pay, inviting the company's 50 largest shareholders to engage in the process. More than 30 shareholders and other representative bodies agreed to participate, and as a result of those interactions, the committee made a number of changes to the structure and reporting of remuneration this year.

Details of the company's remuneration policy and the work of the remuneration committee during the year, including the extensive shareholder consultation, are in the directors' remuneration report on pages 66 to 85.

The corporate accountability and risk assurance committee (CARAC)

Dr Moyo chaired the committee throughout the year. Mr Mackay, Mr Manser, Mr Manzoni, Mr Ramaphosa and Mr Wilson served as members for the entire period. Mr Kahn and Mr Pieterse stepped down from the committee on their retirement from the board following the conclusion of the 2012 annual general meeting and Mr Bible and Mr Clark joined the committee. Additionally, the Director of Corporate Affairs, Ms May, met regularly with Dr Moyo to discuss implementation and planning issues, and has attended all meetings of the committee since her appointment.

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

During the year the committee continued to focus on company-specific and industry issues which are critical to protecting our licence to operate. Particular areas of focus for the committee during the year included: a review of the management and reporting of health and safety within the group, our policy

on required standards and accountabilities, and more standardised reporting of health and safety matters; a review of our sustainable development performance including progress towards meeting our water and carbon efficiency targets; consideration of our longer term sustainable development ambitions; and a review of the approach to sustainability in our newly acquired Carlton & United Breweries (CUB) business in Australia, including its alignment to and performance against our sustainable development priorities overall.

The disclosure committee

The disclosure committee consists of the Chairman, the Chief Executive, the Chief Financial Officer, the Deputy Chairman, one other non-executive director, and the General Counsel and Company Secretary or the Deputy Company Secretary. The function of the disclosure committee, in accordance with our inside information policy, is to meet as and when required in order to assure compliance with the UK's Disclosure and Transparency Rules and the Listing Rules, as guided by the General Counsel, 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, and the board, of any decision regarding potential inside information, so that we are able to comply fully with our continuing obligations under the Disclosure and Transparency Rules and the Listing Rules.

Accountability

The audit committee

A description of the composition, scope of responsibilities and work undertaken by the audit committee during the year is included in the section dealing with the board and its committees.

Relationship with auditors

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

We have in place a formal policy on auditor independence and non-audit services, with which our external auditors are required to comply, to ensure that the independence of the auditors is not impaired by the nature of non-audit work. Our policy stipulates work which is permitted or not permitted to be performed by the auditors, and provides for appropriate approval and oversight processes. During the year more detailed guidance was issued to support the policy on the appointment of the auditors to undertake non-audit services.

Our policy classifies all non-audit services into audit related services (being those services which are effectively required by law or regulation), and other non-audit services, and provides that engagements for other non-audit services are subject to formal pre-approval limits, either by the full audit committee or by the chairman of the audit committee, depending on the level of the fees involved. All requests for approval have been accompanied by a detailed justification as to why the appointment of the external auditors to provide the services is in the best interests of the company, and how it is proposed that auditor independence be safeguarded in connection with the provision of those services. In the instances where approval was sought for the auditors to provide non-audit services the committee concluded that the auditors' detailed understanding of the group and ability to deliver services in a timely fashion provided a cost-effective method of delivery without compromising auditor independence. In addition, PwC won a competitive tender to advise on a health and wellness project in South Africa. The committee was satisfied that undertaking this project would not compromise the auditors' independence.

PwC confirm annually 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 their non-audit services has not impaired their independence as auditors. 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 and fees paid to other audit firms.

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

The committee has a formal and well established 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 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 questionnaires completed by finance teams around the world that rate effectiveness across 17 criteria. In the current year a further review was completed in March 2013 of the overall relationship with the auditors following the rotation of both group audit partners. Following the review, the committee makes a recommendation to the board on the reappointment of the external auditors by the shareholders.

Taking account of the annual assessment of the effectiveness of the audit, the committee has not considered it necessary to require the audit to be put out to tender. The lead group audit partner is required to rotate after a maximum of five years (seven years for material subsidiary companies) and the most recent change of the lead group audit partner occurred for the 2012 year end. The audit committee has reviewed the proposed key audit partner rotations during the year.

There are no contractual obligations restricting the company's choice of external auditor.

Risk management

The group's risk management system is subject to regular review to ensure compliance with the Code and the Financial Reporting Council's guidance to directors on internal control (formerly known as the Turnbull Guidance (2005)) covering internal control and risk management.

Risk and the board of directors

The directors are ultimately responsible for the group's risk management system and for reviewing its effectiveness. There is a regular schedule for the board to consider the group's significant risks and mitigating actions. The risk management system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and there is a continuous 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 pages 16 and 17.

Executive committee

Excom has specific responsibility as the risk management committee for the group's system of risk management. Excom reviews our significant risks and subsequently reports to the board on material changes and the associated mitigating actions. In accordance with the Turnbull Guidance, reviews on the effectiveness of the risk management system were carried out by excom, as the risk management committee, in April and October 2012 and in April 2013.

Corporate governance

continued

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, and is undertaken using a practical and flexible framework which provides a consistent and sustained approach to risk evaluation. Business risks, which may be strategic, operational, financial or environmental, or concern 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 our organisation.

Key features of our system of risk management are:

- group statements on strategic direction, ethics and values;
- clear business objectives and business principles;
- an established risk policy;
- a continuous 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;
- continuing monitoring of significant risks and internal and external environmental factors that may change our risk profile; and
- a regular review of both the type and amount of external insurance purchased, bearing in mind the availability of 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. Since 2010 strategic planning, internal audit and other risk control specialist processes have been integrated into line management's risk processes and simplified risk reporting. A process of gradual refinement and strengthening has continued during this year.

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

Internal control

The Turnbull Guidance recommends internal control practices for UK listed companies to assist them in assessing the application of the Code's principles and compliance with the Code's provisions with regard to internal control.

Our systems of internal control are designed and operated to support the identification, evaluation and management of risks affecting the group. These include controls in relation to the financial reporting process and the preparation of consolidated accounts, but extend across all areas of operations. They are subject to continuous review as circumstances change and new risks emerge.

Key features of the systems of internal control are:

- the risk management system described above;
- written policies and procedures within our businesses, which are detailed in policy manuals;
- clearly defined lines of accountability and delegations of authority;
- management of operating risk by using appropriate infrastructure, controls, systems and people throughout the businesses;
- business continuity planning, including preventative and contingency measures, back-up capabilities and the purchase of insurance;
- maintenance of a state of preparedness for compliance with s404 of the US Sarbanes-Oxley Act through the identification and testing of key financial controls under its Internal Financial Control (IFC) programme. This is a voluntary initiative, which continues to further strengthen internal control systems and processes within the group;
- key policies employed in managing financial and operating risk involve segregation of duties, transaction authorisation, monitoring, financial and managerial review and comprehensive reporting and analysis against approved standards and budgets;
- a treasury operating framework which establishes policies and manages liquidity and financial risks, including foreign exchange, interest rate and counterparty exposures, and incorporates group and regional treasury committees that monitor these activities and compliance with the policies. Treasury policies, risk limits and monitoring procedures are reviewed regularly by the audit committee on behalf of the board; and
- a group tax policy and tax operating framework which forms the basis of tax governance across the group and is managed by our group tax function which monitors tax risk and implements strategies and procedures to control it.

Assurance on compliance with systems of internal control and on their effectiveness is obtained through regular management reviews, reviews of key financial controls, internal audit reviews and quality assurance,

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 internal and external auditors. Our 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. In relation to our associated undertakings or joint ventures, these matters are reviewed at the level of the associates' or joint ventures' boards or other governing committees.

At the half year and at the year end the members of regional and country business executive committees, each of our functional directors (corporate affairs; corporate finance and development; legal; marketing, and supply chain and human resources), each of the direct reports to the Chief Financial Officer (finance and control; global template design authority; information technology; internal audit; tax; and treasury), and the group head of strategy and planning are required to submit to the Company Secretary on behalf of the board formal letters of representation on compliance with internal controls and key policies, including notification of continuing or potential significant legal, regulatory, environmental and other exposures.

These letters form the subject of reports to the audit committee, and cover all subsidiary companies, as well as MillerCoors LLC and Tsogo Sun Holdings Limited which submit tailored letters of representation. Executive directors and executive committee members sit on the boards of major 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 are 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.

CUB in Australia became part of the group during the second half of last year. As part of the integration of CUB into the group, good progress has been made to embed systems, controls and procedures.

The board, with advice from the audit committee, has completed its annual review of the effectiveness of the system of internal control and risk management for the period since 1 April 2012 in accordance with the Turnbull Guidance.

Internal audit

Our global internal audit function consists of the group internal audit team, led by the Chief Internal Auditor, plus regional and country audit functions that operate in each of the group's principal areas of business. The regional and country functions are centrally directed by the group internal audit team. The country internal audit functions are jointly accountable to local senior finance management and regional heads of internal audit. They also have direct access and accountability to local audit committees and the Chief Internal Auditor.

Internal audit activities, all of which are risk-based, are performed by teams of appropriately qualified and experienced employees. Third parties may be engaged to support audit work as appropriate. The Chief Internal Auditor, who reports functionally to the Chief Financial Officer, has regular meetings with the chairman of the audit committee and prepares formal reports for each audit committee meeting as to the consolidated activities and key findings of the global internal audit function.

Our global internal audit function uses a standardised group-wide internal audit methodology which is in compliance with the 'International Standards for the Professional Practice of Internal Auditing' of the Institute of Internal Auditors. The function operates a formal global quality assurance and effectiveness programme. Accordingly, detailed quality review assessments are performed with regard to the regional and country 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, a periodic review of internal audit is undertaken by an independent external consultant in accordance with the guidelines of the Institute of Internal Auditors. The audit committee has satisfied itself that adequate, objective internal audit assurance standards and procedures exist within the group.

Continuous improvement in the quality and objectivity of the global internal audit function remains a key objective of the department.

Whistleblowing measures

All our employees have the opportunity to make confidential disclosures about suspected impropriety or wrongdoing. The Company Secretary or the Deputy Company Secretary, in consultation with the Chief Internal Auditor if appropriate, 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.

Relations with shareholders

All shareholders were again encouraged to attend the annual general meeting held in July 2012, which provided shareholders with the opportunity to ask questions of the board and chairmen of all the board committees. At the meeting, all resolutions were put to a vote on a poll, with the results being published on the company's website, and on the London and Johannesburg stock exchange news services. As the geographic spread of shareholders inevitably means that not every shareholder can attend a meeting in the UK, a video film and a full transcript of the proceedings of the meeting were published on the company's website. Similar arrangements are planned for the forthcoming annual general meeting. In order to further ease access to information, all shareholders were this year given the opportunity to receive statutory information from the company electronically.

We maintain 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 group performance and regional businesses and strives to ensure that these are understood across the global equity markets, including in one-to-one meetings with investors. Dialogue on sustainable developments and socially responsible investment matters is handled by the Group Head of Sustainable Development, who undertakes focused meetings with interested investors and stakeholders.

In addition to scheduled management-led programmes in which executives interact with investors and analysts, the Chairman annually contacts all shareholders (or their representatives) holding more than 1% of the

issued share capital of the company, to enable him to address any queries which shareholders may have about 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. During the year the Chairman and Mr Manser, as Deputy Chairman and Senior Independent Director, accompanied by the Company Secretary, met with a number of institutional shareholders. The Deputy Chairman and the Company Secretary are also available to discuss issues with shareholders, and views expressed by shareholders are communicated 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. Institutional and shareholder comment on the annual report is conveyed by the Company Secretary to the full board and to the audit and remuneration committees in relation to matters within their respective terms of reference.

During April 2012 we also consulted with major shareholders before announcing the proposed appointment of Mr Mackay as Executive Chairman and Mr Clark as Chief Operating Officer. The then Chairman, Mr Kahn, the Senior Independent Director, Mr Manser, and the Company Secretary, Mr Davidson, conducted a number of calls and personal meetings with major shareholders and institutional investors to discuss the proposals with them. Following the announcement of the appointments, the Senior Independent Director then wrote personally to all shareholders setting out the rationale for the proposed appointments, and explaining why the directors thought it in the best interests of SABMiller to make these appointments.

As described in our remuneration report, during 2013 our 50 largest shareholders were invited to meet with the chairman of the remuneration committee to discuss our remuneration philosophy.

John Davidson

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

5 June 2013

Directors' remuneration report

Chairman's letter

'The remuneration committee's main responsibility is to ensure that payments to executives are appropriate and aligned with shareholder interests, producing sustainable value creation through the delivery of our long-term business strategy.'



Miles Morland
Chairman of the remuneration committee

Dear Shareholder

The year ended 31 March 2013 has been another year of strong financial performance, with group revenue up 10% and reported EBITA up 14%, contributing to adjusted EPS growth of 11% and an 11% increase in the total dividend for the year. We achieved a Total Shareholder Return of 254% over the five years to 31 March 2013, with £100 invested in SABMiller five years ago being worth £354, compared with just £175 if invested in the median of our peer group, or £136 if invested in the FTSE 100 index. Furthermore, £100 invested in SABMiller upon our listing in London in 1999 would now be worth £1,114.

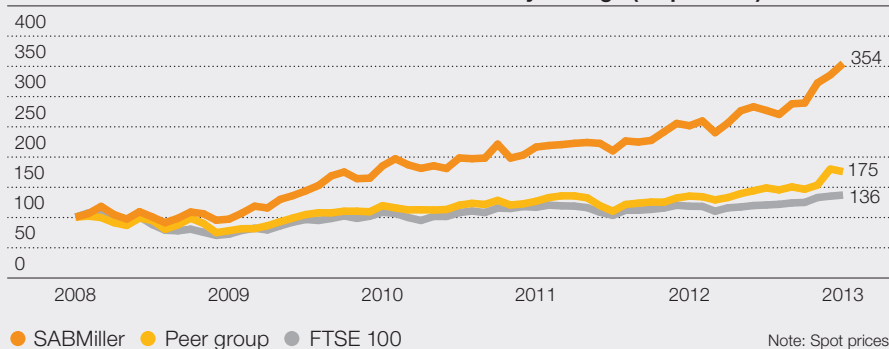
In such circumstances, it might be expected that executive variable pay would have paid-out at maximum for the year. However, while three-year adjusted EPS and five-year TSR performance conditions for long-term incentives have resulted in full vesting for 2013, the annual bonus payments to executives are well below the maximum, as has been the case in recent years, reflecting the very challenging performance targets set every year by the remuneration committee. Details of the performance measures and payouts for 2013 are included later in the remuneration report. A number of you had asked for greater disclosure concerning bonus assessment and the level of payouts; we are happy to provide that this year and intend to continue to do so in future years.

The remuneration report has been redesigned this year, and split into two sections, consistent with the draft remuneration reporting regulations proposed by the UK Department for Business Innovation & Skills. The policy report describes our remuneration philosophy, and its alignment with our business strategy, and includes a summary of the key elements of pay. The implementation report details and explains the amounts paid in respect of the year and periods ended 31 March 2013, and includes information on our achievement as measured against the various performance conditions which determine payments to executive directors.

During the year the remuneration committee undertook a consultation, inviting our 50 largest shareholders to contribute to that process. I was delighted that more than 30 shareholders and other representative bodies agreed to participate, and their input was extremely useful. A wide variety of views were expressed, not all of which were mutually compatible, but as a result of those interactions, we have made a number of changes to remuneration this year.

Value of £100 invested in SABMiller in London five years ago (1 April 2008)

£



The committee would have normally undertaken a full review of remuneration this year, but with the transition to a new chief executive (which was accelerated to 23 April 2013, following the sudden illness of Graham Mackay), the committee considered that it would not be appropriate to make any material changes before the new Chief Executive Alan Clark had the proper opportunity to engage with the board on the strategic direction of the group. In this way, any changes would be fully aligned with, and reinforce, the group's strategy. However, rather than defer all changes being considered, the committee has made a number of changes in response to our shareholder consultation pending a full review during 2013, including:

- more detailed disclosure of performance measures and outcomes relating to annual bonus payments;
- fixed the vesting schedule for Value Shares, to address an issue considered by some shareholders as providing an opportunity for retesting; and
- reduced the quantum of long-term incentive awards granted to executive directors and executive committee members by around 43%, directly proportional to the increase in share price since 2010 when the long-term incentives were last calibrated.

Before next year, the committee, led by Lesley Knox (who will take over as chairman of the remuneration committee in July 2013), will continue to review our remuneration structure and strategy, with particular focus on long-term incentives, to ensure that it continues to support the company's strategic aims under the leadership of Alan Clark. We will welcome further input from shareholders into this process, and any material changes will be discussed with shareholders and reflected in the binding vote on remuneration policy at the AGM in 2014.

I hope that the changes made to remuneration this year, the process of further review that we have committed to undertake before next year, and the demonstration of the close alignment between pay and performance will meet with your support at the AGM this year.

I will be stepping down from the committee following the AGM in July after chairing it for nine years. During this period SABMiller has been, by any measure but most importantly in terms of Total Shareholder Return, one of the most successful large consumer companies in the world, with shareholders making over ten times their money since our London listing in 1999.

This performance has not been achieved by fluke or by the company being carried along by a strong industry tide. It has been achieved by extraordinary management producing extraordinary returns under the leadership of Graham Mackay. We changed our compensation system three years ago to 'tilt the bar' so that middle-of-the-pack performance would not be rewarded but exceptional performance relative to our peers would receive exceptional rewards. It was clear from the recent consultations that this move has been welcomed by a large majority of our shareholders. I thank them for their support and wish Lesley Knox the very best in taking over chairing the committee. I know she will do a fine job. Please give her your input.

Yours sincerely

Miles Morland

Director
Chairman of the remuneration committee

5 June 2013

(The directors' remuneration report continues on pages 68 to 85.)

Remuneration glossary of terms

STI	Short-term Incentives
LTI	Long-term Incentives
TSR	Total shareholder return
EPS	Adjusted earnings per share

Directors' remuneration report

Policy report

This report covers the period from 1 April 2012 to 31 March 2013 and complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the provisions of the UK Corporate Governance Code relating to remuneration. It has also been prepared with reference to the March 2013 draft of the new remuneration reporting regulations proposed by the UK Government Department of Business Innovation and Skills (draft BIS regulations). These regulations are proposed to apply to all UK companies listed on a major stock exchange for financial years ending on or after 31 October 2013. Although not a requirement for the current reporting year, the proposed new format has been adopted, where possible and appropriate, to facilitate more consistent reporting of remuneration in the future.

Remuneration philosophy

The company's remuneration philosophy is to ensure that all employees are rewarded fairly and appropriately for their contribution. In setting remuneration levels, the committee takes into account appropriate market benchmarks, ensuring an emphasis on pay for performance. This approach helps to attract, retain and motivate individuals of the necessary calibre, while ensuring employee behaviours remain consistent with SABMiller's values.

Base pay is a fixed cost for the company, and is set at around median for the relevant market, with a significant proportion of variable performance-related pay to incentivise and reward performance measured over the short-term (one year) and long-term (three to five years), reinforced by shareholding guidelines to ensure long-term alignment with shareholders.

Short-term incentives are structured to reward the delivery of annual financial performance balanced with the achievement of strategic priorities, ensuring that the achievement of short-term financial performance is not at the expense of future opportunities.

Long-term incentives are an integral part of the company's approach to competitive performance-based pay, and are aligned to shareholder returns to ensure a clear line of sight between executive pay and long-term value creation for shareholders. For this reason, long-term incentives are the component of pay which represent the largest opportunity for executive directors and members of the executive committee.

The combination of these components ensures that high pay is achieved only for high performance and high shareholder returns.

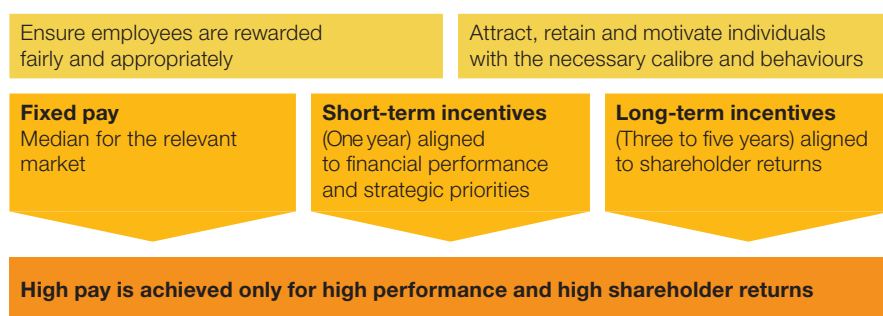
When determining pay, the committee considers the total remuneration (being fixed pay plus short-term and long-term incentives) that may be earned for each level of performance. Furthermore, when determining the specific performance measures for each incentive plan, the

committee pays particular regard to environmental, social and governance issues, to ensure that the incentive arrangements do not inadvertently motivate or reward inappropriate outcomes or excessive risk.

Before the quantum of awards is determined, extensive modelling of the potential outcomes is undertaken, and adjustments made, so that remuneration remains appropriate in all the circumstances. The targeted positions are:

- upper decile pay for upper decile performance;
- upper quartile pay for upper quartile performance;
- median pay (or lower) for median performance; and
- fixed pay only for below median performance.

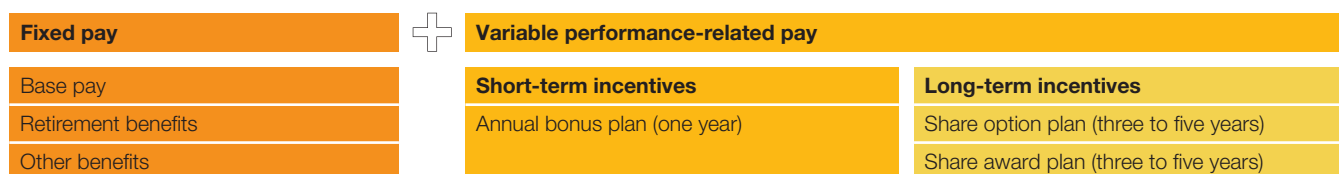
At the end of each performance period, before any variable payments are confirmed, remuneration receivable is compared to the expected level of pay for actual performance achieved, to ensure that any payouts remain appropriate to overall business performance and shareholder returns.



Remuneration structure

Total remuneration comprises fixed pay and variable performance-related pay, which is further divided into short-term incentives (with a one-year performance period) and long-term incentives (with three- to five-year performance periods).

In addition, executive directors are required to own outright shares in the company having a value proportional to their base pay (300% of base pay for the Chief Executive, and 200% for other executive directors). This provides further alignment with shareholder returns, by ensuring a reduction in their own wealth if there is a reduction in SABMiller's share price.



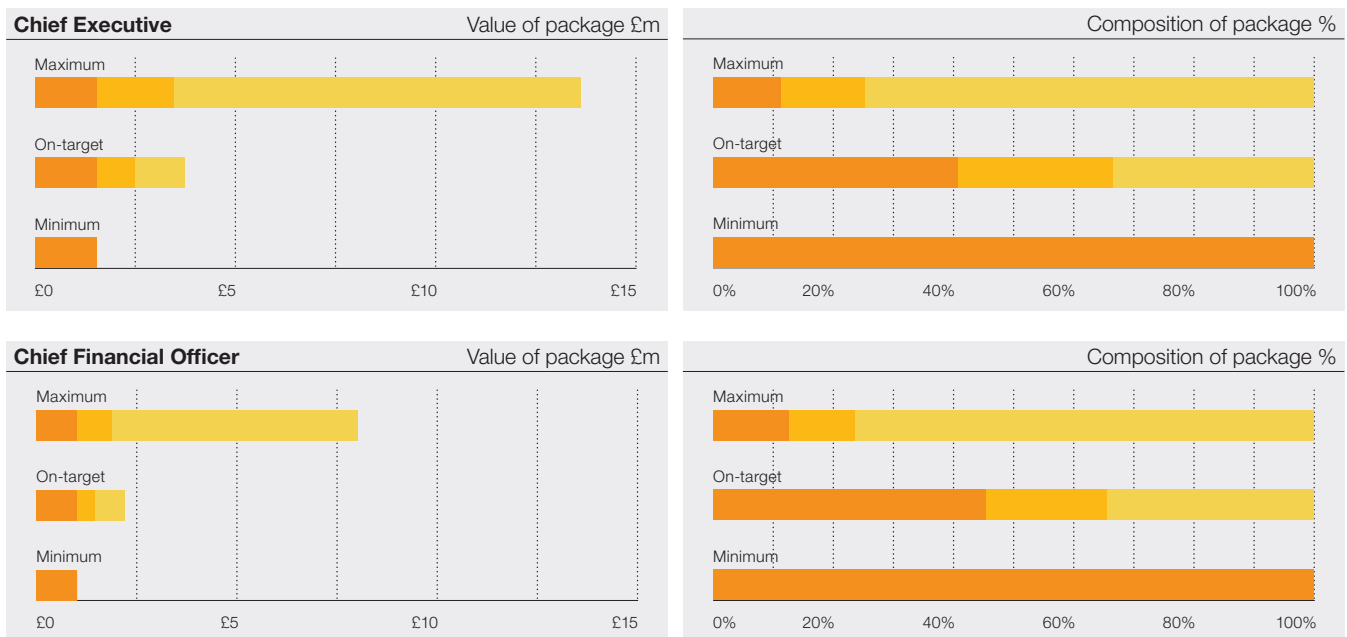
Alignment of strategy, pay and performance

The company's key strategic priorities aim to deliver a higher return to shareholders than other companies or investment opportunities. Accordingly, those same strategic priorities determine the performance measures for both the short-term and long-term incentive plans. For the year ended 31 March 2013 the key strategic priorities and performance measures across the group were:

Key strategic priorities	Performance measures	
	Short-term incentives	Long-term incentives
Creating a balanced and attractive global spread of businesses	<ul style="list-style-type: none"> Volume and mix EBITA growth 	<ul style="list-style-type: none"> Share price increase (absolute) EPS compound growth over three to five years TSR out-performance of a peer group over five years
Developing strong, relevant brand portfolios that win in the local market	<ul style="list-style-type: none"> Revenue Market share 	
Constantly raising the profitability of local business, sustainably	<ul style="list-style-type: none"> EBITA margin Water usage Fossil fuel emissions 	
Leveraging our skills and global scale	<ul style="list-style-type: none"> Return on investment Working capital 	

Remuneration scenario charts

The charts below provide an indication of the remuneration outcomes for each director in the circumstances prescribed by the draft BIS regulations, showing potential total remuneration at (i) maximum, (ii) on-target, and (iii) minimum performance levels:



● Fixed pay ● Short-term incentives ● Long-term incentives

The scenario charts assume:

- Fixed pay = base pay plus retirement benefits for the year ending 31 March 2014, plus the anticipated value of other benefits (assumed to be the same amount as for the year ended 31 March 2013 for this purpose).
- Short-term incentives = maximum bonus paid at maximum performance, half-maximum bonus paid for on-target performance, with nil bonus for below on-target performance.
- Long-term incentives = for share options, the maximum value is based on one-third of the face value with full vesting, while on-target assumes 20% of face value and two-thirds vesting. For performance shares, the maximum scenario assumes full vesting, with on-target at 25% vesting. For value shares, the maximum scenario assumes TSR exceeds the median of the comparator group by 30% across all performance periods. No value shares vest for median TSR performance and no long-term incentives vest for below on-target performance.

The charts on page 75 are prepared on the same basis as above, but for the period ending 31 March 2013, excluding and including share price growth.

Directors' remuneration report

Policy report continued

Key elements of pay

	Fixed pay			
	Base pay	Non-executive directors' fees	Retirement benefits	Other benefits
Purpose and link to strategy	Provides a fixed level of earnings, appropriate to the requirements of the role.	Remunerates non-executive directors for their responsibilities and time commitment.	Provides the basis for retirement savings.	Provides benefits appropriate to the market and the role.
Opportunity	Around median for the relevant market, while recognising experience in the role. The amounts paid to executive directors for the year ended 31 March 2013 are shown in the table on page 75.	Median for companies of a similar size and presence. Currently the median of the FTSE-30 is used as a reference position. Amounts paid to non-executive directors for the year ended 31 March 2013 are shown in the table on page 76.	Pension contributions paid by the company in respect of each executive director are fixed at 30% of base pay. The total amounts for executive directors for the year ended 31 March 2013 are shown in the table on page 75.	The total values of benefits received by executive directors and non-executive directors in respect of the year ended 31 March 2013 are shown in the tables on pages 75 and 76 respectively.
Operation and performance measures	Base pay is reviewed annually with effect from the start of each financial year, having reference to the competitive level of pay in other comparable organisations, the level of increase awarded to other employees, and overall business performance.	Non-executive directors' remuneration policy and fees are reviewed annually by the board, and the Chairman's fee is determined by the committee.	Amounts up to the annual and lifetime allowances are contributed to the SABMiller plc UK Staff Pension Scheme, a registered defined contribution pension scheme, in which all UK employees are eligible to participate. Any amount in excess of these limits is notionally credited to the company's unfunded retirement benefits scheme, or paid in lieu as a taxable cash allowance.	Executive directors are provided with a company car allowance, medical insurance, long-term disability insurance, life insurance, accompanied travel, legal and professional fees relevant to their duties, club subscriptions, occasional overnight accommodation in the group's London apartment, and a beer allowance. Non-executive directors do not generally receive any benefits, other than a beer allowance.
Proposed policy changes	Changes to base pay for the year ending 31 March 2014 are shown in the table on page 72.	Changes to non-executive directors' fees for the year ending 31 March 2014 are shown in the table on page 72.	None.	None.

Short-term incentives	Long-term incentives (Grants are made annually at the discretion of the remuneration committee)		Additional
Annual bonus plan	Share option plan	Share award plan	Shareholding requirements
<p>Incentivises and rewards the achievement of annual financial and other specified strategic priorities.</p> <p>With base pay set at median, the annual bonus ensures that above-market pay cannot be achieved unless challenging performance targets are met, thereby controlling the company's fixed costs and aligning pay with performance.</p>	<p>Share options provide a direct and transparent link between executive pay and value creation for shareholders, as no gains are possible unless there has been an increase in share price.</p> <p>Furthermore, to ensure that any share price increase is supported by continuing sustainable growth in the group's underlying financial performance, additional performance conditions apply, which must be achieved or else the share options will lapse.</p> <p>All share options expire on the tenth anniversary of their grant date.</p>	<p>The combination of a share option plan and share award plan enables executives to be incentivised and rewarded for achieving a broader range of performance metrics, in addition to share price increase.</p> <p>The share award plan rewards executives with shares for:</p> <ul style="list-style-type: none"> • core financial performance (currently EPS) – denoted as 'Performance Shares', and • external-relative performance (currently TSR out-performance of a comparator group) – denoted since 2010 as "Value Shares". 	<p>Provides alignment with shareholder returns by ensuring a reduction in an executive director's own wealth if there is a reduction in SABMiller's share price.</p>
<p><i>Chief Executive:</i> up to 175% of base pay.¹</p> <p><i>Other executive directors:</i> up to 120% of base pay.</p>	<p>Since 2010, the maximum awards have been:</p> <p><i>Chief Executive:</i> options over 250,000 shares at maximum vesting, subject to EPS performance conditions² (reduced to 140,000 shares at maximum vesting for 2013).</p> <p><i>Other executive directors:</i> options over 150,000 shares at maximum vesting, subject to EPS performance conditions (reduced to 85,000 shares at maximum vesting for 2013).</p>	<p><i>Chief Executive:</i> up to 125,000 shares subject to EPS performance conditions, plus an additional 220 shares for every £10 million increase in shareholder value in excess of a comparator group³ (reduced to 70,000 shares plus 125 shares respectively for 2013).</p> <p><i>Other executive directors:</i> up to 75,000 shares subject to EPS performance conditions, plus an additional 130 shares for every £10m increase in shareholder value in excess of a comparator group (reduced to 42,500 shares plus 75 shares respectively for 2013).</p>	<p>Shares owned outright equivalent to:</p> <p><i>Chief Executive:</i> 300% of base pay.</p> <p><i>Other executive directors:</i> 200% of base pay.</p> <p>Directors' shareholdings as at 31 March 2013 are shown on page 81.</p>
<p>The total bonus opportunity is split:</p> <ul style="list-style-type: none"> • 60% for the delivery of annual financial performance targets; and • 40% for the achievement of individual strategic objectives. <p>This balance ensures that the achievement of short-term financial performance is not at the expense of future opportunities.</p> <p>If overall business performance is not satisfactory, or there has been a material breach of safety or adverse impact on the environment, the bonus amount may be further reduced or forfeited at the discretion of the remuneration committee.</p> <p>The performance measures, achievement against targets, and the amounts paid to each executive director for the year ended 31 March 2013 are shown on page 77.</p>	<p>Share options reward executives only if there is an absolute increase in share price.</p> <p>Performance measures are applied to:</p> <ul style="list-style-type: none"> • two-thirds of the share options after three years; and • one-third of the share options after five years. <p>If these performance conditions are not met, the appropriate proportion of share options will lapse. There is no opportunity for retesting.</p> <p>Achievement against the performance conditions for the periods ended 31 March 2013, and the resulting number of share options vesting are shown on page 78.</p>	<p>Performance shares vest in a single tranche on the third anniversary of the grant date, subject to performance. 25% of the shares vest at threshold performance, with 100% vesting only if more stretching performance conditions are met.</p> <p>There is no opportunity for retesting if the performance conditions are not met.</p> <p>Value shares vest only if SABMiller's TSR outperforms the median of a comparator group. No shares vest for median performance, but for every £10 million of additional shareholder value created in excess of the median (being the % out-performance multiplied by the company's market capitalisation at the commencement of the performance period), a fixed number of shares will vest.</p> <p>The comparator group and performance for the periods to 31 March 2013 are shown on page 79.</p>	<p>Any shares arising from the exercise or vesting of share options or share awards granted to executive directors must be retained (except those shares sold to pay the exercise price and any tax upon exercise or vesting of any such award) until the relevant threshold is met.</p>
<p>None.</p>	<p>The level of share awards granted in 2013 has been reduced by around 43%. The grants made to executive directors in 2013 are shown in the tables on pages 82, 83 and 84.</p> <p>The vesting schedule for Value Shares granted in 2013 has been amended to:</p> <ul style="list-style-type: none"> • 1/3rd after three years; • 1/3rd after four years; and • 1/3rd after five years. <p>Previously, an executive could request the release of shares at fixed intervals between three and five years, based on performance to that date. This was considered by some shareholders as providing an opportunity for retesting.</p> <p>During 2013, a further review will be undertaken to ensure that the long-term incentive plans continue to support the company's key strategic priorities under the leadership of the new Chief Executive.</p>	<p>None.</p>	

¹ During the year ended 31 March 2013, the Chief Operating Officer (as Chief Executive-elect) was eligible for an annual bonus of up to 150% of base pay.

² During the year ended 31 March 2013, the Chief Operating Officer (as Chief Executive-elect) was granted options over 200,000 shares at maximum vesting, subject to EPS performance conditions.

³ During the year ended 31 March 2013, the Chief Operating Officer (as Chief Executive-elect) was granted a conditional award of up to 100,000 shares subject to EPS performance conditions, plus an additional 175 shares for every £10 million increase in shareholder value in excess of a comparator group.

Directors' remuneration report

Policy report continued

Base pay and non-executive directors' fees

Executive directors' base pay, and non-executive directors' fees, for the years ending 31 March 2013 and 31 March 2014 (annualised for ease of comparison) are as follows:

	Annualised		
	Year ended 31 March 2013 £	Year ending 31 March 2014 £	% change
Executive directors			
Chief Executive/Executive Chairman	1,295,000	1,100,000	15% decrease ¹
Chief Operating Officer	850,000	n/a	n/a
Chief Financial Officer	720,000	740,000	2.8%
Non-executive directors			
Non-executive chairman's fee	315,000	650,000	106%
Base fee	80,000	80,000	nil
Senior independent director (additional fee)	30,000	30,000	nil
Committee chairman fee			
• Audit	30,000	30,000	nil
• Remuneration	24,000	28,000	16.7%
• Nomination	15,000	25,000	67%
• CARAC	20,000	22,000	10%
Committee member fee			
• Audit	15,000	20,000	33.3%
• Remuneration	12,000	15,000	25%
• Nomination	–	–	nil
• CARAC	8,000	12,000	50%

¹ During the year ended 31 March 2013, Mr Mackay received base pay at the rate of £1,295,000 per annum in his role as Chief Executive (from 1 April 2012 to 25 July 2012) and as Executive Chairman (from 26 July 2012). Upon assuming the role of Chief Executive (with effect from 23 April 2013) Mr Clark's base pay was set at the rate of £1,100,000 per annum for the period ending 31 March 2014, representing a 15% decrease in base pay for the Chief Executive role.

It had been intended that, at the AGM in July 2013, Mr Mackay (Executive Chairman) would become non-executive Chairman, and Mr Clark (Chief Operating Officer) would become Chief Executive. However, for health reasons, Mr Mackay was forced to step-down on 23 April 2013, resulting in Mr Clark being promoted with immediate effect to Chief Executive. Mr Manser (Deputy Chairman and Senior Independent Director) has assumed the responsibilities of acting Chairman while Mr Mackay is absent on medical leave.

Mr Clark will receive pay as Chief Executive, and Mr Manser will receive a total fee as acting non-executive Chairman, both with effect from 23 April 2013. Mr Mackay will continue to receive his current base pay only while on medical leave, at least until the 2013 AGM. A decision will then be made depending upon Mr Mackay's health and the circumstances at that time.

The non-executive Chairman's fee has been positioned at the median for the FTSE-30 for a UK-based role. This appears as a significant percentage increase because the previous non-executive Chairman was based in South Africa and received a lower fee based on the market rate for that location.

The base fee for non-executive directors has not increased this year, but the committee fees (which have not increased since 2011) have been increased to the median of the FTSE-30 or just below. The FTSE-30 is the company's reference position for non-executive directors' fees.

Consideration of conditions elsewhere in the group

When determining the remuneration for executive directors, the committee considers the pay and conditions of other employees throughout the group. The average increase in base pay for other UK-based employees is 3.2% for 2013/14. Short-term incentives for other employees are applied and calculated in a manner consistent with those for executive directors and other executive committee members. Long-term incentives are cascaded to ten other executive committee members, and also to around 1,700 senior executives below the executive committee.

Service contracts and termination arrangements

Executive directors have service contracts with the company which may be terminated with not less than 12 months' notice as set out below. Non-executive directors do not have service contracts, but serve the company under letters of appointment which may be terminated without liability for compensation.

	Date first appointed to the board	Date of service contract/letter of appointment	Date next due for election or re-election
Executive directors			
A J Clark	26 July 2012	23 May 2013	2013 AGM
J S Wilson	21 July 2011	17 August 2011	2013 AGM
Non-executive directors			
M H Armour	1 May 2010	14 April 2010	2013 AGM
G C Bible	1 August 2002	27 September 2002	2013 AGM
D S Devitre	16 May 2007	16 May 2007	2013 AGM
J M Kahn	8 February 1999	23 February 1999	n/a
L M S Knox	19 May 2011	17 May 2011	2013 AGM
E A G Mackay	8 February 1999	27 February 1999	2013 AGM
P J Manser	1 June 2001	23 May 2013	2013 AGM
J A Manzoni	1 August 2004	12 May 2004	2013 AGM
M Q Morland	8 February 1999	23 February 1999	2013 AGM
D F Moyo	1 June 2009	26 May 2009	2013 AGM
C A Perez Davila	9 November 2005	12 October 2005	2013 AGM
R Pieterse	15 May 2008	9 June 2008	n/a
M C Ramaphosa	8 February 1999	23 February 1999	n/a ¹
A Santo Domingo Davila	9 November 2005	12 October 2005	2013 AGM
H A Weir	19 May 2011	17 May 2011	2013 AGM
H A Willard	1 August 2009	1 August 2009	2013 AGM

¹ Mr Ramaphosa has confirmed his intention not to stand for re-election at the 2013 AGM.

The company's policy on service contracts and termination arrangements is set out below. The company's overriding principle is that there should be no reward for failure. The committee's approach, when considering payments in the event of termination, is to take account of the individual circumstances including the reason for termination, any contractual obligations, and the relevant share plan and pension scheme rules.

Service contract key items	
Notice period	<ul style="list-style-type: none"> For executive directors, 12 months' written notice by either party. Executive committee members and other employees have notice periods of up to 12 months.
Termination payment	<ul style="list-style-type: none"> Base pay and benefits: paid in lieu for the remainder of the notice period, less any deduction considered appropriate and reasonable taking into account any accelerated receipt of payment and the employee's duty to mitigate any loss. Short-term incentives: not contractual, but normal practice is to pro-rate the annual bonus for the year in which an employee departs, subject to individual and business performance. Long-term incentives: not contractual, but if an employee leaves by reason of retirement, injury, disability, ill-health or redundancy, any unvested share awards are pro-rated for time served during the relevant period, with vesting subject to the applicable performance conditions. In the event of death, or if the company or business in which the employee works is sold or transferred, any unvested share awards may vest in full, subject to the absolute discretion of the remuneration committee.

Directors' remuneration report

Implementation report

Role of the remuneration committee

In accordance with its terms of reference (which are available on the company's website), the committee determines the basis on which the executive directors and members of the executive committee are to be paid and the amount of their remuneration. In addition, the committee has oversight of the remuneration strategy for the group as a whole, monitoring the level and structure of remuneration for senior management, and approving all awards under the company's share incentive arrangements. When determining executive pay, the committee

considers the specific performance measures for each incentive plan, as well as overall business performance and shareholder returns, paying particular regard to environmental, social and governance issues, to ensure that the incentive arrangements do not inadvertently motivate or reward inappropriate outcomes or excessive risk.

During the year ended 31 March 2013 remuneration committee members' attendance at meetings and details of the core agenda items discussed are shown below:

Meetings		
Members	Eligible to attend	Attended
M Q Morland (Chairman)	●●●	●●●●
M H Armour	●●●	●●●●
L M S Knox	●●●	●●○
P J Manser	●●●	●●●●
J A Manzoni	●●●	●●●●

Meeting	Core agenda items	Attendees
May 2012	<ul style="list-style-type: none"> Consider and approve short-term incentive payments for the year ended 31 March 2012. Consider and approve long-term incentive awards vesting in respect of the performance periods ended 31 March 2012. Determine base pay for the year ending 31 March 2013. Determine short-term incentive and long-term incentive performance measures and targets, and consider total remuneration for various performance outcomes for awards to be made during the year ending 31 March 2013. Approve long-term incentive awards for employees below executive committee. Consider and implement shareholding guidelines for executive directors. 	M Q Morland (Chairman) M H Armour L M S Knox P J Manser J A Manzoni
November 2012	<ul style="list-style-type: none"> Review remuneration policy, practice, pay and conditions for employees across the group. Approve (off-cycle) long-term incentive awards for employees below executive committee. Additional agenda item: Approve remuneration package for new executive committee member. 	M Q Morland (Chairman) M H Armour L M S Knox P J Manser J A Manzoni
March 2013	<ul style="list-style-type: none"> Report on shareholder consultations, and consider structural changes to remuneration for the year commencing 1 April 2013. 	M Q Morland (Chairman) M H Armour P J Manser J A Manzoni

The following non-executive directors attended some committee meetings during the year as observers: Mr Kahn, Mr Santo Domingo and Mr Willard. Also present, on occasions at the invitation of the committee were Mr Clark (then Chief Operating Officer), Mr Davidson (General Counsel and Group Company Secretary), Mr Fairhead (Group Head of Compensation & Benefits), Mr Mackay (Executive Chairman) and Mr Shapiro (Deputy Company Secretary), although none was present when his own remuneration was discussed.

Advisors to the remuneration committee

External advisors	Internal advisors
Kepler Associates is retained by the committee to provide independent advice on remuneration matters including current market practices, incentive design, performance metrics, and independent monitoring of total shareholder return. Kepler Associates does not provide any other advice or services to the group, and fees are charged on a time-basis. Total fees in respect of the year ended 31 March 2013 were £81,500. No other fees were paid to Kepler Associates.	The committee considers the views of the Chairman, and the Chief Executive, on the remuneration and performance of other members of the executive committee. The General Counsel and Group Company Secretary, and the Group Head of Compensation & Benefits also provide information to the committee on legal, regulatory and governance issues, and on the pay and conditions for employees throughout the group.

Executive directors' emoluments for the year ended 31 March 2013 (audited table)

The table below shows the payments made to executive directors in respect of the year ended 31 March 2013. Directors' emoluments have been disclosed as required by the current regulations, but also shown is the

"single figure" of remuneration for each executive director during the year, calculated in the manner proposed by the draft BIS regulations. Also included for Mr Clark and Mr Wilson are the values of long-term

incentives vesting by reference to the performance period ended 31 March 2013 which were granted to them in 2008 and 2010 in respect of their services as employees rather than as executive directors.

Executive directors	Emoluments				Additional "single figure" disclosure					
	Base pay	Cash and non-cash benefits ⁴	Annual bonus: cash (see page 77)	2013 total	2012 total	Retirement benefits	Long term incentives excluding share price growth (see page 79)	Total excluding share price growth	Effect of share price growth (see pages 78 and 79)	Total (including share price growth)
All figures in £										
E A G Mackay ¹	1,295,000	122,841	1,400,000	2,817,841	3,042,642	388,500	3,005,146	6,211,487	7,698,910	13,910,397
A J Clark ²	579,545	96,858	530,000	1,206,403	–	173,864	1,560,943	2,941,210	3,754,906	6,696,116
J S Wilson ³	720,000	41,150	535,680	1,296,830	909,994	216,000	175,590	1,688,420	332,860	2,021,280
Total	2,594,545	260,849	2,465,680	5,321,074	3,952,636	778,364	4,741,679	10,841,117	11,786,676	22,627,793

¹ Mr Mackay received annual fees for his service as a non-executive director of Reckitt Benckiser Group plc of £92,000 for the year ended 31 December 2012, of which £13,500 was applied to the purchase of Reckitt Benckiser Group plc ordinary shares. In addition, Mr Mackay received annual fees as a non-employee director of Philip Morris International Inc of US\$130,000 plus an annual award of shares of common stock in Philip Morris

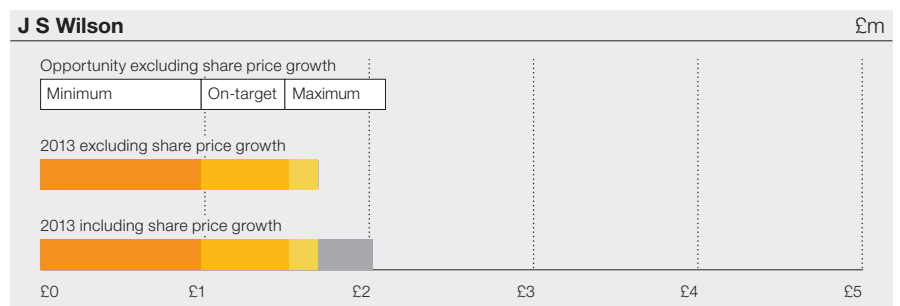
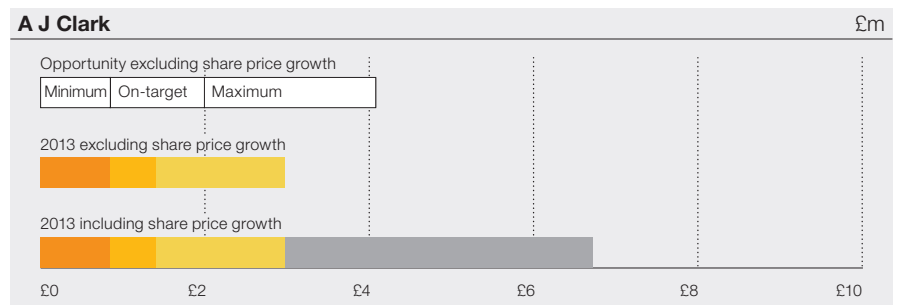
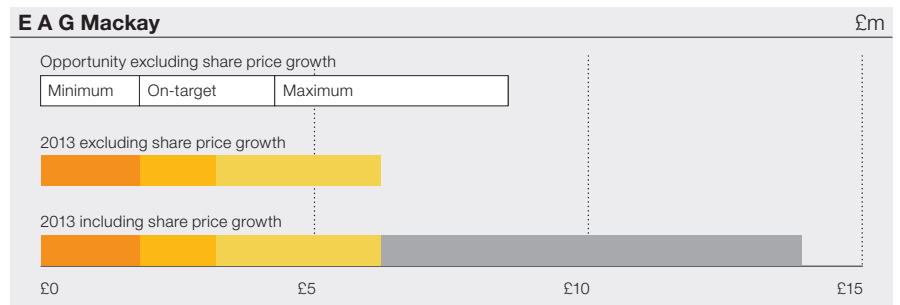
International Inc for the year ended 31 December 2012 which had a fair market value of US\$160,000 on their grant date of 9 May 2012.

² Mr Clark was appointed as a director on 26 July 2012, and therefore received only pro-rated emoluments from the company as an executive director during the year ended 31 March 2013.

³ Mr Wilson was appointed as a director on 21 July 2011, and therefore received only pro-rated emoluments from the company as an executive director during the year ended 31 March 2012.

⁴ The benefits received during the year ended 31 March 2013 all relate to non-cash benefits as detailed on page 70, with the exception of car allowances of £23,400, £11,693 and £17,150 paid to Mr Mackay, Mr Clark and Mr Wilson respectively.

The charts have been prepared on the same basis as the remuneration scenario charts on page 69. For comparison purposes, the chart provides an indication of minimum, on-target and maximum total remuneration for the period, shown with and without the effect of share price growth over the performance periods. In the five years ended 31 March 2013 SABMiller's share price increased by 214%.



● Fixed pay ● Short-term incentives ● Long-term incentives ● Share price growth

Directors' remuneration report

Implementation report continued

Non-executive directors' emoluments for the year ended 31 March 2013 (audited table)

Non-executive directors	Emoluments and "single figure" of remuneration							2013 total	2012 total
	All figures in £	Base fees	Benefits	Committee fees		CARAC	Nomination		
Audit				Remuneration					
M H Armour	80,000	206	15,000	12,000	–	–	107,206	104,203	
G C Bible ¹	80,000	–	–	–	5,424	–	85,424	77,000	
D S Devitre	80,000	364	15,000	–	–	–	95,364	92,148	
J M Kahn	101,420	1,074	–	–	2,576	4,830	109,900	314,074	
L M S Knox	80,000	265	15,000	12,000	–	–	107,265	90,312	
P J Manser	110,000	407	30,000	12,000	8,000	10,170	170,577	147,398	
J A Manzoni	80,000	373	–	12,000	8,000	–	100,373	97,462	
M Q Morland	80,000	409	15,000	24,000	–	–	119,409	116,400	
D F Moyo	80,000	279	–	–	20,000	–	100,279	97,357	
C A Perez Davila	80,000	243	–	–	–	–	80,243	77,181	
R Pieterse ²	25,757	–	–	–	2,576	–	28,333	85,000	
M C Ramaphosa	80,000	208	–	–	8,000	–	88,208	85,199	
A Santo Domingo Davila	80,000	298	–	–	–	–	80,298	77,246	
H A Weir	80,000	302	15,000	–	–	–	95,302	80,197	
H A Willard ³	–	307	–	–	–	–	307	382	
Total	1,117,177	4,735	105,000	72,000	54,576	15,000	1,368,488	1,541,559	

Non-executive directors do not participate in any of the company's incentive plans, nor do they receive retirement benefits.

As non-executive Chairman until his retirement from the board on 26 July 2012, Mr Kahn was provided with an office, secretarial assistance, a company car, medical insurance, assistance with filing a UK tax return, and a beer allowance.

Other non-executive directors receive a beer allowance only.

¹ Mr Bible joined the CARAC with effect from 26 July 2012, and his committee membership fees for the year are pro-rated.

² Mr Pieterse retired from the board on 26 July 2012.

³ Mr Willard is an executive officer of Altria Group Inc (Altria), and in line with the company's agreement with Altria, he does not receive a director's fee from the company, but is entitled to receive a beer allowance in line with other non-executive directors.

Variable pay outcome for the year ended 31 March 2013

Annual bonus plan

As explained on page 71 the total bonus opportunity for executive directors is split:

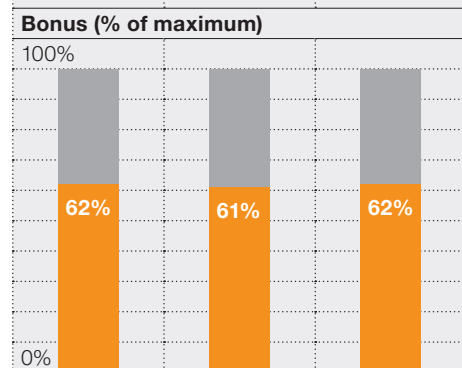
- 60% for the delivery of annual financial performance targets; and
- 40% for the achievement of individual strategic objectives.

In response to feedback from some shareholders, more detailed information regarding the annual bonus performance measures has been provided this year, with the weightings and determinations for the year ended 31 March 2013 shown in the table below, split between financial and individual strategic targets:

Achievement against the group's financial performance targets, upon which bonuses are based for each executive director, resulted in achievement just above target (32% out of a maximum of 60%). This is despite adjusted EPS growth of 11% and reported EBITA up 14%, reflecting the very challenging performance targets set for the financial year. Individual strategic objectives are usually different for each executive director, although some key strategic objectives have joint responsibility.

Performance measure	Weighting	Outcome (% of maximum bonus opportunity)		
		E A G Mackay	A J Clark	J S Wilson
Financial performance targets: <ul style="list-style-type: none"> • Earnings per share growth. • EBITA achievement. • Working capital improvement. 	25% 25% 10%			
	60%	32%	32%	32%
Individual strategic objectives, including quantifiable measurement for achievements with regard to: <ul style="list-style-type: none"> • Cost optimisation project. • Market share growth in designated territories. • Talent management development. • Others, not disclosed for reasons of commercial confidentiality. 	Selection only, so separate weightings not disclosed			
	40%	30%	29%	30%
Total (% of maximum bonus opportunity)	100%	62%	61%	62%
Maximum bonus (% of base pay)		175%	150%	120%
Base pay		£1,295,000	£579,545	£720,000
Annual bonus		£1,400,000	£530,000	£535,680

At its meeting on 21 May 2013 the committee reviewed performance against each target, and also considered overall business performance and shareholder returns achieved. After consideration, the committee awarded bonuses to the executive directors in the amounts shown above for the year ended 31 March 2013.



Annual bonus, as a percentage of the maximum bonus opportunity, for the highest paid director (E A G Mackay) for each of the last three years, split between annual financial performance and individual strategic objectives was:

Performance measure	Weighting	Years ended		
		31 March 2010	31 March 2011	31 March 2012
Financial performance targets	60%	45%	53%	47%
Individual strategic objectives	40%	34%	32%	30%
Total (% of maximum bonus opportunity)	100%	79%	85%	77%

Directors' remuneration report

Implementation report continued

Share option plan

As explained on page 71, share options provide a direct and transparent link between executive pay and value creation for shareholders, as no gains are possible unless there has been an absolute increase in the share price. Furthermore, to ensure that any share price increase is supported by continuing sustainable growth in the group's underlying financial performance, annual awards vest dependent upon the achievement of additional performance conditions with:

- two-thirds of the share options tested after three years; and
- one-third of the share options tested after five years.

If the performance conditions are not achieved at the relevant time, the appropriate proportion of share options will lapse and there is no opportunity for retesting.

For share options vesting in respect of the performance periods ended 31 March 2013 the performance conditions, achievement and vesting outcomes are shown in the table below:

Performance period and achievement	Vesting	Outcome			
		E A G Mackay	A J Clark	J S Wilson	
Five years ended 31 March 2013	100%	75,900 shares at £12.50 19,800 shares at £9.295	16,500 shares at £12.50 8,250 shares at £10.49		
• Threshold vesting: EPS > UK RPI + 3% pa compound					Threshold
• Maximum vesting: EPS > UK RPI + 5% pa compound					Maximum
• Performance achieved: EPS = UK RPI + 14.2% pa compound					
Three years ended 31 March 2013	100%	167,500 shares at £19.51	108,550 ¹ shares at £19.51	13,000 ² shares at £19.51	
• Threshold vesting: EPS > UK RPI + 3% pa compound					Threshold
• Maximum vesting: EPS > UK RPI + 5% pa compound					Maximum
• Performance achieved: EPS = UK RPI + 11.1% pa compound					
Value at vesting (excluding share price growth)		£nil	£nil	£nil	
Value at vesting (including share price growth)*		£4,716,532	£2,206,909	£196,690	

* Exercise price shown in the table; and share price at 31 March 2013 = £34.64.

¹ Under the terms of the share option grant to Mr Clark in 2010, before he became an executive director, options over 65,000 of the 108,550 shares vesting for the three years ended 31 March 2013 were not subject to performance conditions.

² Under the terms of the share option grant to Mr Wilson in 2010, before he became an executive director, options over the 13,000 shares vesting for the three years ended 31 March 2013 were not subject to performance conditions.

In the five years ended 31 March 2013 SABMiller's share price as listed on the London Stock Exchange increased by 214%. The opening share price on 1 April 2008 was £11.03; and the closing share price on 28 March 2013 (being the prior trading day closest to 31 March 2013) was £34.64.

Details of share options conditionally awarded to executive directors and outstanding at 31 March 2013 are shown on page 82.

Share award plan

The share award plan rewards executives for core financial performance, currently measured as adjusted EPS growth and TSR out-performance of a comparator group. For annual awards granted before 2010, EPS growth is measured over three years, and TSR-based awards vest:

- two-thirds after three years; and
- one-third after five years.

Since 2010 annual awards have comprised a reduced number of performance shares vesting after three years dependent upon EPS growth, plus value shares vesting over a period of three to five years dependent upon TSR exceeding the median of a comparator group, with no shares vesting at median.

The value shares conditionally awarded before 2013 vest on the fifth anniversary of the grant date, subject to TSR out-performance, but participants may request the remuneration committee to release shares from the third anniversary of the grant date. In such circumstances, the number of shares is determined based on TSR out-performance to that date, with the shares partially deferred and released in equal instalments over the period until the fifth anniversary of the grant date. There is no opportunity for retesting against future TSR performance, and the deferred shares are subject to forfeiture under certain circumstances should the participant's employment terminate before

the fifth anniversary. The earliest opportunity for any value shares to be released will be in the period ending 31 March 2014. Value shares conditionally awarded from 2013 vest one-third on the third, fourth and fifth anniversaries of the grant date respectively. The number of shares to be released, if any, will be based on TSR out-performance to those dates.

If the performance conditions for any award are not achieved at the relevant date, the appropriate proportion of shares will lapse and there is no opportunity for retesting. For share awards vesting in respect of the performance period ended 31 March 2013, the performance conditions, achievement and vesting outcomes are shown in the table below:

Performance conditions and achievement	Vesting	Outcome			
		E A G Mackay	A J Clark	J S Wilson	
Five years ended 31 March 2013	100%	37,950 shares at £12.50 9,900 shares at £9.295	16,500 shares at £12.50 8,250 shares at £10.49		
• Threshold vesting: TSR > median					Threshold
• Maximum vesting: TSR > median by 33%					Maximum
• Performance achieved: TSR > median by 79.5%					
Three years ended 31 March 2013	100%	125,000 shares at £19.51	65,000 shares at £19.51	9,000 shares at £19.51	
• Threshold vesting: EPS > 5% pa compound					Threshold
• Maximum vesting: EPS > 9% pa compound					Maximum
• Performance achieved: EPS = 14.0% pa compound					
Value at vesting (excluding share price growth)		£3,005,146	£1,560,943	£175,590	
Value at vesting (including share price growth)*		£5,987,524	£3,108,940	£311,760	

* Share price at date of grant shown in the table; and share price at 31 March 2013 = £34.64

Details of performance shares and value shares conditionally awarded to executive directors and outstanding at 31 March 2013 are shown on pages 83 and 84. The constituents of the TSR comparator group for share awards vested or outstanding as at 31 March 2013 are:

	Weighting of comparator group constituents for awards granted			
	before 2010		from 2010	
1 Anheuser-Busch InBev	10%		21%	
2 Heineken	10%		21%	
3 Molson Coors Brewing Co	10%		11%	
4 Carlsberg	10%		11%	
5 Diageo	10%		5%	
6 Pernod-Ricard	10%		5%	
7 Kirin Holdings	10%		5%	
8 Asahi Breweries	10%		5%	
9 Constellation Brands	10%		5%	
10 Sapporo Holdings	10%		5%	

The weighting of the comparator group constituents was rebalanced in 2010 to weight more heavily those companies considered to be the most significant competitors of SABMiller, and therefore better comparators for benchmarking company performance.

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, to remove distortions arising from differing rates of inflation in the

countries where the comparator companies are listed. TSR is averaged over three months for awards granted before 2010, and over six months for awards granted from 2010, with the longer averaging period adopted in 2010 to reduce the sensitivity of vesting due to short-term stock market volatility.

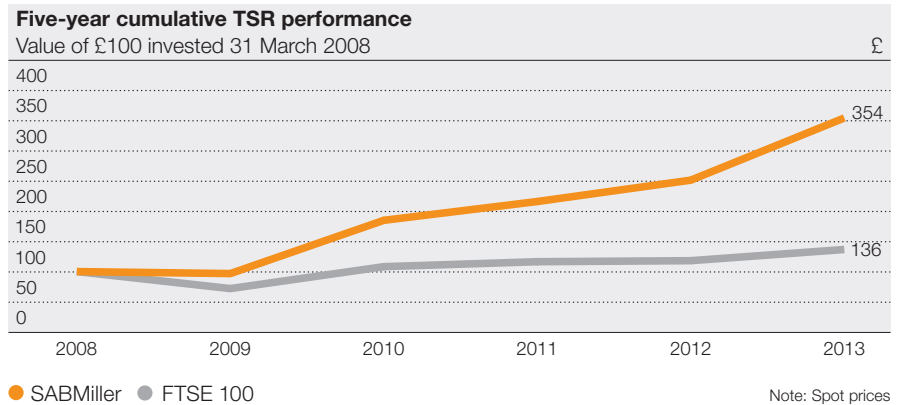
Directors' remuneration report

Implementation report continued

Performance review

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, which remain in force, the company is also required to include a line graph showing the company's TSR performance compared to an appropriate broad equity market index for the preceding five years. The chart opposite compares the company's TSR with the FTSE 100 Total Return Index over the period from 1 April 2008 to 31 March 2013 assuming an initial investment of £100. The company is a constituent of the FTSE 100 Total Return Index and, accordingly, this is considered to be an appropriate comparison to demonstrate the company's relative performance.

Over this period, £100 invested in SABMiller would have returned £354, while the same amount notionally invested in this index would have returned just £136.



Total shareholdings of directors

In 2012 the committee established shareholding requirements, which provide alignment with shareholder returns, by ensuring a reduction in an executive director's own wealth if there is a reduction in SABMiller's share price. Any shares arising from the exercise or vesting of share options or share awards granted to executive directors must be retained (except those shares sold to pay the exercise price and any tax upon exercise or vesting of any such award) until the relevant threshold is met. The total shareholdings and requirement at 31 March 2013 are shown in the table below:

Executive director	Shares held			Options held (see table on page 82)		Shares owned outright at 31 March 2013 @ £34.64 (% of base pay)	Shareholding requirement
	Owned outright (see table below)	Subject to performance conditions (see table on page 83)	Subject to deferral	Owned outright	Subject to performance conditions		
E A G Mackay	1,671,823	470,700	–	849,404	940,596	4,472%	300%
A J Clark	173,747	279,500	–	520,246	509,500	708%	200%
J S Wilson	12,275	159,000	–	3,623	313,000	59%	200%

Mr Wilson does not yet meet the shareholding requirement, but as a result of shares retained from awards vesting in respect of the year ended 31 March 2013 but not received until after the year end, Mr Wilson's shares owned outright at 5 June 2013 were equivalent to 83% of base pay.

Directors' interests in shares of the company (audited)

Director	Ordinary shares held at 31 March 2012 (or date of appointment if later)	Ordinary shares acquired during the period	Ordinary shares disposed of during the period	Ordinary shares held as at 31 March 2013 (or date of retirement if earlier)
E A G Mackay ^{1,12}	1,537,375	280,100	145,652	1,671,823
A J Clark ^{2,12}	173,747	–	–	173,747
J S Wilson ^{3,12}	6,850	35,000	29,575	12,275
M H Armour ⁴	–	3,000	–	3,000
G C Bible ⁵	75,775	–	–	75,775
D S Devitre ⁶	–	–	–	–
J M Kahn ⁷	1,670,578	–	–	1,670,578
L M S Knox	3,000	–	–	3,000
P J Manser	5,000	–	–	5,000
J A Manzoni ⁸	3,579	1,987	–	5,566
M Q Morland	40,000	–	–	40,000
D F Moyo	386	–	–	386
C A Perez Davila	–	–	–	–
R Pieterse ⁹	–	–	–	–
M C Ramaphosa ¹⁰	4,000	–	–	4,000
A Santo Domingo Davila	–	–	–	–
H A Weir ¹¹	–	100	–	100
H A Willard	–	–	–	–

¹ Mr Mackay had awards vested in respect of 280,100 shares during the year ended 31 March 2013 (see page 83), with 145,652 shares sold to settle the resulting tax liability, and the balance of the shares was retained by Mr Mackay beneficially.

² Mr Clark was appointed as an executive director at the annual general meeting held on 26 July 2012, and the table reflects his shareholding on that date. The vesting of 141,750 shares (see page 83) in May 2012 occurred before Mr Clark's appointment as an executive director, and accordingly the resulting balance of shares retained by Mr Clark is included in the figure for ordinary shares held at the date of his appointment in the table above.

³ Mr Wilson had awards vested in respect of 9,000 shares during the year ended 31 March 2013 (see page 83), with 3,575 shares sold to settle the resulting tax liability, and the balance of shares were retained by Mr Wilson beneficially. Mr Wilson also exercised options over 26,000 shares (see page 82) that were granted to him in 2008 and 2009 before he became an executive director, which were sold upon exercise.

⁴ Mr Armour acquired 3,000 shares on 12 March 2013 at a price of £34.705 per share.

⁵ After the year end, Mr Bible acquired a further 1,225 shares on 30 May 2013 at a price of £33.7832 per share.

⁶ After the year end, Mr Devitre acquired a total of 30,000 shares, being 10,000 shares on 28 May 2013 at a price of £34.9599 per share; 10,000 shares on 28 May 2013 at a price of £35.2046 per share; and 10,000 shares on 29 May 2013 at a price of £34.3618 per share.

⁷ Mr Kahn retired from the board on 26 July 2012, and the table reflects his shareholding on that date.

⁸ Mr Manzoni has elected to apply his quarterly non-executive director's fees to the regular purchase of ordinary shares after the deduction of taxes by way of a trading plan, and accordingly acquired 520 shares on 25 June 2012 at a price of £24.558 per share, 461 shares on 25 September 2012 at a price of £27.30 per share, 505 shares on 21 December 2012 at a price of £28.404 per share, and 501 shares on 25 March 2013 at a price of £34.393 per share. The trading plan will remain in place until revoked by Mr Manzoni, although it cannot be revoked or altered except in open dealing periods with the clearance of the chairman in accordance with the Model Code.

⁹ Mr Pieterse retired from the board on 26 July 2012, and the table reflects his shareholding on that date.

¹⁰ Mr Ramaphosa's interest in 4,000 shares is non-beneficial.

¹¹ Ms Weir acquired 100 shares on 26 March 2013 at a price of £34.63 per share.

¹² In May and June 2013 Messrs Mackay, Clark and Wilson's beneficial holdings increased by 86,363, 47,830 and 5,046 shares, respectively, following the vesting of awards over 162,950, 81,500 and 9,000 shares, respectively, and the subsequent sales of shares to settle tax liabilities on the gross awards vested, with the balance of the shares being retained. There have been no other changes in the directors' beneficial interests as at 5 June 2013.

Directors' remuneration report

Implementation report continued

Share incentive plans (audited)

Executive directors' interests in shares of the company provided in the form of share options and share awards are shown in the tables below. Mr Clark was appointed to the board on 26 July 2012, and Mr Wilson was appointed to the board on 21 July 2011, but

the share awards detailed below represent their total outstanding share awards, including those granted to them in respect of their services as employees, rather than just those granted in respect of, or in contemplation of, their qualifying services as executive directors.

During the year ended 31 March 2013 the highest and lowest market prices for the company's shares were £35.095 (on 14 March 2013) and £23.485 (on 1 June 2012) respectively, and the closing market price on 28 March 2013 (being the prior trading day closest to 31 March 2013) was £34.64.

Share options

Director	Exercisable for 3-10 years from	Performance period (year ending 31 March)	Subscription price £	Outstanding as at 31 March 2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2013	Vested and exercisable as at 31 March 2013	Sale price/market price (if applicable) £
E A G Mackay	19 May 2006	Vested	10.61	230,000	–	–	–	230,000	230,000	
	18 May 2007	Vested	11.67	230,000	–	–	–	230,000	230,000	
	16 May 2008	Vested	12.50	154,100	–	–	–	154,100	154,100	
	16 May 2008	5 years (2013)	12.50	75,900	–	–	–	75,900	–	
	14 Nov 2008	Vested	9.295	40,200	–	–	–	40,200	40,200	
	14 Nov 2008	5 years (2013)	9.295	19,800	–	–	–	19,800	–	
	15 May 2009	Vested	12.31	195,104	–	–	–	195,104	195,104	
	15 May 2009	5 years (2014)	12.31	94,896	–	–	–	94,896	–	
	1 Jun 2010	3 years (2013)	19.51	167,500	–	–	–	167,500	–	
	1 Jun 2010	5 years (2015)	19.51	82,500	–	–	–	82,500	–	
	1 Jun 2011	3 years (2014)	22.495	167,500	–	–	–	167,500	–	
	1 Jun 2011	5 years (2016)	22.495	82,500	–	–	–	82,500	–	
	1 Jun 2012	3 years (2015)	23.95	–	167,500	–	–	167,500	–	
	1 Jun 2012	5 years (2017)	23.95	–	82,500	–	–	82,500	–	
				1,540,000	250,000	–	–	1,790,000	849,404	
A J Clark	20 May 2005	Vested	8.28	69,746	–	–	–	69,746	69,746	
	19 May 2006	Vested	10.61	100,000	–	–	–	100,000	100,000	
	18 May 2007	Vested	11.67	100,000	–	–	–	100,000	100,000	
	16 May 2008	Vested	12.50	83,500	–	–	–	83,500	83,500	
	16 May 2008	5 years (2013)	12.50	16,500	–	–	–	16,500	–	
	1 Aug 2008	Vested	10.49	41,750	–	–	–	41,750	41,750	
	1 Aug 2008	5 years (2013)	10.49	8,250	–	–	–	8,250	–	
	15 May 2009	Vested	12.31	125,250	–	–	–	125,250	125,250	
	15 May 2009	5 years (2014)	12.31	24,750	–	–	–	24,750	–	
	1 Jun 2010	3 years (2013)	19.51	108,550	–	–	–	108,550	–	
	1 Jun 2010	5 years (2015)	19.51	21,450	–	–	–	21,450	–	
	1 Jun 2011	3 years (2014)	22.495	108,550	–	–	–	108,550	–	
	1 Jun 2011	5 years (2016)	22.495	21,450	–	–	–	21,450	–	
	1 Jun 2012	3 years (2015)	23.95	–	134,000	–	–	134,000	–	
1 Jun 2012	5 years (2017)	23.95	–	66,000	–	–	66,000	–		
				829,746	200,000	–	–	1,029,746	520,246	
J S Wilson	20 May 2005	Vested	8.28	3,623	–	–	–	3,623	3,623	
	16 May 2008	Vested	12.50	13,000	–	13,000	–	–	–	27.89
	15 May 2009	Vested	12.31	13,000	–	13,000	–	–	–	27.89
	1 Jun 2010	3 years (2013)	19.51	13,000	–	–	–	13,000	–	
	1 Jun 2011	3 years (2014)	22.495	67,000	–	–	–	67,000	–	
	1 Jun 2011	5 years (2016)	22.495	33,000	–	–	–	33,000	–	
	1 Dec 2011	3 years (2014)	22.40	33,500	–	–	–	33,500	–	
	1 Dec 2011	5 years (2016)	22.40	16,500	–	–	–	16,500	–	
	1 Jun 2012	3 years (2015)	23.95	–	100,500	–	–	100,500	–	
	1 Jun 2012	5 years (2017)	23.95	–	49,500	–	–	49,500	–	
				192,623	150,000	26,000	–	316,623	3,623	

Share options granted to executive directors from 2008 have a performance condition that requires compound annualised adjusted EPS growth, expressed in sterling, of:

- UK RPI + 3% per annum compound for any of the share options to vest; and
- UK RPI + 5% per annum compound for full vesting.

Share options with performance periods ended 31 March 2013 have been tested against their respective performance conditions and the outcome is shown on page 78. As a result, these share options have vested in full and become exercisable.

On 3 June 2013, Mr Clark and Mr Wilson were granted options over 140,000 and 85,000 shares respectively at an exercise price of £33.30 per share, subject to the performance conditions listed here.

Performance shares

Director	Award date	Performance period (year ending 31 March)	Share price at effective date of award £	Outstanding as at 31 March 2012	Awarded during the year	Vested during the year	Lapsed during the year	Outstanding as at 31 March 2013
E A G Mackay	18 May 2007	Vested	11.67	37,950	–	37,950	–	–
	16 May 2008	5 years (2013)	12.50	37,950	–	–	–	37,950
	14 Nov 2008	5 years (2013)	9.295	9,900	–	–	–	9,900
	15 May 2009	Vested	12.31	242,150	–	242,150	–	–
	15 May 2009	5 years (2014)	12.31	47,850	–	–	–	47,850
	1 Jun 2010	3 years (2013)	19.51	125,000	–	–	–	125,000
	1 Jun 2011	3 years (2014)	22.495	125,000	–	–	–	125,000
	1 Jun 2012	3 years (2015)	23.95	–	125,000	–	–	125,000
				625,800	125,000	280,100	–	470,700
A J Clark	18 May 2007	Vested	11.67	16,500	–	16,500	–	–
	16 May 2008	5 years (2013)	12.50	16,500	–	–	–	16,500
	1 Aug 2008	5 years (2013)	10.49	8,250	–	–	–	8,250
	15 May 2009	Vested	12.31	125,250	–	125,250	–	–
	15 May 2009	5 years (2014)	12.31	24,750	–	–	–	24,750
	1 Jun 2010	3 years (2013)	19.51	65,000	–	–	–	65,000
	1 Jun 2011	3 years (2014)	22.495	65,000	–	–	–	65,000
	1 Jun 2012	3 years (2015)	23.95	–	100,000	–	–	100,000
				321,250	100,000	141,750	–	279,500
J S Wilson	15 May 2009	Vested	12.31	9,000	–	9,000	–	–
	1 Jun 2010	3 years (2013)	19.51	9,000	–	–	–	9,000
	1 Jun 2011	3 years (2014)	22.495	50,000	–	–	–	50,000
	1 Dec 2011	3 years (2014)	22.40	25,000	–	–	–	25,000
	1 Jun 2012	3 years (2015)	23.95	–	75,000	–	–	75,000
				93,000	75,000	9,000	–	159,000

Before 2010 50% of the performance shares granted to executive directors and to executive committee members (and all of the performance shares awarded to Mr Wilson in 2009 and 2010) had a performance condition that requires compound annualised adjusted EPS growth over a three-year period. All performance shares awarded since 2010 have this performance condition. For shares awarded in 2009 and 2010, the required compound growth in adjusted EPS was:

- 5% per annum for any performance shares to vest; and
- 9% per annum for full vesting.

For shares awarded from 2011 onwards, the required compound growth in adjusted EPS is:

- 6% per annum for any performance shares to vest; and
- 11% per annum for full vesting.

The other 50% of the performance shares granted to executive directors and to executive committee members before 2010 have a performance condition that requires the company's TSR to exceed the median TSR of a comparator group (identified on page 79). Two-thirds of these shares had a three-year performance period and are included in the total shares vested during the year in the table above, and the remaining one-third of these shares have a five-year performance period and are outstanding as at 31 March 2013. For these shares:

- for below median TSR performance, no performance shares will vest;
- at median TSR performance, one-quarter of the performance shares will vest; and
- if TSR exceeds the median by 33% or more, full vesting.

Performance shares with performance periods ended on 31 March 2013 have been tested against their respective performance conditions and the outcome is shown on page 79. As a result, these performance shares will vest in full three or five years after their respective award dates, as appropriate.

On 3 June 2013 Mr Clark and Mr Wilson were conditionally awarded 70,000 and 42,500 shares respectively, subject to achieving the EPS-related performance condition listed here.

Directors' remuneration report

Implementation report continued

Value shares

Director	Effective date of award	Share price on effective date of award £	Outstanding as at 31 March 2012 (shares per £10m of additional shareholder value)	Awarded during the year (shares per £10m of additional value)	Released during the year (ordinary shares released)	Lapsed during the year (shares per £10m of additional value)	Outstanding as at 31 March 2013 (shares per £10m of additional value)	Earliest possible release date	Final vesting date
E A G Mackay	1 Jun 2010	19.51	220	–	–	–	220	1 Jun 2013	1 Jun 2015
	1 Jun 2011	22.495	220	–	–	–	220	1 Jun 2014	1 Jun 2016
	1 Jun 2012	23.95	–	220	–	–	220	1 Jun 2015	1 Jun 2017
			440	220	–	–	660		
A J Clark	1 Jun 2010	19.51	115	–	–	–	115	1 Jun 2013	1 Jun 2015
	1 Jun 2011	22.495	115	–	–	–	115	1 Jun 2014	1 Jun 2016
	1 Jun 2012	23.95	–	175	–	–	175	1 Jun 2015	1 Jun 2017
			230	175	–	–	405		
J S Wilson	1 Jun 2011	22.495	100	–	–	–	100	1 Jun 2014	1 Jun 2016
	1 Dec 2011	22.40	30	–	–	–	30	1 Jun 2014	1 Jun 2016
	1 Jun 2012	23.95	–	130	–	–	130	1 Jun 2015	1 Jun 2017
			130	130	–	–	260		

The number of shares which can be released under a value share award is dependent upon TSR out-performance compared with a comparator group (identified on page 79) over a three- to five-year performance period:

- for below median TSR performance, no shares will vest;
- at median TSR performance, no shares will vest; but
- for every £10 million of additional shareholder value created, a fixed number of shares (as set out in the table above) will vest.

Additional shareholder value represents the amount of additional return to shareholders as a result of the company's TSR performance exceeding that of the comparator group. It is calculated as the percentage change in TSR of the company, less the percentage change in TSR of the median of the comparator group, multiplied by the company's market capitalisation at the commencement of the performance period.

The maximum number of shares that can vest is capped at the level at which additional shareholder value at the end of each performance period equals the market capitalisation of the company at the commencement of the performance period. The maximum value for all participants (including executive directors), in the aggregate is therefore capped at 0.6% of additional shareholder value created for any five-year performance period. This is the maximum theoretical percentage that can be earned in aggregate by all participants, with 99.4% of the additional value created accruing to shareholders.

The value shares conditionally awarded before 2013 vest on the fifth anniversary of the grant date, subject to TSR out-performance, but participants may request the release of all or part of the award from the third anniversary of the grant date. If the remuneration committee exercises its discretion to release shares in such circumstances, the number of shares is determined based on TSR out-performance to that date, with the shares partially deferred

and released in equal instalments over the period until the fifth anniversary of the grant date. There is no opportunity for retesting against future TSR performance, and the deferred shares are subject to forfeiture under certain circumstances should the participant's employment terminate before the fifth anniversary. Value shares conditionally awarded from 2013 vest one-third on the third, fourth and fifth anniversaries of the grant date respectively. Any shares are then released, based on TSR out-performance to those dates. If the performance conditions for any award are not achieved at the relevant date, the appropriate proportion of shares will lapse and there is no opportunity for retesting.

The earliest opportunity for any value shares to be released will be in the period ending 31 March 2014. No awards had been released to any participant as at 5 June 2013.

At 31 March 2013 TSR out-performance, additional shareholder value created, and the indicative number of shares vesting for the highest paid executive during the year (E A G Mackay) was:

	Performance period commencing		
	1 April 2010	1 April 2011	1 April 2012
SABMiller's TSR to 31 March 2013	80.875%	47.163%	28.365%
Comparator group TSR to 31 March 2013	51.225%	41.564%	36.620%
Out-performance	29.650%	5.599%	-8.255%
SABMiller market capitalisation (at commencement of the performance period)	£27,746m	£33,485m	£37,639m
Additional shareholder value created	£8,227m	£1,875m	£nil
Value of 220 shares per £10m (at £34.64 per share)	£6.3m	£1.4m	£nil
Value of shares as % of additional shareholder value created	0.07%	0.07%	nil

On 3 June 2013 Mr Clark and Mr Wilson were conditionally awarded 125 and 75 value shares respectively for every £10 million of additional shareholder value created over a three- to five-year performance period commencing on 1 April 2013.

Employees' Benefit Trust (EBT)

The Share Award Plan and older performance share schemes are operated in conjunction with the EBT. At 31 March 2013 the number of shares held in the EBT was 8.3 million (2012: 5.6 million), representing 0.50% (2012: 0.35%) of the issued ordinary shares of the company.

The Associated Companies Employees' Benefit Trust (Associated Companies EBT) was established in 2011 to facilitate the provision of share-based long-term incentives to employees of companies associated with the SABMiller group but not subsidiaries of the company, and hence not eligible to participate in the company's existing share option and share award plans. At 31 March 2013 the number of shares held in the Associated Companies EBT was nil (2012: 0.3 million) representing 0% (2012: less than 0.01%) of the issued ordinary shares of the company. All of the shares held by the Associated Companies EBT were sold during the year ended 31 March 2013 and the

proceeds of sale were subsequently distributed after the year end to holders of share awards which vested during that period (not including any executive directors).

In aggregate there were 8.3 million shares held in trust as at 31 March 2013 (2012: 5.9 million). These shares are held by the trustee on behalf of the EBT to ensure that they hold sufficient ordinary shares to meet potential future obligations in respect of share awards and share-settled stock appreciation rights. The trustees of the EBT and the Associated Companies EBT have waived their right to receive dividends on any shares held by them, and will only vote shares or claim dividends on shares which are beneficially owned by a participant, and only then in accordance with the instructions of the underlying shareholder. As at 31 March 2013 there were no beneficially held shares in either the EBT or in the Associated Companies EBT (2012: nil).

Approval

This report complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Throughout the year ended 31 March 2013 the company applied the provisions of the UK Corporate Governance Code relating to remuneration. Those parts of the report that are subject to audit are identified separately.

This report and the recommendations of the remuneration committee were approved by the board on 5 June 2013 as recommended by the remuneration committee on 21 May 2013 and will be submitted to shareholders for approval at the 2013 annual general meeting.

Signed on behalf of the board of directors by

John Davidson
General Counsel and
Group Company Secretary

5 June 2013

Statement of directors' responsibilities

in respect of the consolidated financial statements

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

Company law requires the directors to prepare consolidated financial statements for each financial year. The directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The consolidated 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 consolidated 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the consolidated financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of 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, confirms that, to the best of their knowledge:

- the consolidated 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 management report incorporated into 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 2006 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, 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 performance for the year and the principal risks it faces, together with the budget and cash flow forecasts, in particular with reference to the period to the end of September 2014, and the application of reasonably possible sensitivities associated with these forecasts. On the basis of this review, and in the light of the current financial position and existing committed borrowing facilities, the directors are satisfied that the group has adequate resources to continue in operational existence and therefore have continued to adopt the going concern basis in preparing the consolidated 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 consolidated financial statements of SABMiller plc for the year ended 31 March 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the SABMiller plc Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement in relation to going concern on page 86; and
- the part of the corporate governance report relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the directors' remuneration report.

Other matter

We have reported separately on the company financial statements of SABMiller plc for the year ended 31 March 2013 and on the information in the directors' remuneration report that is described as having been audited.

Richard Hughes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

5 June 2013

Consolidated income statement

for the year ended 31 March

	Notes	2013 US\$m	2012 US\$m
Revenue	2	23,213	21,760
Net operating expenses	3	(19,010)	(16,747)
Operating profit	2	4,203	5,013
Operating profit before exceptional items	2	4,403	3,987
Exceptional items	4	(200)	1,026
Net finance costs	5	(735)	(562)
Finance costs	5a	(1,417)	(1,093)
Finance income	5b	682	531
Share of post-tax results of associates and joint ventures	2	1,244	1,152
Profit before taxation		4,712	5,603
Taxation	7	(1,201)	(1,126)
Profit for the year	27a	3,511	4,477
Profit attributable to non-controlling interests		237	256
Profit attributable to owners of the parent	26a	3,274	4,221
		3,511	4,477
Basic earnings per share (US cents)	8	205.9	266.6
Diluted earnings per share (US cents)	8	203.5	263.8

The notes on pages 93 to 164 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March

	Notes	2013 US\$m	2012 US\$m
Profit for the year		3,511	4,477
Other comprehensive loss:			
Currency translation differences on foreign currency net investments		(700)	136
– (Decrease)/increase in foreign currency translation reserve during the year		(700)	153
– Recycling of foreign currency translation reserve on disposals		–	(17)
Net actuarial losses on defined benefit plans	31	(21)	(9)
Available for sale investments:			
– Fair value losses arising during the year	26b	(1)	–
Net investment hedges:			
– Fair value gains/(losses) arising during the year	26b	63	(1)
Cash flow hedges:			
– Fair value losses arising during the year	26b	(5)	6
– Fair value losses transferred to inventory		8	2
– Fair value (gains)/losses transferred to profit or loss		(5)	4
Tax on items included in other comprehensive loss	7	34	101
Share of associates' and joint ventures' other comprehensive loss	13,14	(70)	(256)
Other comprehensive loss for the year, net of tax		(700)	(23)
Total comprehensive income for the year		2,811	4,454
Attributable to:			
Non-controlling interests		233	255
Owners of the parent		2,578	4,199
Total comprehensive income for the year		2,811	4,454

The notes on pages 93 to 164 are an integral part of these consolidated financial statements.

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Consolidated balance sheet

at 31 March

	Notes	2013 US\$m	2012 ¹ US\$m
Assets			
Non-current assets			
Goodwill	10	19,862	20,171
Intangible assets	11	9,635	9,958
Property, plant and equipment	12	9,059	9,162
Investments in joint ventures	13	5,547	5,520
Investments in associates	14	5,416	5,072
Available for sale investments		22	30
Derivative financial instruments	23	732	732
Trade and other receivables	16	144	136
Deferred tax assets	20	71	117
Loan participation deposit	17	100	100
		50,588	50,998
Current assets			
Inventories	15	1,175	1,248
Trade and other receivables	16	2,067	2,204
Current tax assets		159	629
Derivative financial instruments	23	111	24
Available for sale investments		-	1
Cash and cash equivalents	17	2,171	745
		5,683	4,851
Assets of disposal group classified as held for sale	18a	23	79
		5,706	4,930
Total assets		56,294	55,928
Liabilities			
Current liabilities			
Derivative financial instruments	23	(34)	(40)
Borrowings	21	(2,469)	(1,062)
Trade and other payables	19	(4,004)	(4,127)
Current tax liabilities		(1,460)	(1,323)
Provisions	24	(558)	(704)
		(8,525)	(7,256)
Liabilities of disposal group classified as held for sale	18b	(1)	(7)
		(8,526)	(7,263)
Non-current liabilities			
Derivative financial instruments	23	(52)	(69)
Borrowings	21	(16,079)	(18,164)
Trade and other payables	19	(132)	(112)
Deferred tax liabilities	20	(3,507)	(3,719)
Provisions	24	(538)	(569)
		(20,308)	(22,633)
Total liabilities		(28,834)	(29,896)
Net assets		27,460	26,032
Equity			
Share capital	25	167	166
Share premium		6,581	6,480
Merger relief reserve		4,586	4,586
Other reserves	26b	1,328	1,978
Retained earnings	26a	13,710	11,863
Total shareholders' equity		26,372	25,073
Non-controlling interests		1,088	959
Total equity		27,460	26,032

¹ As restated (see note 28).

The balance sheet of SABMiller plc is shown on page 167.

The notes on pages 93 to 164 are an integral part of these consolidated financial statements.

The financial statements were authorised for issue by the board of directors on 5 June 2013 and were signed on its behalf by:

Alan Clark
Chief Executive

Jamie Wilson
Chief Financial Officer

Consolidated cash flow statement

for the year ended 31 March

	Notes	2013 US\$m	2012 US\$m
Cash flows from operating activities			
Cash generated from operations	27a	5,554	5,237
Interest received		468	516
Interest paid		(1,238)	(923)
Tax paid		(683)	(893)
Net cash generated from operating activities	27b	4,101	3,937
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,335)	(1,473)
Proceeds from sale of property, plant and equipment		30	116
Purchase of intangible assets		(144)	(166)
Proceeds from sale of intangible assets		4	–
Purchase of available for sale investments		–	(1)
Proceeds from disposal of available for sale investments		5	2
Proceeds from disposal of associates		21	205
Proceeds from disposal of businesses (net of cash disposed)		57	(23)
Acquisition of businesses (net of cash acquired)		(6)	(10,951)
Investments in joint ventures		(272)	(288)
Investments in associates		(23)	(52)
Repayment of investments by associates		–	14
Dividends received from joint ventures	13	886	896
Dividends received from associates		113	120
Dividends received from other investments		1	1
Net cash used in investing activities		(663)	(11,600)
Cash flows from financing activities			
Proceeds from the issue of shares	25	102	96
Proceeds from the issue of shares in subsidiaries to non-controlling interests		36	107
Purchase of own shares for share trusts	26a	(53)	(52)
Purchase of shares from non-controlling interests		–	(27)
Proceeds from borrowings		2,318	19,000
Repayment of borrowings		(2,878)	(10,139)
Proceeds from associate in relation to loan participation deposit	17	100	–
Capital element of finance lease payments		(6)	(5)
Net cash payments on derivative financial instruments		(5)	(52)
Dividends paid to shareholders of the parent	9	(1,517)	(1,324)
Dividends paid to non-controlling interests		(131)	(109)
Net cash (used in)/generated from financing activities		(2,034)	7,495
Net cash inflow/(outflow) from operating, investing and financing activities		1,404	(168)
Effects of exchange rate changes		(51)	(39)
Net increase/(decrease) in cash and cash equivalents		1,353	(207)
Cash and cash equivalents at 1 April		606	813
Cash and cash equivalents at 31 March	27c	1,959	606

The notes on pages 93 to 164 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity

for the year ended 31 March

	Notes	Called up share capital US\$m	Share premium account US\$m	Merger relief reserve US\$m	Other reserves US\$m	Retained earnings US\$m	Total shareholders' equity US\$m	Non-controlling interests US\$m	Total equity US\$m
At 1 April 2011		166	6,384	4,586	1,881	8,991	22,008	751	22,759
Total comprehensive income		–	–	–	97	4,102	4,199	255	4,454
Profit for the year		–	–	–	–	4,221	4,221	256	4,477
Other comprehensive income/(loss)		–	–	–	97	(119)	(22)	(1)	(23)
Dividends paid	9	–	–	–	–	(1,324)	(1,324)	(159)	(1,483)
Issue of SABMiller plc ordinary shares	25	–	96	–	–	–	96	–	96
Proceeds from the issue of shares in subsidiaries to non-controlling interests		–	–	–	–	–	–	107	107
Non-controlling interests disposed of via business disposal		–	–	–	–	–	–	(64)	(64)
Arising on business combinations		–	–	–	–	–	–	84	84
Dilution of non-controlling interests as a result of business combinations	26a	–	–	–	–	(5)	(5)	5	–
Payment for purchase of own shares for share trusts	26a	–	–	–	–	(52)	(52)	–	(52)
Buyout of non-controlling interests	26a	–	–	–	–	(7)	(7)	(20)	(27)
Credit entry relating to share-based payments	26a	–	–	–	–	158	158	–	158
At 31 March 2012¹		166	6,480	4,586	1,978	11,863	25,073	959	26,032
Total comprehensive income		–	–	–	(650)	3,228	2,578	233	2,811
Profit for the year		–	–	–	–	3,274	3,274	237	3,511
Other comprehensive loss		–	–	–	(650)	(46)	(696)	(4)	(700)
Dividends paid	9	–	–	–	–	(1,517)	(1,517)	(128)	(1,645)
Issue of SABMiller plc ordinary shares	25	1	101	–	–	–	102	–	102
Proceeds from the issue of shares in subsidiaries to non-controlling interests		–	–	–	–	–	–	36	36
Non-controlling interests disposed of via business disposal		–	–	–	–	–	–	(13)	(13)
Arising on business combinations		–	–	–	–	–	–	1	1
Payment for purchase of own shares for share trusts	26a	–	–	–	–	(53)	(53)	–	(53)
Credit entry relating to share-based payments	26a	–	–	–	–	189	189	–	189
At 31 March 2013		167	6,581	4,586	1,328	13,710	26,372	1,088	27,460

¹ As restated (see note 28).

The notes on pages 93 to 164 are an integral part of these consolidated financial statements.

Merger relief reserve

Merger relief reserve comprises US\$3,395 million in respect of the excess of value attributed to the shares issued as consideration for Miller Brewing Company over the nominal value of those shares and US\$1,191 million relating to the merger relief arising on the issue of SABMiller plc ordinary shares for the buyout of non-controlling interests in the group's Polish business.

Notes to the consolidated financial statements

1. Accounting policies

The principal accounting policies adopted in the preparation of the group's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements of SABMiller plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), and the Companies Act 2006 applicable to companies reporting under IFRS.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates.

b) Recent accounting developments

(i) New standards, amendments and interpretations of existing standards adopted by the group

There were no standards, interpretations and amendments adopted by the group since 1 April 2012 which had a significant impact on the group's consolidated results or financial position.

(ii) New standards, amendments and interpretations of existing standards that are not yet effective and have not been early adopted by the group

The following standards, interpretations and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2013 or later periods, but which have not been early adopted by the group.

The amendment to IAS 19 will be adopted by the group retrospectively from 1 April 2013. Under the amended standard, the interest charge on retirement benefit liabilities and the expected return on plan assets will be replaced by a net interest income or expense on net defined benefit assets or liabilities based on high quality corporate bond rates. The group estimates the adoption of the amended IAS 19 would have resulted in a reduction in profit for the year ended 31 March 2013 of approximately US\$20 million (after tax). The change is not expected to have a material impact on the group's net assets.

The following standards, interpretations and amendments to existing standards mandatory for the group's accounting periods beginning on or after 1 April 2013 are not expected to have a material impact on the consolidated results of operations or financial position of the group.

- Amendment to IAS 1, 'Financial statement presentation', is effective from 1 July 2012.
- Amendment to IFRS 7, 'Financial instruments: Disclosures', is effective from 1 January 2013.
- IFRS 13, 'Fair Value Measurement', is effective from 1 January 2013.
- Annual improvements to IFRS 2009-2011, are effective from 1 January 2013.

The group has yet to assess the full impact of the following standards and amendments to existing standards mandatory for the group's accounting periods beginning on or after 1 April 2014 or later periods.

- Amendment to IAS 32, 'Offsetting financial instruments asset and liability', is effective from 1 January 2014.
- IAS 27 (revised), 'Separate Financial Statements', is effective from 1 January 2014.
- IAS 28 (revised), 'Associates and Joint Ventures', is effective from 1 January 2014.
- IFRS 9, 'Financial Instruments', is effective from 1 January 2015¹.
- IFRS 10, 'Consolidated Financial Statements', is effective from 1 January 2014.
- IFRS 11, 'Joint Arrangements', is effective from 1 January 2014.
- IFRS 12, 'Disclosures of Interests in Other Entities' is effective from 1 January 2014.

¹ Not yet endorsed by the EU.

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 a 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 consequent adverse impact on the results and net position of the group.

(iii) Pension and post-retirement benefits

Pension accounting requires certain assumptions to be made in order to value the group's pension and post-retirement obligations in the balance sheet and to determine the amounts to be recognised in the income statement and in other comprehensive income in accordance with IAS 19. The calculations of these obligations and charges are based on assumptions determined by management which include discount rates, salary and pension inflation, healthcare cost inflation, mortality rates and expected long-term rates of return on assets. Details of the assumptions used are set out in note 31. The selection of different assumptions could affect the net position of the group and future results.

Notes to the consolidated financial statements

continued

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 that could affect prospective depreciation charges and asset carrying values.

(v) Business combinations

On the acquisition of a company or business, a determination of the fair value of the assets acquired and liabilities assumed, and the useful life of intangible assets and property, plant and equipment acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the group to change which could have a significant impact on the results and net position of the group.

(vi) Exceptional items

Exceptional items are expense or income items recorded in a period which have been determined by management as being material by their size or incidence and are presented separately within the results of the group. The determination of which items are disclosed as exceptional items will affect the presentation of profit measures including EBITA and adjusted earnings per share, and requires a degree of judgement. Details relating to exceptional items reported during the year are set out in note 4.

d) Segmental reporting

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

e) Basis of consolidation

SABMiller plc (the company) is a public limited company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements include the financial information of the subsidiary, associate and joint venture entities owned by the company.

(i) Subsidiaries

Subsidiaries are entities controlled by the company, where control is the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities, regardless of whether this power is actually exercised. Where the company's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Control is presumed to exist when the group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists where the group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

On the subsequent disposal or termination of a business, the results of the business are included in the group's results up to the effective date of disposal. The profit or loss on disposal or termination is calculated after charging the amount of any related goodwill to the extent that it has not previously been taken to the income statement.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Some of the company's subsidiaries have a local statutory balance sheet date of 31 December. These are consolidated using management prepared information on a basis coterminous with the company's balance sheet 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 balance sheet date of 30 June. In respect of each year ending 31 March, this company is included based on financial statements drawn up to the previous 31 December, but taking into account any changes in the subsequent period from 1 January to 31 March that would materially affect the results. All other associates are included on a coterminous basis.

(iii) Joint ventures

Joint ventures are contractual arrangements which the group has entered into with one or more parties to undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control.

The group's share of the recognised income and expenses of associates and joint ventures are accounted for using the equity method from the date significant influence or joint control commences to the date it ceases based on present ownership interests.

The group recognises its share of associates' and joint ventures' post-tax results as a one line entry before profit before taxation in the income statement and its share of associates' and joint ventures' equity movements as a one line entry under other comprehensive income in the statement of comprehensive income.

When the group's interest in an associate or joint venture has been reduced to nil because the group's share of losses exceeds its interest in the associate or joint venture, the group only provides for additional losses to the extent that it has incurred legal or constructive obligations to fund such losses, or make payments on behalf of the associate or joint venture. Where the investment in an associate or joint venture is disposed, the investment ceases to be equity accounted.

(iv) Transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity where there is no loss of control.

1. Accounting policies continued

(v) Reduction in interests

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, certain amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that certain amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, or if the ownership interest in a joint venture is reduced but joint control is retained, only the proportionate share of the carrying amount of the investment and of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

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 key exchange rates to the US dollar used in preparing the consolidated financial statements were as follows:

	Year ended 31 March 2013	Year ended 31 March 2012
Average rate		
Australian dollar (AUD)	0.97	0.95
South African rand (ZAR)	8.51	7.48
Colombian peso (COP)	1,796	1,831
Euro (€)	0.78	0.72
Czech koruna (CZK)	19.65	17.65
Peruvian nuevo sol (PEN)	2.61	2.73
Polish zloty (PLN)	3.26	2.99
Turkish lira (TRY)	1.80	1.73
Closing rate		
Australian dollar (AUD)	0.96	0.97
South African rand (ZAR)	9.24	7.67
Colombian peso (COP)	1,832	1,792
Euro (€)	0.78	0.75
Czech koruna (CZK)	20.07	18.52
Peruvian nuevo sol (PEN)	2.59	2.67
Polish zloty (PLN)	3.26	3.13
Turkish lira (TRY)	1.81	1.78

The average exchange rates have been calculated based on the average of the exchange rates during the relevant year which have been weighted according to the phasing of revenue of the group's businesses.

(ii) Transactions and balances

The financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being included in operating profit in the income statement other than those arising on financial assets and liabilities which are recorded within net finance costs and those which are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary assets such as equity investments classified as available for sale assets are included in other comprehensive income.

(iii) Overseas subsidiaries, associates and joint ventures

One-off items in the income and cash flow statements of overseas subsidiaries, associates and joint ventures expressed in currencies other than the US dollar are translated to US dollars at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each balance sheet date. All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of equity. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future. When a foreign operation is disposed of, any related exchange differences in equity are reclassified to the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(iv) Hyperinflationary economies

In hyperinflationary economies, when translating the results of operations into US dollars, adjustments are made to local currency denominated non-monetary assets, liabilities, income statement and equity accounts to reflect the changes in purchasing power. South Sudan is considered to be a hyperinflationary economy in the year ended 31 March 2013. The effect of inflation accounting in South Sudan for the year ended 31 March 2013 was not material.

g) Business combinations

(i) Subsidiaries

The acquisition method is used to account for business combinations. The identifiable net assets (including intangibles) are incorporated into the financial statements on the basis of their fair value from the effective date of control, and the results of subsidiary undertakings acquired during the financial year are included in the group's results from that date.

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable assets (including intangibles), liabilities and contingent liabilities acquired. Fair values of these assets and liabilities are determined by reference to market values, where available, or by reference to the current price at which similar assets could be acquired or similar obligations entered into, or by discounting expected future cash flows to present value, using either market rates or the risk-free rates and risk-adjusted expected future cash flows.

Notes to the consolidated financial statements

continued

1. Accounting policies continued

The consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, and also includes the group's estimate of the fair value of any deferred consideration payable. Acquisition-related costs are expensed as incurred. Where the business combination is achieved in stages and results in a change in control, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Where the business combination agreement provides for an adjustment to the cost that is contingent on future events, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On an acquisition by acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

(ii) Associates and joint ventures

On acquisition the investment in associates and joint ventures is recorded initially at cost. Subsequently the carrying amount is increased or decreased to recognise the group's share of the associates' and joint ventures' income and expenses after the date of acquisition.

Fair values reflecting conditions at the date of acquisition are attributed to the group's share of identifiable assets (including intangibles), liabilities and contingent liabilities acquired. The consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, and also includes the group's estimate of the fair value of any deferred consideration payable.

The date significant influence or joint control commences is not necessarily the same as the closing date or any other date named in the contract.

(iii) Goodwill

Goodwill arising on consolidation represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the 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 recognised immediately in the income statement.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in the income statement and is not reversed.

The carrying amount of goodwill in respect of associates and joint ventures is included in the carrying value of the investment in the associate or joint venture.

h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination. Intangible assets acquired as part of a business combination are recognised at their fair value at the date of acquisition. Amortisation is included within net operating expenses in the income statement. Internally generated intangibles are not recognised except for computer software and applied development costs referred to under computer software and research and development below.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The group regularly reviews all of its amortisation rates and residual values to take account of any changes in circumstances. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

(i) Brands

Brands are recognised as an intangible asset where the brand has a long-term value. Acquired brands are only recognised where title is clear or the brand could be sold separately from the rest of the business and the earnings attributable to it are separately identifiable.

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, up to a maximum of 40 years.

(ii) Contract brewing and other licences recognised as part of a business combination

Contractual arrangements for contract brewing and competitor licensing arrangements are recognised as an intangible asset at a fair value representing the remaining contractual period with an assumption about the expectation that such a contract will be renewed, together with a valuation of this extension.

Acquired licences or contracts are amortised. In respect of licences or contracts currently held, the amortisation period is the period for which the group has exclusive rights to these assets or income streams.

(iii) Customer lists and distributor relationships recognised as part of a business combination

The fair value of businesses acquired may include customer lists and distributor relationships. These are recognised as intangible assets and are calculated by discounting the future revenue stream attributable to these lists or relationships.

Acquired customer lists or distributor relationships are amortised. In respect of contracts currently held, the amortisation period is the period for which the group has the benefit of these assets.

(iv) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the group that will probably generate economic benefits exceeding costs beyond one year are capitalised. Direct costs include software development employment costs (including those of contractors used), capitalised interest and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives of between three and eight years.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

1. Accounting policies continued

(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 the lower of the lease term or their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet classified, as appropriate, as a current or non-current liability. The interest element of the lease obligations is charged to the income statement over the period of the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each financial period.

(iii) Returnable containers

Returnable containers in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss.

Depreciation of returnable bottles and containers is recorded to write the containers off over the course of their economic life. This is typically undertaken in a two stage process:

- The excess over deposit value is written down over a period of 1 to 10 years.
- Provisions are made against the deposit values for breakages and losses in trade together with a design obsolescence provision held to write off the deposit value over the expected container design period – which is a period of no more than 14 years from the inception of a container design. This period is shortened where appropriate by reference to market dynamics and the ability of the entity to use containers for different brands.

(iv) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost, less the estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	20 – 50 years
Leasehold buildings	Shorter of the lease term or 50 years
Plant, vehicles and systems	2 – 30 years
Returnable containers (non-returnable containers are recorded as inventory)	1 – 14 years
Assets held under finance leases	Lower of the lease term or life of the asset

The group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances. When setting useful economic lives, the principal factors the group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount.

(v) Capitalisation of borrowing costs

Financing costs incurred, before tax, on major capital projects during the period of development or construction that necessarily take a substantial period of time to be developed for their intended use, are capitalised up to the time of completion of the project.

j) Advance payments made to customers (principally hotels, restaurants, bars and clubs)

Advance payments made to customers are conditional on the achievement of contracted sales targets or marketing commitments. The group records such payments as prepayments initially at fair value and amortises them in the income statement over the relevant period to which the customer commitment is made (typically three to five years). These prepayments are recorded net of any impairment losses.

Where there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue and where there are specific marketing activities/commitments the amortisation is included as an operating expense. The amounts capitalised are reassessed annually for achievement of targets and are impaired where there is objective evidence that the targets will not be achieved.

Assets held at customer premises are included within property, plant and equipment and are depreciated in line with group policies on similar assets.

k) Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

- Raw materials, consumables and goods for resale: Purchase cost net of discounts and rebates on a first-in first-out basis (FIFO).
- Finished goods and work in progress: Raw material cost plus direct costs and a proportion of manufacturing overhead expenses on a FIFO basis.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Costs of inventories include the transfer from equity of any gains or losses on matured qualifying cash flow hedges of purchases of raw materials.

Notes to the consolidated financial statements

continued

1. Accounting policies continued

1) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs, except in the case of those classified at fair value through profit or loss). For those financial instruments that are not subsequently held at fair value, the group assesses whether there is any objective evidence of impairment at each balance sheet date.

Financial assets are recognised when the group has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Interest costs are charged to the income statement in the year in which they accrue. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net finance costs over the life of the instrument.

There are four categories of financial assets and financial liabilities. These are described as follows:

(i) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include derivative assets and derivative liabilities not designated as effective hedging instruments.

All gains or losses arising from changes in the fair value of financial assets or financial liabilities within this category are recognised in the income statement.

a. Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

These include derivatives embedded in host contracts. Such embedded derivatives need not be accounted for separately if the host contract is already fair valued; if it is not considered as a derivative if it was freestanding; or if it can be demonstrated that it is closely related to the host contract. There are certain currency exemptions which the group has applied to these rules which limit the need to account for certain potential embedded foreign exchange derivatives. These are: if a contract is denominated in the functional currency of either party; where that currency is commonly used in international trade of the good traded; or if it is commonly used for local transactions in an economic environment.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature.

For derivatives that have not been designated to a hedging relationship, all fair value movements are recognised immediately in the income statement. (See note x for the group's accounting policy on hedge accounting).

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less provision for impairment. Loans and receivables include trade receivables, amounts owed by associates, amounts owed by joint ventures – trade, accrued income and cash and cash equivalents.

a. Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. This provision is recognised in the income statement.

b. Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents includes cash in hand, bank deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less. In the consolidated cash flow statement, cash and cash equivalents also includes bank overdrafts which are shown within borrowings in current liabilities on the balance sheet.

(iii) Available for sale investments

Available for sale investments are non-derivative financial assets that are either designated in this category or not classified as financial assets at fair value through profit or loss, or loans and receivables. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They are initially recognised at fair value plus transaction costs and are subsequently remeasured at fair value and tested for impairment. Gains and losses arising from changes in fair value including any related foreign exchange movements are recognised in other comprehensive income. On disposal or impairment of available for sale investments, any gains or losses in other comprehensive income are reclassified to the income statement.

Purchases and sales of investments are recognised on the date on which the group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

1. Accounting policies continued

(iv) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost include trade payables, accruals, amounts owed to associates, amounts owed to joint ventures – trade, other payables and borrowings.

a. Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will be realised.

b. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date. Borrowings classified as hedged items are subject to hedge accounting requirements (see note x). Bank overdrafts are shown within borrowings in current liabilities and are included within cash and cash equivalents on the face of the cash flow statement as they form an integral part of the group's cash management.

m) Impairment

This policy covers all assets except inventories (see note k), financial assets (see note l), non-current assets classified as held for sale (see note n), and deferred tax assets (see note u).

Impairment reviews are performed by comparing the carrying value of the non-current asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the cash generating unit (CGU) using a post-tax discount rate, as this closely approximates to applying pre-tax discount rates to pre-tax cash flows. Where a potential impairment is identified using post-tax cash flows and post-tax discount rates, the impairment review is reperformed on a pre-tax basis in order to determine the impairment loss to be recorded.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the group estimates the recoverable amount of the CGU to which the asset belongs. For the purpose of conducting impairment reviews, CGUs are considered to be groups of assets that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

An impairment loss is held firstly against any specifically impaired assets. Where an impairment is recognised against a CGU, the impairment is first taken against goodwill balances and if there is a remaining loss it is set against the remaining intangible and tangible assets on a pro-rata basis.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in the income statement in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Goodwill is tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

n) Non-current assets (or disposal groups) held for sale

Non-current assets and all assets and liabilities classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Such assets are classified as held for resale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and when management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification.

o) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within net finance costs.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Investments in own shares (treasury and shares held by employee benefit trusts)

Shares held by employee share ownership plans, employee benefit trusts and in treasury are treated as a deduction from equity until the shares are cancelled, reissued, or disposed.

Purchases of such shares are classified in the cash flow statement as a purchase of own shares for share trusts or purchase of own shares for treasury within net cash from financing activities.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental costs and related tax effects, is included in equity attributable to the company's equity shareholders.

r) Revenue recognition

(i) Sale of goods and services

Revenue represents the fair value of consideration received or receivable for goods and services provided to third parties and is recognised when the risks and rewards of ownership are substantially transferred.

The group presents revenue gross of excise duties because unlike value added tax, excise is not directly related to the value of sales. It is not generally recognised as a separate item on invoices, increases in excise are not always directly passed on to customers, and the group cannot reclaim the excise where customers do not pay for product received. The group therefore considers excise as a cost to the group and reflects it as a production cost. Consequently, any excise that is recovered in the sale price is included in revenue.

Notes to the consolidated financial statements

continued

1. Accounting policies continued

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' and 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.

The group presents alternative earnings per share calculations on a headline and adjusted basis. The adjusted earnings per share figure excludes the impact of amortisation of intangible assets (excluding computer software), certain non-recurring items and post-tax exceptional items in order to present an additional measure of performance for the years shown in the consolidated financial statements. Headline earnings per share is calculated in accordance with the South African Circular 3/2012 entitled 'Headline Earnings' which forms part of the listing requirements for the JSE Ltd (JSE).

u) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill (in the case of deferred tax liabilities) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. This includes taxation in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary. Deferred income tax is also recognised in respect of the unremitted retained earnings of overseas associates and joint ventures as the group is not able to determine when such earnings will be remitted and when such additional tax such as withholding taxes might be payable.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

v) Dividend distributions

Dividend distributions to equity holders of the parent are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid. Dividends declared after the balance sheet date are not recognised, as there is no present obligation at the balance sheet date.

w) Employee benefits

(i) Wages and salaries

Wages and salaries for current employees are recognised in the income statement as the employees' services are rendered.

(ii) Vacation and long-term service awards costs

The group recognises a liability and an expense for accrued vacation pay when such benefits are earned and not when these benefits are paid.

The group also recognises a liability and an expense for long-term service awards where cash is paid to the employee at certain milestone dates in a career with the group. Such accruals are appropriately discounted to reflect the future payment dates at discount rates determined by reference to local high-quality corporate bonds.

1. Accounting policies continued

(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 and a cash-settled share-based compensation plan.

The equity-settled plans comprise share option plans (with and without market performance conditions attached), performance share award plans (with market conditions attached) and awards related to the employee element of the Broad-Based Black Economic Empowerment (BBBEE) scheme in South Africa. An expense is recognised to spread the fair value of each award granted after 7 November 2002 over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. A corresponding adjustment is made to equity over the remaining vesting period. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately. In addition the group has granted an equity-settled share-based payment to retailers in relation to the retailer element of the BBBEE scheme. A one-off charge has been recognised based on the fair value at the grant date with a corresponding adjustment to equity. The charge will not be adjusted in the future.

The charges are based on the fair value of the awards as at the date of grant, as calculated by various binomial model calculations and Monte Carlo simulations.

The charges are not reversed if the options and awards are not exercised because the market value of the shares is lower than the option price at the date of grant.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

For the cash-settled plan a liability is recognised at fair value in the balance sheet over the vesting period with a corresponding charge to the income statement. The liability is remeasured at each reporting date, on an actuarial basis using the analytic method, to reflect the revised fair value and to adjust for changes in assumptions such as leavers. Changes in the fair value of the liability are recognised in the income statement. Actual settlement of the liability will be at its intrinsic value with the difference recognised in the income statement.

(v) Pension obligations

The group has both defined benefit and defined contribution plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full as they arise outside of the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise, with the exception of gains or losses arising from changes in the benefits regarding past services, which are recognised in the income statement.

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

The contributions to defined contribution plans are recognised as an expense as the costs become payable. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(vi) Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to qualifying employees. The expected costs of these benefits are assessed in accordance with the advice of qualified actuaries and contributions are made to the relevant funds over the expected service lives of the employees entitled to those funds. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in full as they arise outside the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(vii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

x) Derivative financial instruments – hedge accounting

Financial assets and financial liabilities at fair value through profit or loss include all derivative financial instruments. The derivative instruments used by the group, which are used solely for hedging purposes (i.e. to offset foreign exchange, commodity price and interest rate risks), comprise interest rate swaps, cross currency swaps, forward foreign exchange contracts, commodity contracts and other specific instruments as necessary under the approval of the board. 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.

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continued

1. Accounting policies continued

In order to qualify for hedge accounting, the group is required to document at inception, the relationship between the hedged item and the hedging instrument as well as its risk management objectives and strategy for undertaking hedging transactions. The group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); hedges of highly probable forecast transactions or commitments (cash flow hedge); or hedges of net investments in foreign operations (net investment hedge).

(i) Fair value hedges

Fair value hedges comprise derivative financial instruments designated in a hedging relationship to manage the group's interest rate risk and foreign exchange risk to which the fair value of certain assets and liabilities are exposed. Changes in the fair value of the derivative offset the relevant changes in the fair value of the underlying hedged item attributable to the hedged risk in the income statement in the period incurred.

Gains or losses on fair value hedges that are regarded as highly effective are recorded in the income statement together with the gain or loss on the hedged item attributable to the hedged risk.

(ii) Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency and interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to the income statement in the period in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability.

(iii) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations comprise either foreign currency borrowings or derivatives (typically forward exchange contracts and cross currency swaps) designated in a hedging relationship.

Gains or losses on hedging instruments that are regarded as highly effective are recognised in other comprehensive income. These largely offset foreign currency gains or losses arising on the translation of net investments that are recorded in equity, in the foreign currency translation reserve. The ineffective portion of gains or losses on hedging instruments is recognised immediately in the income statement. Amounts accumulated in equity are only reclassified to the income statement upon disposal of the net investment.

Where a derivative ceases to meet the criteria of being a hedging instrument or the underlying exposure which it is hedging is sold, matures or is extinguished, hedge accounting is discontinued and amounts previously recorded in equity are reclassified to the income statement. A similar treatment is applied where the hedge is of a future transaction and that transaction is no longer likely to occur. When the hedge is discontinued due to ineffectiveness, hedge accounting is discontinued prospectively.

Certain derivative instruments, while providing effective economic hedges under the group's policies, are not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in the income statement. The group does not hold or issue derivative financial instruments for speculative purposes.

y) Deposits by customers

Returnable containers in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for branded returnable containers are reflected in the balance sheet within current liabilities. Any estimated liability that may arise in respect of deposits for unbranded containers is shown in provisions.

z) Earnings per share

Basic earnings per share represents the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares in issue during the year, less the weighted average number of ordinary shares held in the group's employee benefit trusts and in treasury during the year.

Diluted earnings per share represents the profit on ordinary activities after taxation attributable to the equity shareholders of the parent, 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 trusts and in treasury during the year, plus the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the year.

2. Segmental analysis

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

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

Income statement

	Group revenue 2013 US\$m	EBITA 2013 US\$m	Group revenue 2012 US\$m	EBITA 2012 US\$m
Latin America	7,821	2,112	7,158	1,865
Europe	5,767	784	5,482	836
North America	5,355	771	5,250	756
Africa	3,853	838	3,686	743
Asia Pacific	5,685	855	3,510	321
South Africa:	6,006	1,263	6,302	1,303
– Beverages	5,540	1,129	5,815	1,168
– Hotels and Gaming	466	134	487	135
Corporate	–	(202)	–	(190)
	34,487	6,421	31,388	5,634
Amortisation of intangible assets (excluding computer software) – group and share of associates' and joint ventures'		(483)		(264)
Exceptional items in operating profit – group and share of associates' and joint ventures'		(205)		1,015
Net finance costs – group and share of associates' and joint ventures' (excluding exceptional items)		(779)		(570)
Share of associates' and joint ventures' taxation		(164)		(170)
Share of associates' and joint ventures' non-controlling interests		(78)		(42)
Profit before taxation		4,712		5,603

Group revenue (including associates and joint ventures)

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

	Revenue 2013 US\$m	Share of associates' and joint ventures' revenue 2013 US\$m	Group revenue 2013 US\$m	Revenue 2012 US\$m	Share of associates' and joint ventures' revenue 2012 US\$m	Group revenue 2012 US\$m
Latin America	7,821	–	7,821	7,148	10	7,158
Europe	4,292	1,475	5,767	5,347	135	5,482
North America	141	5,214	5,355	134	5,116	5,250
Africa	2,267	1,586	3,853	2,299	1,387	3,686
Asia Pacific	3,797	1,888	5,685	1,682	1,828	3,510
South Africa:	4,895	1,111	6,006	5,150	1,152	6,302
– Beverages	4,895	645	5,540	5,150	665	5,815
– Hotels and Gaming	–	466	466	–	487	487
	23,213	11,274	34,487	21,760	9,628	31,388

Notes to the consolidated financial statements

continued

2. Segmental analysis continued

Operating profit

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

	Operating profit 2013 US\$m	Exceptional items 2013 US\$m	Operating profit before exceptional items 2013 US\$m	Operating profit 2012 US\$m	Exceptional items 2012 US\$m	Operating profit before exceptional items 2012 US\$m
Latin America	1,920	63	1,983	1,617	119	1,736
Europe	588	64	652	1,939	(1,135)	804
North America	7	–	7	–	–	–
Africa	518	(79)	439	584	(162)	422
Asia Pacific	358	104	462	54	70	124
South Africa: Beverages	1,040	22	1,062	1,050	41	1,091
Corporate	(228)	26	(202)	(231)	41	(190)
	4,203	200	4,403	5,013	(1,026)	3,987

EBITA (segment result)

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

	Operating profit before exceptional items 2013 US\$m	Share of associates' and joint ventures' operating profit before exceptional items 2013 US\$m	Amortisation of intangible assets (excluding computer software) – group and share of associates' and joint ventures' 2013 US\$m	EBITA 2013 US\$m	Operating profit before exceptional items 2012 US\$m	Share of associates' and joint ventures' operating profit before exceptional items 2012 US\$m	Amortisation of intangible assets (excluding computer software) – group and share of associates' and joint ventures' 2012 US\$m	EBITA 2012 US\$m
Latin America	1,983	–	129	2,112	1,736	–	129	1,865
Europe	652	76	56	784	804	11	21	836
North America	7	721	43	771	–	711	45	756
Africa	439	392	7	838	422	318	3	743
Asia Pacific	462	156	237	855	124	132	65	321
South Africa:	1,062	190	11	1,263	1,091	211	1	1,303
– Beverages	1,062	67	–	1,129	1,091	77	–	1,168
– Hotels and Gaming	–	123	11	134	–	134	1	135
Corporate	(202)	–	–	(202)	(190)	–	–	(190)
	4,403	1,535	483	6,421	3,987	1,383	264	5,634

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

	2013 US\$m	2012 US\$m
Share of associates' and joint ventures' operating profit (before exceptional items)	1,535	1,383
Share of associates' and joint ventures' exceptional items in operating profit	(5)	11
Share of associates' and joint ventures' net finance costs	(44)	(30)
Share of associates' and joint ventures' taxation	(164)	(170)
Share of associates' and joint ventures' non-controlling interests	(78)	(42)
Share of post-tax results of associates and joint ventures	1,244	1,152

2. Segmental analysis continued

EBITDA

The following table provides a reconciliation of EBITDA (the net cash generated from operations before working capital movements) to adjusted EBITDA. A reconciliation of profit for the year for the group to EBITDA after cash exceptional items for the group can be found in note 27a.

	EBITDA 2013 US\$m	Cash exceptional items 2013 US\$m	Dividends received from MillerCoors 2013 US\$m	Adjusted EBITDA 2013 US\$m	EBITDA 2012 US\$m	Cash exceptional items 2012 US\$m	Dividends received from MillerCoors 2012 US\$m	Adjusted EBITDA 2012 US\$m
Latin America	2,382	61	–	2,443	2,068	112	–	2,180
Europe	884	61	–	945	1,067	58	–	1,125
North America	29	–	886	915	22	–	896	918
Africa	583	–	–	583	564	13	–	577
Asia Pacific	754	34	–	788	159	88	–	247
South Africa: Beverages	1,257	10	–	1,267	1,267	13	–	1,280
Corporate	(131)	25	–	(106)	(168)	24	–	(144)
	5,758	191	886	6,835	4,979	308	896	6,183

Other segmental information

	Capital expenditure excluding investment activity ¹ 2013 US\$m	Investment activity ² 2013 US\$m	Total 2013 US\$m	Capital expenditure excluding investment activity ¹ 2012 US\$m	Investment activity ² 2012 US\$m	Total 2012 US\$m
Latin America	528	–	528	522	(34)	488
Europe	216	–	216	324	17	341
North America	–	272	272	–	288	288
Africa	391	29	420	398	(82)	316
Asia Pacific	88	(78)	10	69	10,931	11,000
South Africa:	228	–	228	284	–	284
– Beverages	228	–	228	284	–	284
– Hotels and Gaming	–	–	–	–	–	–
Corporate	28	(5)	23	42	1	43
	1,479	218	1,697	1,639	11,121	12,760

¹ Capital expenditure includes additions of intangible assets (excluding goodwill) and property, plant and equipment.

² Investment activity includes acquisitions and disposals of businesses, net investments in associates and joint ventures, purchases of shares in non-controlling interests and purchases and disposals of available for sale investments.

	Depreciation and amortisation	
	2013 US\$m	2012 US\$m
Latin America	467	445
Europe	226	298
Africa	104	128
Asia Pacific	316	117
South Africa: Beverages	172	168
Corporate	32	26
	1,317	1,182

Depreciation and amortisation exclude amounts relating to impairment charges.

Notes to the consolidated financial statements

continued

2. Segmental analysis continued

Geographical information

The UK is the parent company's country of domicile. Those countries which account for more than 10% of the group's total revenue and/or non-current assets are considered individually material and are reported separately below.

Revenue

	2013 US\$m	2012 US\$m
UK	378	359
Australia	3,064	1,025
Colombia	3,742	3,481
South Africa	4,896	5,150
USA	129	124
Rest of world	11,004	11,621
	23,213	21,760

Non-current assets

	2013 US\$m	2012 ¹ US\$m
UK	388	354
Australia	14,351	14,511
Colombia	8,465	8,727
South Africa	2,368	2,760
USA	5,804	5,777
Rest of world	18,409	18,020
	49,785	50,149

¹ As restated (see note 28).

Non-current assets by location exclude amounts relating to derivative financial instruments and deferred tax assets.

3. Net operating expenses

	2013 US\$m	2012 US\$m
Cost of inventories recognised as an expense	5,043	5,049
– Changes in inventories of finished goods and work in progress	93	18
– Raw materials and consumables used	4,950	5,031
Excise duties ¹	5,755	5,047
Employee costs (see note 6a)	2,693	2,502
Depreciation of property, plant and equipment	867	909
– Containers	226	237
– Other	641	672
Net profit on disposal of businesses	(79)	(1,242)
Profit on disposal of investment in associate	–	(103)
Gain on dilution of investment in associate	(4)	–
Gain on remeasurement of existing interest in joint venture on acquisition	–	(66)
Loss/(profit) on disposal of property, plant and equipment	13	(15)
Amortisation of intangible assets	450	273
– Intangible assets (excluding computer software)	394	218
– Computer software	56	55
Other expenses	4,634	4,906
– Selling, marketing and distribution costs	2,582	2,562
– Repairs and maintenance expenditure on property, plant and equipment	333	325
– Impairment of goodwill	11	–
– Impairment of property, plant and equipment	39	–
– Impairment of trade and other receivables	23	25
– Operating lease rentals – land and buildings	64	60
– Operating lease rentals – plant, vehicles and systems	95	84
– Research and development expenditure	4	7
– Acquisition-related costs	–	109
– Other operating expenses	1,483	1,734
Total net operating expenses by nature	19,372	17,260
Other income	(362)	(513)
– Revenue received from royalties	(55)	(43)
– Dividends received from investments	(1)	(1)
– Other operating income	(306)	(469)
Net operating expenses	19,010	16,747

¹ Excise duties of US\$5,755 million (2012: US\$5,047 million) have been incurred during the year as follows: Latin America US\$2,019 million (2012: US\$1,843 million); Europe US\$995 million (2012: US\$1,204 million); North America US\$4 million (2012: US\$3 million); Africa US\$418 million (2012: US\$408 million); Asia Pacific US\$1,369 million (2012: US\$626 million) and South Africa US\$950 million (2012: US\$963 million). The group's share of MillerCoors' excise duties incurred during the year was US\$695 million (2012: US\$703 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\$14 million (2012: US\$27 million).

Notes to the consolidated financial statements

continued

3. Net operating expenses continued

The following fees were paid to a number of different accounting firms as auditors of various parts of the group.

	2013 US\$m	2012 US\$m
Group auditors		
Fees payable to the company's auditor and its associates for the audit of parent company and consolidated financial statements	2	3
Fees payable to company's auditor and its associates for other services:		
The audit of the company's subsidiaries	9	8
Total audit fees payable to the company's auditor	11	11
Audit-related assurance services	1	2
Taxation compliance services	1	1
Taxation advisory services	1	6
Services relating to corporate finance transactions	-	3
Other non-audit services		
Services relating to information technology ¹	1	4
Other	1	2
Total fees payable to the company's auditor	16	29
Other audit firms		
Fees payable to other auditor firms for:		
The audit of the company's subsidiaries	1	1
Taxation advisory services	3	2
Services relating to corporate finance transactions	-	1
Internal audit services	1	1
Other non-audit services		
Services relating to information technology ¹	12	8
Other	12	7
Total fees payable to other audit firms	29	20

¹ Principally relating to the business capability programme.

4. Exceptional items

	2013 US\$m	2012 US\$m
Exceptional items included in operating profit:		
Net profit on disposal of businesses	79	1,248
Business capability programme costs	(141)	(235)
Integration and restructuring costs	(91)	(60)
Impairments	(30)	-
Broad-Based Black Economic Empowerment scheme charges	(17)	(29)
Profit on disposal of investment in associate	-	103
Gain on remeasurement of existing interest in joint venture on acquisition	-	66
Litigation	-	42
Transaction-related costs	-	(109)
Net exceptional (losses)/gains included within operating profit	(200)	1,026
Exceptional items included in net finance costs:		
Litigation-related finance income	-	4
Transaction-related net finance costs	-	(26)
Net exceptional losses included within net finance costs	-	(22)
Share of associates' and joint ventures' exceptional items:		
Impairments	(5)	(35)
Profits on transactions in associates	-	46
Share of associates' and joint ventures' exceptional (losses)/gains	(5)	11
Non-controlling interests' share of associates' and joint ventures' exceptional (losses)/gains	2	-
Group's share of associates' and joint ventures' exceptional (losses)/gains	(3)	11
Net taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items	20	24

4. Exceptional items continued

Exceptional items included in operating profit

Net profit on disposal of businesses

During 2013 an additional profit of US\$79 million was realised in Africa in relation to the disposal in the prior year of the group's Angolan operations in exchange for a 27.5% interest in BIH Angola, following the successful resolution of certain matters leading to the release of provisions.

In 2012 a profit of US\$1,195 million arose in Europe on the disposal of the group's Russian and Ukrainian businesses in exchange for a 24% interest in the enlarged Anadolu Efes group; a profit of US\$67 million arose in Africa on the disposal of the group's Angolan operations in exchange for a 27.5% interest in BIH Angola; partially offset by a loss of US\$14 million incurred in Europe primarily in relation to the recycling of the foreign currency translation reserve on the disposal of the distribution business in Italy.

Business capability programme costs

The business capability programme will streamline finance, human resources and procurement activities through the deployment of global systems and introduce common sales, distribution and supply chain management systems. Costs of US\$141 million have been incurred in the year (2012: US\$235 million).

Integration and restructuring costs

During 2013 US\$74 million of integration and restructuring costs were incurred in Asia Pacific following the Foster's and the Pacific Beverages acquisitions, including the closure of certain beverage lines, and US\$17 million of restructuring costs were incurred in South Africa: Beverages.

In 2012 US\$34 million of restructuring costs were incurred in Latin America, principally in Ecuador, Peru and the regional office, and US\$26 million of integration costs were incurred in Asia Pacific following the Foster's and Pacific Beverages acquisitions.

Impairments

During 2013 a US\$30 million (2012: US\$nil) impairment charge was incurred in respect of the Vietnam business in Asia Pacific. The impairment charge comprised US\$11 million against goodwill and US\$19 million against property, plant and equipment.

Broad-Based Black Economic Empowerment scheme charges

US\$17 million (2012: US\$29 million) of charges have been incurred in relation to the Broad-Based Black Economic Empowerment (BBBEE) scheme in South Africa. This represents the continuing IFRS 2 share-based payment charge in respect of the employee element of the scheme.

Profit on disposal of investment in associate

In 2012 a profit of US\$103 million was realised on the disposal of the group's investment in its associate, Kenya Breweries Ltd, in Africa.

Gain on remeasurement of existing interest in joint venture on acquisition

In 2012 the group acquired the remaining 50% interest which it did not already own in Pacific Beverages from Coca-Cola Amatil Limited. This resulted in a US\$66 million gain arising on the remeasurement to fair value of the group's existing interest.

Litigation

In 2012 in Europe a US\$42 million anti-trust fine paid by Grolsch prior to its acquisition by SABMiller plc was annulled by the EU General Court and the payment refunded.

Transaction-related costs

In 2012 costs of US\$109 million were incurred in relation to the Foster's transaction.

Exceptional items included in net finance costs

Litigation-related interest income

In 2012 US\$4 million of interest was received in relation to the refund of the anti-trust fine in Europe.

Transaction-related net finance costs

In 2012 net costs of US\$26 million were incurred primarily related to the Foster's transaction and included fees relating to financing facilities and premiums on derivative instruments which were partially offset by mark to market gains on derivative financial instruments taken out in anticipation of the transaction and where hedge accounting could not be applied.

Share of associates' and joint ventures' exceptional items

Impairments

During 2013 an impairment of a soft drinks plant in BIH Angola amounted to US\$5 million. After taking account of non-controlling interests, the group's share was US\$3 million.

In 2012 the group's share of MillerCoors' impairment of the Sparks brand amounted to US\$35 million.

Profits on transactions in associates

In 2012 Tsogo Sun released deferred consideration relating to a prior acquisition of which the group's share was US\$13 million; US\$10 million profit arose on Tsogo Sun's fair value accounting on the change in control on the acquisition of the outstanding stake in the Formula 1 chain; and a US\$23 million profit arose in Africa being the group's share of Castel's profit on disposal of its subsidiary in Nigeria.

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

Net taxation credits of US\$20 million (2012: US\$24 million) arose in relation to exceptional items during the year and include US\$nil (2012: US\$13 million) in relation to MillerCoors although the tax credit is recognised in Miller Brewing Company (see note 7).

Notes to the consolidated financial statements

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5. Net finance costs

	2013 US\$m	2012 US\$m
a. Finance costs		
Interest payable on bank loans and overdrafts	183	170
Interest payable on derivatives	255	156
Interest payable on corporate bonds	677	463
Interest element of finance lease payments	1	1
Net exchange losses on financing activities	25	13
Fair value losses on financial instruments:		
– Fair value losses on standalone derivative financial instruments	220	144
– Ineffectiveness of net investment hedges ¹	–	4
Exceptional interest payable and similar charges ¹	–	96
Other finance charges	56	46
Total finance costs	1,417	1,093
b. Finance income		
Interest receivable	39	55
Interest receivable on derivatives	355	226
Fair value gains on financial instruments:		
– Fair value gains on standalone derivative financial instruments	272	170
– Fair value gains on dividend-related derivatives ¹	10	3
Net exchange gains on dividends ¹	2	3
Exceptional interest receivable and similar income ¹	–	74
Other finance income	4	–
Total finance income	682	531
Net finance costs	735	562

¹ These items have been excluded from the determination of adjusted earnings per share. Adjusted net finance costs are therefore US\$747 million (2012: US\$542 million).

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

6. Employee and key management compensation costs

a. Employee costs

	2013 US\$m	2012 US\$m
Wages and salaries	2,154	2,038
Share-based payments	201	161
Social security costs	215	193
Pension costs	128	112
Post-retirement benefits other than pensions	11	13
	2,709	2,517

Of the US\$2,709 million employee costs shown above, US\$16 million (2012: US\$15 million) has been capitalised within intangible assets and property, plant and equipment.

6. Employee and key management compensation costs continued

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.

	2013 Number	2012 Number
Latin America	29,882	26,933
Europe	10,489	14,095
North America	82	76
Africa	12,652	13,596
Asia Pacific	5,128	3,804
South Africa	11,438	11,939
Corporate	815	701
	70,486	71,144

c. Key management compensation

The directors of the group and members of the executive committee (excom) are defined as key management. At 31 March 2013 there were 26 (2012: 27) key management.

	2013 US\$m	2012 US\$m
Salaries and short-term employee benefits	34	32
Post-employment benefits	2	2
Share-based payments	61	36
	97	70

d. Directors

	2013 US\$m	2012 US\$m
Aggregate emoluments £6,689,562 (2012: £6,087,153)	11	10
Aggregate gains made on the exercise of share options or vesting of share awards	12	15
Notional contributions to unfunded retirement benefits scheme £767,000 (2012: £562,679)	1	1
	24	26

At 31 March 2013 two directors (2012: one) had retirement benefits accruing under money purchase pension schemes. Company contributions to money purchase pension schemes during the year amounted to £11,364 (2012: £nil).

Full details of individual directors' remuneration are given in the directors' remuneration report on pages 66 to 85.

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7. Taxation

	2013 US\$m	2012 US\$m
Current taxation	1,118	957
– Charge for the year	1,131	986
– Adjustments in respect of prior years	(13)	(29)
Withholding taxes and other remittance taxes	170	137
Total current taxation	1,288	1,094
Deferred taxation	(87)	32
– (Credit)/charge for the year	(28)	60
– Adjustments in respect of prior years	5	(3)
– Rate change	(64)	(25)
Taxation expense	1,201	1,126
Tax credit relating to components of other comprehensive loss is as follows:		
Deferred tax credit on actuarial gains and losses	(28)	(71)
Deferred tax credit on financial instruments	(6)	(30)
	(34)	(101)
Total current tax	1,288	1,094
Total deferred tax	(121)	(69)
Total taxation	1,167	1,025
Effective tax rate (%)	27.0	27.5

UK taxation included in the above

Current taxation	–	–
Withholding taxes and other remittance taxes	133	39
Total current taxation	133	39
Deferred taxation	24	(24)
UK taxation expense	157	15

See the financial definitions section for the definition of the effective tax rate. The calculation is on a basis consistent with that used in prior years and is also consistent with other group operating metrics. Tax on amortisation of intangible assets (excluding computer software) was US\$135 million (2012: US\$72 million).

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

Tax rate reconciliation

	2013 US\$m	2012 US\$m
Profit before taxation	4,712	5,603
Less: Share of post-tax results of associates and joint ventures	(1,244)	(1,152)
	3,468	4,451
Tax charge at standard UK rate of 24% (2012: 26%)	832	1,157
Exempt income	(242)	(413)
Other incentive allowances	(20)	(63)
Expenses not deductible for tax purposes	157	47
Deferred tax asset not recognised	51	30
Initial recognition of deferred taxation	(28)	(10)
Tax impact of MillerCoors joint venture	180	179
Withholding taxes and other remittance taxes	170	137
Other taxes	35	28
Adjustments in respect of foreign tax rates	124	90
Adjustments in respect of prior periods	(8)	(32)
Deferred taxation rate change	(64)	(25)
Deferred taxation on unremitted earnings	14	1
Total taxation expense	1,201	1,126

8. Earnings per share

	2013 US cents	2012 US cents
Basic earnings per share	205.9	266.6
Diluted earnings per share	203.5	263.8
Headline earnings per share	204.5	179.8
Adjusted basic earnings per share	238.7	214.8
Adjusted diluted earnings per share	236.0	212.5

The weighted average number of shares was:

	2013 Millions of shares	2012 Millions of shares
Ordinary shares	1,667	1,661
Treasury shares	(72)	(72)
EBT ordinary shares	(5)	(6)
Basic shares	1,590	1,583
Dilutive ordinary shares	19	17
Diluted shares	1,609	1,600

The calculation of diluted earnings per share excludes 6,332,436 (2012: 8,362,920) 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, 21,226,441 (2012: 14,799,716) share awards that were non-dilutive for the year because the performance conditions attached to the share awards have not been met and nil (2012: nil) shares in relation to the employee component of the BBBEE scheme that were non-dilutive for the year. These share incentives could potentially dilute earnings per share in the future.

Incentives involving 10,601,120 shares were granted after 31 March 2013 and before the date of signing of these financial statements.

Adjusted and headline earnings

The group presents an adjusted earnings per share figure which excludes the impact of amortisation of intangible assets (excluding computer software), certain non-recurring items and post-tax exceptional items in order to present an additional measure of performance for the years shown in the consolidated financial statements. Adjusted earnings per share has been based on adjusted earnings for each financial year and on the same number of weighted average shares in issue as the basic earnings per share calculation. Headline earnings per share has been calculated in accordance with the South African Circular 3/2012 entitled 'Headline Earnings' which forms part of the listing requirements for the JSE Ltd (JSE). The adjustments made to arrive at headline earnings and adjusted earnings are as follows.

	2013 US\$m	2012 US\$m
Profit for the year attributable to owners of the parent	3,274	4,221
Headline adjustments		
Impairment of goodwill	11	–
Impairment of property, plant and equipment	39	–
Loss/(profit) on disposal of property, plant and equipment	13	(15)
Net profit on disposal of businesses	(79)	(1,242)
Profit on disposal of investments in associates	–	(103)
Gain on dilution of investments in associates	(4)	–
Gain on remeasurement of existing interest in joint venture on acquisition	–	(66)
Tax effects of these items	(14)	12
Non-controlling interests' share of the above items	(3)	40
Share of associates' and joint ventures' headline adjustments, net of tax and non-controlling interests	15	–
Headline earnings	3,252	2,847
Business capability programme costs	141	235
Broad-Based Black Economic Empowerment scheme charges	17	29
Integration and restructuring costs	71	60
Net gain on fair value movements on capital items ¹	(12)	(2)
Amortisation of intangible assets (excluding computer software)	394	218
Transaction-related costs	–	109
Litigation	–	(42)
Litigation-related finance income	–	(4)
Transaction-related net finance costs	–	26
Tax effects of the above items	(137)	(101)
Non-controlling interests' share of the above items	(8)	(7)
Share of associates' and joint ventures' headline adjustments, net of tax and non-controlling interests	78	32
Adjusted earnings	3,796	3,400

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

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9. Dividends

	2013 US\$m	2012 US\$m
Equity		
2012 Final dividend paid: 69.5 US cents (2011: 61.5 US cents) per ordinary share	1,125	973
2013 Interim dividend paid: 24.0 US cents (2012: 21.5 US cents) per ordinary share	392	351
	1,517	1,324

In addition, the directors are proposing a final dividend of 77 US cents per share in respect of the financial year ended 31 March 2013 which will absorb an estimated US\$1,227 million of shareholders' funds. If approved by shareholders, the dividend will be paid on 23 August 2013 to shareholders registered on the London and Johannesburg registers as at 16 August 2013. The total dividend per share for the year is 101 US cents (2012: 91 US cents).

Treasury shares do not attract dividends and the employee benefit trusts have both waived their right to receive dividends (further information can be found in note 26).

10. Goodwill

	US\$m
Cost	
At 1 April 2011	12,309
Exchange adjustments	188
Acquisitions – through business combinations	8,091
Disposals	(63)
Transfers to disposal group classified as held for sale	(29)
At 31 March 2012¹	20,496
Exchange adjustments	(301)
Acquisitions – through business combinations (provisional) (see note 29)	3
Transfers to disposal group classified as held for sale (see note 18)	(13)
At 31 March 2013	20,185
Accumulated impairment	
At 1 April 2011	355
Exchange adjustments	(20)
Disposals	(10)
At 31 March 2012	325
Exchange adjustments	(13)
Impairment	11
At 31 March 2013	323
Net book amount	
At 1 April 2011	11,954
At 31 March 2012 ¹	20,171
At 31 March 2013	19,862

¹ As restated (see note 28).

2013

Provisional goodwill arose on the acquisition through business combination in the year of Darbrew Limited in Tanzania. The fair value exercise in respect of this business combination has yet to be completed.

2012

Goodwill arose on the acquisition through business combinations of Foster's and Pacific Beverages in Australia and International Breweries plc in Nigeria. The fair value exercises in respect of these business combinations are now complete.

10. Goodwill continued

Goodwill is monitored principally on an individual country basis and the net book value is allocated by cash generating unit (CGU) as follows.

	2013 US\$m	2012 ¹ US\$m
CGUs:		
Latin America:		
– Central America	803	819
– Colombia	4,706	4,809
– Peru	1,796	1,744
– Other Latin America	224	243
Europe:		
– Czech Republic	901	976
– Netherlands	100	104
– Italy	414	431
– Poland	1,168	1,218
– Other Europe	75	77
North America	256	256
Africa	250	252
Asia Pacific:		
– Australia	8,319	8,262
– India	335	350
– Other Asia Pacific	1	12
South Africa	514	618
	19,862	20,171

¹ As restated (see note 28).

Assumptions

The recoverable amount for a CGU is determined based on value in use calculations. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the CGU using a post-tax discount rate, as this closely approximates to applying pre-tax discount rates to pre-tax cash flows. Where a potential impairment is identified using post-tax cash flows and post-tax discount rates, the impairment review is reperformed on a pre-tax basis and the fair value less cost to sell calculated, in order to determine the impairment loss to be recorded. The key assumptions for the value in use calculations are as follows.

Expected volume compound annual growth rate (CAGR) – Cash flows are based on financial forecasts approved by management for each CGU covering five-year periods and are dependent on management's expected volume CAGRs which have been determined based on past experience and planned initiatives, and with reference to external sources in respect of macroeconomic assumptions. Expected growth rates over the five-year forecast period are generally higher than the long-term average growth rates for the economies in which the CGUs operate as a steady state is not necessarily expected to be reached in this period.

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, an equity risk premium adjusted for specific industry and country risks, and inflation differentials. 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 are extrapolated using a long-term growth rate, in order to calculate the terminal recoverable amount. The long-term growth rate is estimated using historical trends and expected future trends in inflation rates, based on external data.

The following table presents the key assumptions used in the value in use calculations in each of the group's operating segments:

	Expected volume CAGRs 2014–2018 %	Post-tax discount rates %	Long-term growth rates %
Latin America	4.3–6.4	7.6–13.2	2.0–5.1
Europe	1.3–6.0	6.6–10.8	2.0–3.0
North America	8.5	6.7	2.5
Africa	7.6–8.8	13.5–16.8	6.0–9.5
Asia Pacific	2.1–6.3	7.4–12.7	3.0–6.5
South Africa	3.3	10.6	4.5

The most material balance is in Australia. For the goodwill in Australia to be at risk of impairment the following situations would need to occur: future compound revenue growth to reduce to a level where operating profit growth is limited to the long-term growth rate; or long-term growth in nominal terms to fall below 1.5%; or the discount rate to rise to 8.7% or higher.

Notes to the consolidated financial statements

continued

10. Goodwill continued

Impairment reviews results

A US\$30 million impairment loss has been recognised in respect of SABMiller Vietnam Company Limited in Asia Pacific, which was principally due to a deterioration in trading. The impairment loss has been allocated to goodwill (US\$11 million) and property, plant and equipment (US\$19 million).

Sensitivities to assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonably possible change in a single assumption will not cause an impairment loss in any of the group's CGUs.

11. Intangible assets

	Brands US\$m	Computer software US\$m	Other US\$m	Total US\$m
Cost				
At 1 April 2011	4,860	540	48	5,448
Exchange adjustments	304	(32)	12	284
Additions – separately acquired	6	165	–	171
Acquisitions – through business combinations	4,832	–	595	5,427
Transfers from property, plant and equipment	–	3	–	3
Disposals	(28)	(30)	–	(58)
At 31 March 2012¹	9,974	646	655	11,275
Exchange adjustments	(11)	(36)	2	(45)
Additions – separately acquired	–	149	–	149
Acquisitions – through business combinations (see note 29)	2	–	–	2
Transfers to disposal group classified as held for sale (see note 18)	(9)	–	–	(9)
Disposals	(4)	(7)	–	(11)
At 31 March 2013	9,952	752	657	11,361
Accumulated amortisation and impairment				
At 1 April 2011	782	275	27	1,084
Exchange adjustments	23	(17)	(2)	4
Amortisation	201	55	17	273
Disposals	(18)	(26)	–	(44)
At 31 March 2012	988	287	42	1,317
Exchange adjustments	(9)	(18)	(1)	(28)
Amortisation	335	56	59	450
Transfers to disposal group classified as held for sale (see note 18)	(7)	–	–	(7)
Disposals	–	(6)	–	(6)
At 31 March 2013	1,307	319	100	1,726
Net book amount				
At 1 April 2011	4,078	265	21	4,364
At 31 March 2012 ¹	8,986	359	613	9,958
At 31 March 2013	8,645	433	557	9,635

¹ As restated (see note 28).

At 31 March 2013 significant individual brands included within the carrying value of intangible assets are as follows.

	2013 US\$m	2012 US\$m	Amortisation period remaining (years)
Brand carrying value			
Carlton (Australia)	2,139	2,181	39
Águila (Colombia)	1,478	1,557	32
Victoria Bitter (Australia)	1,080	1,101	39
Cristal (Peru)	646	646	32
Grolsch (Netherlands)	421	451	35

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 2011	358	3,743	8,787	2,245	15,133
Exchange adjustments	(15)	(99)	(350)	(106)	(570)
Additions	801	20	369	306	1,496
Acquisitions – through business combinations	54	347	373	12	786
Breakages and shrinkage	–	–	–	(73)	(73)
Transfers	(563)	118	383	62	–
Transfers to intangible assets	(3)	–	–	–	(3)
Transfers to disposal group classified as held for sale	–	(10)	(44)	–	(54)
Disposals	(48)	(354)	(1,268)	(379)	(2,049)
At 31 March 2012¹	584	3,765	8,250	2,067	14,666
Exchange adjustments	(18)	(163)	(505)	(147)	(833)
Additions	720	25	324	296	1,365
Acquisitions – through business combinations (see note 29)	–	1	1	–	2
Breakages and shrinkage	–	–	–	(71)	(71)
Transfers	(733)	115	532	86	–
Transfers from other assets	–	–	3	–	3
Transfers to disposal group classified as held for sale (see note 18)	–	(2)	(10)	–	(12)
Disposals	(11)	(18)	(313)	(138)	(480)
At 31 March 2013	542	3,723	8,282	2,093	14,640
Accumulated depreciation and impairment					
At 1 April 2011	–	667	4,016	1,119	5,802
Exchange adjustments	–	(29)	(174)	(57)	(260)
Provided during the year	–	78	594	237	909
Breakages and shrinkage	–	–	–	(26)	(26)
Transfers to disposal group classified as held for sale	–	(2)	(25)	–	(27)
Disposals	–	(42)	(635)	(217)	(894)
At 31 March 2012	–	672	3,776	1,056	5,504
Exchange adjustments	–	(43)	(273)	(82)	(398)
Provided during the year	–	78	563	226	867
Breakages and shrinkage	–	–	–	(24)	(24)
Impairment	–	4	35	–	39
Transfers to disposal group classified as held for sale (see note 18)	–	(1)	(6)	–	(7)
Disposals	–	(8)	(293)	(99)	(400)
At 31 March 2013	–	702	3,802	1,077	5,581
Net book amount					
At 1 April 2011	358	3,076	4,771	1,126	9,331
At 31 March 2012 ¹	584	3,093	4,474	1,011	9,162
At 31 March 2013	542	3,021	4,480	1,016	9,059

¹ As restated (see note 28).

As a result of the annual impairment reviews, US\$19 million of impairment losses have been recognised in the year (2012: US\$nil) (see note 10).

Included in land and buildings is freehold land with a cost of US\$725 million (2012: US\$742 million) which is not depreciated.

Notes to the consolidated financial statements

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12. Property, plant and equipment continued

Included in plant, vehicles and systems are the following amounts relating to assets held under finance leases.

	2013 US\$m	2012 US\$m
Net book amount	40	34

Included in the amounts above are the following amounts in respect of borrowing costs capitalised.

	2013 US\$m	2012 US\$m
At 1 April	53	56
Exchange adjustments	(4)	(2)
Amortised during the year	–	(1)
At 31 March	49	53

Borrowing costs of US\$nil (2012: US\$nil) were capitalised during the year.

Borrowings are secured by various of the group's property, plant and equipment with an aggregate net book value of US\$21 million (2012: US\$20 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 consolidated financial statements.

	US\$m
At 1 April 2011	5,813
Investments in joint ventures	288
Transfer to subsidiary undertaking	(100)
Share of results retained	671
Share of other comprehensive loss	(256)
Dividends received	(896)
At 31 March 2012	5,520
Investments in joint ventures	272
Share of results retained	717
Share of other comprehensive loss	(76)
Dividends received	(886)
At 31 March 2013	5,547

On 13 January 2012 the remaining 50% interest in Pacific Beverages was purchased and from this date the company has been accounted for as a subsidiary.

Summarised financial information for the group's interest in joint ventures is shown below.

	2013 US\$m	2012 US\$m
Revenue	5,214	5,174
Expenses	(4,497)	(4,502)
Profit after tax	717	672
Non-current assets	5,626	5,613
Current assets	593	573
Current liabilities	(521)	(528)
Non-current liabilities	(829)	(801)

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 consolidated financial statements.

	US\$m
At 1 April 2011	2,719
Exchange adjustments	(102)
Investments in associates	2,056
Repayment of investments by associates	(14)
Acquisitions – through business combinations	186
Disposal of investments in associates	(104)
Share of results retained	481
Dividends receivable	(150)
At 31 March 2012¹	5,072
Exchange adjustments	(161)
Investments in associates	106
Disposal of investments in associates	(21)
Share of results retained	527
Share of gains recognised in other comprehensive loss	6
Dividends receivable	(113)
At 31 March 2013	5,416

¹ As restated (see note 28).

2013

On 7 November 2012 Foster's sold its 49.9% interest in Foster's USA LLC to MillerCoors LLC at no gain or loss to the group. Foster's LLC is now wholly owned by MillerCoors LLC.

2012

On 1 January 2012 the group acquired a 27.5% interest in BIH Brasseries Internationales Holding (Angola) Ltd (BIH Angola) in exchange for contributing its Angolan businesses, including its associate, Empresa de Cervejas N'Gola SARL, into BIH Angola. Castel acquired the remaining 72.5% in BIH Angola, having contributed its Angolan businesses into BIH Angola.

On 6 March 2012 the group completed its strategic alliance with Anadolu Efes. The group's Russian business, SABMiller RUS LLC, and Ukrainian business, PJSC Miller Brands Ukraine, were contributed to Anadolu Efes, in exchange for a 24% equity stake in the enlarged Anadolu Efes group.

On 25 November 2011 the group disposed of its effective 12% investment in Kenya Breweries Ltd, generating a profit of US\$103 million.

The analysis of associate undertakings between listed and unlisted investments is shown below.

	2013 US\$m	2012 ¹ US\$m
Listed	2,580	2,536
Unlisted	2,836	2,536
	5,416	5,072

As at 31 March the market value of listed investments included above is:

– Anadolu Efes	2,318	1,985
– Distell Group Ltd	704	574
– Delta Corporation Ltd	351	204
– Tsogo Sun Holdings Ltd	1,166	1,032

¹ As restated (see note 28).

Summarised financial information for associates for total assets, total liabilities, revenue and profit or loss on a 100% basis is shown below.

	2013 US\$m	2012 ¹ US\$m
Total assets	23,249	18,731
Total liabilities	(8,890)	(6,231)
Revenue	19,046	12,963
Net profit	2,155	1,760

Some of the group's investments in associated undertakings which operate in African countries are also subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

Notes to the consolidated financial statements

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15. Inventories

	2013 US\$m	2012 ¹ US\$m
Raw materials and consumables	691	670
Work in progress	123	122
Finished goods and goods for resale	361	456
	1,175	1,248

¹ As restated (see note 28).

The following amount of inventories are expected to be utilised after 12 months.

	2013 US\$m	2012 US\$m
Raw materials and consumables	48	43

There were no borrowings secured on the inventories of the group (2012: US\$nil).

An impairment charge of US\$15 million was recognised in respect of inventories during the year (2012: US\$12 million).

16. Trade and other receivables

	2013 US\$m	2012 ¹ US\$m
Trade receivables	1,740	1,545
Less: provision for impairment	(140)	(140)
Trade receivables – net	1,600	1,405
Other receivables	392	492
Less: provision for impairment	(12)	(12)
Other receivables – net	380	480
Amounts owed by associates	68	205
Amounts owed by joint ventures – trade	5	6
Prepayments and accrued income	158	244
Total trade and other receivables	2,211	2,340

Analysed as:

Current

Trade receivables – net	1,584	1,389
Other receivables – net	274	370
Amounts owed by associates	59	205
Amounts owed by joint ventures – trade	5	6
Prepayments and accrued income	145	234
	2,067	2,204

Non-current

Trade receivables – net	16	16
Other receivables – net	106	110
Amounts owed by associates	9	–
Prepayments and accrued income	13	10
	144	136

¹ As restated (see note 28).

The net carrying values of trade and other receivables are considered a close approximation of their fair values.

16. Trade and other receivables continued

At 31 March 2013 trade and other receivables of US\$466 million (2012: US\$441 million) were past due but not impaired. These relate to customers of whom there is no recent history of default. The ageing of these trade and other receivables is shown below.

							Past due
	Fully performing US\$m	Within 30 days US\$m	30-60 days US\$m	60-90 days US\$m	90-180 days US\$m	Over 180 days US\$m	
At 31 March 2013							
Trade receivables	1,255	181	62	15	18	42	
Other receivables	290	44	18	5	4	15	
Amounts owed by associates	6	2	–	3	4	53	
Amounts owed by joint ventures – trade	5	–	–	–	–	–	
At 31 March 2012¹							
Trade receivables	1,140	129	58	15	23	29	
Other receivables	353	16	13	4	18	3	
Amounts owed by associates	72	8	6	–	12	107	
Amounts owed by joint ventures – trade	6	–	–	–	–	–	

¹ As restated (see note 28).

The group holds collateral as security for past due trade receivables to the value of US\$17 million (2012: US\$28 million). Collateral held primarily includes bank guarantees and charges over assets.

At 31 March 2013 trade receivables of US\$167 million (2012: US\$151 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2013 was US\$140 million (2012: US\$140 million) and reflects trade receivables from customers which are considered to be experiencing difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The group holds collateral as security against specifically impaired trade receivables with a fair value of US\$1 million (2012: US\$1 million).

At 31 March 2013 other receivables of US\$16 million (2012: US\$13 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2013 was US\$12 million (2012: US\$12 million) and reflects loans to customers which are considered to be experiencing difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The group held collateral as security against specifically impaired other receivables at 31 March 2013 of US\$1 million (2012: US\$nil).

The carrying amounts of trade and other receivables are denominated in the following currencies.

	2013 US\$m	2012 ¹ US\$m
SA rand	340	413
US dollars	238	355
Australian dollars	260	385
Euro	246	241
Colombian peso	167	162
Czech koruna	91	89
British pound	81	79
Polish zloty	211	142
Indian rupee	136	110
Other currencies	441	364
	2,211	2,340

¹ As restated (see note 28).

Movements on the provisions for impairment of trade receivables and other receivables are as follows.

	Trade receivables		Other receivables	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
At 1 April				
Provision for receivables impairment	(140)	(147)	(12)	(14)
Receivables written off during the year as uncollectible	(23)	(25)	–	–
Acquisitions – through business combinations	12	7	–	1
Disposals	–	(5)	–	–
Transfers to disposal group classified as held for sale	4	20	–	–
Exchange adjustments	–	1	–	–
	7	9	–	1
At 31 March	(140)	(140)	(12)	(12)

The creation of provisions for impaired receivables is included in net operating expenses in the income statement (see note 3).

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17. Cash and cash equivalents

	2013 US\$m	2012 US\$m
Short-term deposits	1,684	103
Cash at bank and in hand	487	642
	2,171	745

Cash and short-term deposits of US\$146 million (2012: US\$144 million) are held in African countries (including South Africa) and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

The group operates notional cash pools. The structures facilitate interest and balance compensation of cash and bank overdrafts. These notional pooling arrangements meet the set-off rules under IFRS and, as a result, the cash and overdraft balances have been reported net on the balance sheet.

Effective 1 January 2012 the group combined the operational management of its Angolan businesses in Africa with the Angolan businesses of its associate, Castel. All of the Angolan businesses, in which the group retains an associate interest, have been managed from that date by Castel. As a result, a participation in a bank loan of US\$100 million previously owed by an Angolan subsidiary of the group was no longer entitled to be offset within borrowings.

During the year ended 31 March 2013 Castel has paid US\$100 million to the group to cover the group's exposure in respect of the loan participation deposit. This has resulted in a payable to associate being recorded in the consolidated balance sheet, as the loan participation deposit and the payable to associate are held with different counterparties and therefore are unable to be offset. In accordance with IAS 7 'Statement of Cash Flows', the loan participation has been separately disclosed on the balance sheet as a loan participation deposit, and in the cash flow statement has not been treated as a cash and cash equivalent as it is not readily convertible into cash.

18. Disposal group held for sale

During 2013 the group agreed to sell its milk and juice business in Panama, subject to regulatory approvals. Accordingly the assets and liabilities related to the milk and juice business in Panama have been presented as held for sale, and the disposal group presented within the Latin America segment in accordance with IFRS 8 'Operating segments'.

In 2012 the assets and liabilities related to Foster's interests in its Fijian beverage operations, Foster's Group Pacific Limited, were presented as held for sale, and the disposal group presented within Asia Pacific. The Fijian beverage operations were disposed of on 7 September 2012.

a. Assets of disposal group classified as held for sale

	2013 US\$m	2012 US\$m
Goodwill	13	29
Intangible assets	2	-
Property, plant and equipment	5	27
Inventories	3	18
Trade and other receivables	-	5
	23	79

b. Liabilities of disposal group classified as held for sale

	2013 US\$m	2012 US\$m
Borrowings	-	1
Trade and other payables	-	3
Provisions	-	1
Deferred tax liabilities	1	2
	1	7

19. Trade and other payables

	2013 US\$m	2012 ¹ US\$m
Trade payables	1,236	1,262
Accruals	873	1,076
Deferred income	9	14
Containers in the hands of customers	504	449
Amounts owed to associates	150	42
Amounts owed to joint ventures – trade	14	17
Deferred consideration for acquisitions	10	12
Excise duty payable	363	383
VAT and other taxes payable	239	248
Other payables	738	736
Total trade and other payables	4,136	4,239
Analysed as:		
Current		
Trade payables	1,236	1,262
Accruals	873	1,076
Deferred income	5	6
Containers in the hands of customers	504	449
Amounts owed to associates – trade	50	42
Amounts owed to joint ventures – trade	14	17
Deferred consideration for acquisitions	4	3
Excise duty payable	363	383
VAT and other taxes payable	239	248
Other payables	716	641
	4,004	4,127
Non-current		
Deferred income	4	8
Amounts owed to associates	100	–
Deferred consideration for acquisitions	6	9
Other payables	22	95
	132	112

¹ As restated (see note 28).

20. Deferred taxation

The movement on the net deferred tax liability is shown below.

	2013 US\$m	2012 ¹ US\$m
At 1 April	3,602	2,394
Exchange adjustments	(45)	52
Acquisitions – through business combinations (see note 29)	1	1,270
Transfers to disposal group classified as held for sale (see note 18)	(1)	(2)
Disposals	–	(26)
Rate change	(64)	(25)
Transfers to current tax	–	(17)
Charged to the income statement	(23)	57
Deferred tax on items charged to other comprehensive loss:		
– Financial instruments	(6)	(30)
– Actuarial gains and losses	(28)	(71)
At 31 March	3,436	3,602

¹ As restated (see note 28).

Notes to the consolidated financial statements

continued

20. Deferred taxation continued

The movements in deferred tax assets and liabilities (after offsetting of balances as permitted by IAS 12) during the year are shown below.

	Fixed asset allowances US\$m	Pensions and post-retirement benefit provisions US\$m	Intangibles US\$m	Financial instruments US\$m	Investment in MillerCoors joint venture US\$m	Other timing differences US\$m	Total US\$m
Deferred tax liabilities							
At 1 April 2011	711	(16)	1,187	(48)	748	(4)	2,578
Exchange adjustments	(34)	(1)	95	–	–	(13)	47
Acquisitions – through business combinations	(36)	–	1,600	5	–	(297)	1,272
Disposals	(49)	–	(2)	–	–	(4)	(55)
Rate change	–	–	–	–	–	(25)	(25)
Transfers to current tax	1	–	–	–	–	(16)	(15)
Transfers to/(from) deferred tax assets	2	–	–	–	–	(23)	(21)
Transfers to disposal group classified as held for sale	–	–	–	(2)	–	–	(2)
Charged/(credited) to the income statement	112	5	(62)	–	37	(51)	41
Deferred tax on items charged to other comprehensive loss:							
– Financial instruments	–	–	–	(1)	(29)	–	(30)
– Actuarial gains and losses	–	(2)	–	–	(69)	–	(71)
At 31 March 2012¹	707	(14)	2,818	(46)	687	(433)	3,719
Exchange adjustments	(51)	–	2	–	–	2	(47)
Acquisitions – through business combinations	–	–	1	–	–	–	1
Rate change	(64)	–	–	–	–	–	(64)
Transfers from deferred tax assets	(11)	–	–	–	–	(14)	(25)
Transfers to disposal group classified as held for sale	–	–	(1)	–	–	–	(1)
Charged/(credited) to the income statement	104	22	(125)	(2)	44	(85)	(42)
Deferred tax on items charged/(credited) to other comprehensive loss:							
– Financial instruments	–	–	–	1	(7)	–	(6)
– Actuarial gains and losses	–	(6)	–	–	(22)	–	(28)
At 31 March 2013	685	2	2,695	(47)	702	(530)	3,507

¹ As restated (see note 28).

	Fixed asset allowances US\$m	Provisions and accruals US\$m	Other timing differences US\$m	Total US\$m
Deferred tax assets				
At 1 April 2011	–	60	124	184
Exchange adjustments	1	(1)	(5)	(5)
Acquisitions – through business combinations	2	–	–	2
Disposals	(4)	(7)	(18)	(29)
Transfers to current tax	–	–	2	2
Rate change	–	1	(1)	–
Transfers from/(to) deferred tax liabilities	2	(1)	(22)	(21)
(Charged)/credited to the income statement	(1)	5	(20)	(16)
At 31 March 2012	–	57	60	117
Exchange adjustments	–	(1)	(1)	(2)
Transfers (to)/from deferred tax liabilities	(11)	(20)	6	(25)
Charged to the income statement	(4)	(2)	(13)	(19)
At 31 March 2013	(15)	34	52	71

20. Deferred taxation continued

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The deferred tax asset arises due to timing differences in Europe, Africa, Asia Pacific, and Latin America and, in the prior year, also Corporate. 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\$3,449 million (2012: US\$3,662 million, restated) are expected to fall due after more than one year.

Deferred tax assets of US\$52 million (2012: US\$71 million) are expected to be recovered after more than one year.

	2013 US\$m	2012 US\$m
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	345	161
Tax credits	1,318	242
Depreciation in excess of capital allowances	16	13
Share-based payments	29	25
Other deductible temporary differences	60	107
	1,768	548

Deferred tax assets in respect of tax losses are not recognised unless there is convincing evidence that there will be sufficient profits in future years to recover the assets. A significant part of the tax losses arises in the UK and the value has been calculated at the substantively enacted rate of 23%. It has been announced that the rate will fall to 20% commencing 1 April 2015. The impact of this reduction is not anticipated to have a material impact on the financial statements. The tax losses do not expire.

Deferred tax assets in respect of tax credits arising which are carried forward for offset against future profits are not recognised unless there is absolute certainty that future profits will arise. US\$968 million (2012: US\$242 million) of such tax credits expire within 10 years.

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 (2012: US\$37 million) has been recognised. A deferred tax liability of US\$80 million (2012: US\$51 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 unremitted earnings of overseas subsidiaries where the group is able to control the timing of the reversal of these differences and it is not probable that they will not reverse in the foreseeable future. Similarly no tax is provided where there are plans to remit overseas earnings of subsidiaries but it is not expected that such distributions will give rise to a tax liability.

As a result of UK legislation which largely exempts overseas dividends from tax, the temporary differences arising on unremitted profits are unlikely to lead to additional corporate taxes. However, remittance to the UK of those earnings may still result in a tax liability, principally as a result of withholding taxes levied by the overseas tax jurisdictions in which those subsidiaries operate.

Notes to the consolidated financial statements

continued

21. Borrowings

	2013 US\$m	2012 US\$m
Current Secured		
Overdrafts	9	10
Obligations under finance leases	8	5
Other secured loans	5	6
	22	21
Unsecured		
US\$1,100 million 5.5% Notes due 2013 ^{1,2,3,4}	1,111	–
COP338,520 million IPC + 7.5% Ordinary Bonds due 2013 ⁵	200	–
US\$550 million 5.7% Notes due 2014 ^{1,2,4,6}	570	–
ZAR1,600 million 9.935% Notes due 2012 ^{2,7}	–	209
COP370,000 million IPC + 8.18% Ordinary Bonds due 2012 ⁵	–	220
Other unsecured loans	363	484
Overdrafts	203	128
	2,447	1,041
Total current borrowings	2,469	1,062

The fair value of current borrowings equals the carrying amount, as the impact of discounting is not significant.

¹ 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.

² The notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

³ On 13 August 2003 Miller Brewing Company issued US\$1,100 million, 5.5% Guaranteed Notes due August 2013. Since 1 July 2008 SABMiller plc has been the sole obligor of the notes.

⁴ On 11 June 2012 SABMiller Holdings Inc entered into a contingent guarantee of the obligations of SABMiller plc in respect of these Notes and certain of its other present and future external borrowings. The guarantee takes effect upon the occurrence of certain insolvency events in relation to SABMiller plc.

⁵ With effect from 31 March 2011 98.7% of the 2012 bonds and 97.4% of the 2013 bonds issued by Bavaria SA have been guaranteed by SABMiller plc.

⁶ On 17 July 2008 SABMiller plc issued US\$550 million, 5.7% Notes due January 2014.

⁷ On 19 July 2007 SABSA Holdings (Pty) Ltd issued ZAR1,600 million, 9.935% Notes due July 2012. The notes were issued under the ZAR4,000 million (increased to ZAR6,000 million on 24 December 2008) Domestic Medium Term Note Programme established on 17 July 2007 and guaranteed by SABMiller plc.

21. Borrowings continued

	2013 US\$m	2012 US\$m
Non-current		
Secured		
Obligations under finance leases	27	16
Other secured loans	4	12
	31	28
Unsecured		
ZAR1,000 million 7.125% Notes due 2018 ^{1,2}	108	–
€1,000 million 1.875% Notes due 2020 ^{2,3,4}	1,275	–
US\$1,000 million 1.85% Notes due 2015 ^{2,4,5}	1,004	1,000
US\$2,000 million 2.45% Notes due 2017 ^{2,4,5}	2,020	1,993
US\$2,500 million 3.75% Notes due 2022 ^{2,4,5}	2,506	2,483
US\$1,500 million 4.95% Notes due 2042 ^{2,4,5}	1,485	1,484
US\$1,100 million 5.5% Notes due 2013 ^{2,4,6,7}	–	1,124
€1,000 million 4.5% Notes due 2015 ^{2,7,8}	1,317	1,367
US\$300 million 6.625% Notes due 2033 ^{2,4,7,9}	440	416
US\$850 million 6.5% Notes due 2016 ^{2,4,7,10}	937	960
US\$550 million 5.7% Notes due 2014 ^{2,4,7,11}	–	588
US\$700 million 6.5% Notes due 2018 ^{2,4,7,11}	792	811
PEN150 million 6.75% Notes due 2015 ^{2,7,12}	59	56
US\$300 million 4.875% Notes due 2014 ^{2,4,13}	312	335
US\$700 million 5.125% Notes due 2015 ^{2,4,14}	762	730
US\$300 million 7.875% Notes due 2016 ^{2,15}	364	383
US\$300 million 5.875% Notes due 2035 ^{2,4,14}	344	358
COP640,000 million IPC + 7.3% Ordinary Bonds due 2014 ¹⁶	396	391
COP561,800 million IPC + 6.52% Ordinary Bonds due 2015 ¹⁶	330	320
COP338,520 million IPC + 7.5% Ordinary Bonds due 2013 ¹⁶	–	205
US\$521 million (2012: US\$2,169 million) unsecured loan due December 2014 ¹⁷	523	2,180
US\$624 million (2012: US\$750 million) unsecured loan due September 2016 ¹⁷	621	744
Other unsecured loans	453	208
	16,048	18,136
Total non-current borrowings	16,079	18,164
Total current and non-current borrowings	18,548	19,226
Analysed as:		
Borrowings	18,301	19,067
Obligations under finance leases	35	21
Overdrafts	212	138
	18,548	19,226

The fair value of non-current borrowings is US\$16,679 million (2012: US\$18,821 million). The fair values are based on a combination of market quoted prices and cash flows discounted using prevailing interest rates.

¹ On 28 March 2013 SABSA Holdings Ltd issued ZAR1,000 million, 7.125% Notes due March 2018. The notes were issued under the ZAR6,000 million Domestic Medium Term Note Programme established on 13 December 2012 and guaranteed by SABMiller plc.

² The notes are redeemable in whole but not in part at the option of the issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

³ On 6 December 2012 SABMiller Holdings Inc issued €1,000 million, 1.875% Notes due January 2020. The notes were issued under the SABMiller Holdings Inc US\$3,000 million Euro Medium Term Note Programme guaranteed by SABMiller plc.

⁴ 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.

⁵ On 17 January 2012 SABMiller Holdings Inc issued US\$1,000 million, 1.85% Notes due January 2015, US\$2,000 million, 2.45% Notes due January 2017, US\$2,500 million, 3.75% Notes due January 2022 and US\$1,500 million, 4.95% Notes due January 2042, guaranteed by SABMiller plc.

⁶ On 13 August 2003 Miller Brewing Company issued US\$1,100 million, 5.5% Guaranteed Notes due August 2013. Since 1 July 2008 SABMiller plc has been the sole obligor of the notes.

⁷ On 11 June 2012 SABMiller Holdings Inc entered into a contingent guarantee of the obligations of SABMiller plc in respect of these Notes and certain of its other present and future external borrowings. The guarantee takes effect upon the occurrence of certain insolvency events in relation to SABMiller plc.

⁸ On 17 July 2009 SABMiller plc issued €1,000 million, 4.5% Notes due January 2015. The notes were issued under the SABMiller plc US\$5,000 million Euro Medium Term Note Programme.

⁹ On 13 August 2003 SABMiller plc issued US\$300 million, 6.625% Guaranteed Notes due August 2033. Since 10 September 2010 the principal and interest in respect of the notes has not been guaranteed.

¹⁰ On 5 July 2006 SABMiller plc issued US\$850 million, 6.5% Notes due July 2016.

¹¹ On 17 July 2008 SABMiller plc issued US\$550 million, 5.7% Notes due January 2014 and US\$700 million, 6.5% Notes due July 2018.

Notes to the consolidated financial statements

continued

21. Borrowings continued

¹²On 19 March 2010 SABMiller plc issued PEN150 million, 6.75% Notes due March 2015.

¹³On 5 October 2004 Foster's Finance Corp issued US\$300 million, 4.875% Notes due October 2014, guaranteed by Foster's Group Pty Ltd.

¹⁴On 28 June 2005 FBG Finance Ltd issued US\$700 million, 5.125% Notes due June 2015 and US\$300 million, 5.875% Notes due June 2035, guaranteed by Foster's Group Pty Ltd.

¹⁵On 3 June 1996 FBG Finance Ltd issued US\$300 million, 7.875% Notes due June 2016, guaranteed by Foster's Group Pty Ltd.

¹⁶With effect from 31 March 2011 85.5% of the 2014 bonds, 94.0% of the 2015 bonds and 97.4% of the 2013 bonds, all issued by Bavaria SA, have been guaranteed by SABMiller plc.

¹⁷On 9 September 2011 the group entered into US\$12,500 million, multicurrency committed syndicated facilities primarily for the purpose of acquiring Foster's. By 31 March 2013 US\$10,855 million (2012: US\$9,081 million) of this facility had been voluntarily cancelled. Of the remaining US\$1,645 million (2012: US\$3,419 million) facility, US\$500 million (2012: US\$500 million) is a revolving credit facility and undrawn.

Undrawn borrowing facilities

The group had the following undrawn committed borrowing facilities available at 31 March in respect of which all conditions precedent had been met at that date.

	2013 US\$m	2012 US\$m
Amounts expiring:		
Within one year	281	774
Between one and two years	17	12
Between two and five years	554	788
In five years or more	2,500	2,236
	3,352	3,810

In April 2011 the group entered into a five-year US\$2,500 million committed syndicated revolving credit facility, with the option of two one-year extensions. In March 2013 the maturity of this facility was extended to April 2018. The contingent guarantee referred to in footnote 7 on page 127 extends to the obligations of SABMiller plc in respect of this facility.

Maturity of obligations under finance leases

Obligations under finance leases are as follows.

	2013 US\$m	2012 US\$m
The minimum lease payments under finance leases fall due as follows:		
Within one year	9	6
Between one and five years	24	17
In five years or more	10	–
	43	23
Future finance charges	(8)	(2)
Present value of finance lease liabilities	35	21

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	2013 Total US\$m	Borrowings and overdrafts US\$m	Finance leases US\$m	Net derivative financial assets ¹ (note 23) US\$m	2012 Total US\$m
Amounts falling due:								
Between one and two years	4,173	7	(45)	4,135	1,964	2	(8)	1,958
Between two and five years	5,031	15	(235)	4,811	10,605	14	(356)	10,263
In five years or more	6,848	5	(303)	6,550	5,579	–	(254)	5,325
	16,052	27	(583)	15,496	18,148	16	(618)	17,546

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. Among other responsibilities, the audit committee reviews the internal control environment and risk management systems within the group and it reports its activities to the board. The board also receives a quarterly report on treasury activities, including confirmation of compliance with treasury risk management policies.

The group treasury function is responsible for the management of cash, borrowings and the financial risks arising in relation to interest rates and foreign exchange rates. The responsibility for the management of commodities exposures lies with the procurement functions within the group, including SABMiller Procurement GmbH (SABMiller Procurement, formerly Trinity Procurement GmbH), the group's centralised procurement function. Risk management of key brewing and packaging materials has now been substantially transferred to SABMiller Procurement. 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\$4,589 million of US dollar borrowings and €351 million of euro borrowings (2012: US\$4,429 million of US dollar borrowings and €255 million of euro borrowings) have been swapped into currencies that match the currency of the underlying operations of the group, including South African rand, Peruvian nuevo sol, Czech koruna, Polish zloty, Australian dollar and Colombian peso. Of these financial derivatives US\$2,882 million and €351 million (2012: US\$2,406 million and €255 million) are accounted for as net investment hedges and US\$1,300 million (2012: US\$1,600 million) are accounted for as fair value hedges.

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

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

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.

Notes to the consolidated financial statements

continued

22. Financial risk factors continued

	US dollars US\$m	SA rand US\$m	Australian dollars US\$m	Euro US\$m	Other European currencies US\$m	Latin American currencies US\$m	Other US\$m	Total US\$m
Financial assets								
Trade and other receivables	21	135	3	36	134	165	21	515
Derivative financial instruments ¹	2,023	61	–	1,034	352	–	–	3,470
Cash and cash equivalents	25	2	–	8	16	9	2	62
Intra-group assets	190	8	115	1,062	802	–	2	2,179
At 31 March 2013	2,259	206	118	2,140	1,304	174	25	6,226
Potential impact on earnings – (loss)/gain								
20% increase in functional currency	(305)	(26)	(20)	(200)	(160)	(29)	(4)	(744)
20% decrease in functional currency	365	31	24	240	192	35	5	892
Potential impact on other comprehensive income – (loss)/gain								
20% increase in functional currency	(72)	(8)	–	(157)	(57)	–	–	(294)
20% decrease in functional currency	86	10	–	188	69	–	–	353
Financial liabilities								
Trade and other payables	(260)	(47)	(19)	(143)	(415)	(215)	(5)	(1,104)
Derivative financial instruments ¹	(58)	(565)	(1,331)	(431)	(1,023)	(428)	–	(3,836)
Borrowings	(1,533)	–	(521)	(2,557)	(9)	(58)	(113)	(4,791)
Intra-group liabilities	(45)	(41)	(400)	(103)	(114)	–	(1)	(704)
At 31 March 2013	(1,896)	(653)	(2,271)	(3,234)	(1,561)	(701)	(119)	(10,435)
Potential impact on earnings – gain/(loss)								
20% increase in functional currency	316	17	70	200	90	36	20	749
20% decrease in functional currency	(379)	(20)	(84)	(240)	(108)	(43)	(24)	(898)
Potential impact on other comprehensive income – gain/(loss)								
20% increase in functional currency	–	92	309	339	171	81	–	992
20% decrease in functional currency	–	(110)	(370)	(407)	(205)	(97)	–	(1,189)

¹ These represent the notional amounts of derivative financial instruments.

22. Financial risk factors continued

	US dollars US\$m	SA rand US\$m	Australian dollars US\$m	Euro US\$m	Other European currencies US\$m	Latin American currencies US\$m	Other US\$m	Total US\$m
Financial assets								
Trade and other receivables	25	130	4	46	155	–	61	421
Derivative financial instruments ¹	2,273	40	–	543	231	–	21	3,108
Cash and cash equivalents	50	7	1	22	5	2	21	108
Intra-group assets	278	63	17	1,080	323	–	3	1,764
At 31 March 2012	2,626	240	22	1,691	714	2	106	5,401
Potential impact on earnings – (loss)/gain								
20% increase in functional currency	(345)	(40)	(4)	(211)	(81)	–	(15)	(696)
20% decrease in functional currency	414	47	4	254	97	–	19	835
Potential impact on other comprehensive income – (loss)/gain								
20% increase in functional currency	(93)	(1)	–	(71)	(39)	–	(2)	(206)
20% decrease in functional currency	111	1	–	85	46	–	2	245
Financial liabilities								
Trade and other payables	(160)	(54)	(18)	(159)	(384)	(19)	(21)	(815)
Derivative financial instruments ¹	(236)	(492)	(1,035)	(121)	(709)	(510)	–	(3,103)
Borrowings	(1,692)	–	(2,069)	(1,381)	–	(56)	(62)	(5,260)
Intra-group liabilities	(8)	(79)	(278)	(159)	(189)	–	(2)	(715)
At 31 March 2012	(2,096)	(625)	(3,400)	(1,820)	(1,282)	(585)	(85)	(9,893)
Potential impact on earnings – gain/(loss)								
20% increase in functional currency	349	22	49	287	95	3	15	820
20% decrease in functional currency	(419)	(27)	(59)	(344)	(115)	(4)	(16)	(984)
Potential impact on other comprehensive income – gain/(loss)								
20% increase in functional currency	–	82	517	17	118	95	–	829
20% decrease in functional currency	–	(98)	(621)	(20)	(142)	(113)	–	(994)

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\$1,317 million at 31 March 2013 (2012: US\$1,224 million). The foreign exchange gains or losses on these contracts are recorded in the cash flow hedging reserve until the hedged transactions occur, at which time the respective gains and losses are transferred to inventory, property, plant and equipment, goodwill or to the income statement as appropriate.

The group holds net investment hedges totalling US\$5,937 million at 31 March 2013 (2012: US\$5,312 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.

Notes to the consolidated financial statements

continued

22. Financial risk factors continued

(ii) Interest rate risk

As at 31 March 2013 46% (2012: 43%) of consolidated gross borrowings were in fixed rates taking into account interest rate swaps and forward rate agreements.

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

Exposure to movements in interest rates in group borrowings is managed through interest rate swaps and forward rate agreements. As at 31 March 2013 on a policy adjusted basis, 56% (2012: 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 1.01% (2012: 0.44%) of adjusted EBITDA.

The cash flow interest rate risk sensitivities on variable debt and interest rate swaps were.

	US dollars US\$m	SA rand US\$m	Australian dollars US\$m	Euro US\$m	Other European currencies US\$m	Colombian peso US\$m	Other US\$m	Total US\$m
At 31 March 2013								
Net debt ¹	11,745	148	523	2,539	(19)	884	557	16,377
Less: fixed rate debt	(11,085)	(108)	–	(2,592)	–	–	(265)	(14,050)
Variable rate debt	660	40	523	(53)	(19)	884	292	2,327
Adjust for:								
Financial derivatives	2,662	152	1,017	934	558	–	–	5,323
Net variable rate debt exposure	3,322	192	1,540	881	539	884	292	7,650
+/- 100 bps change								
Potential impact on earnings	34	2	16	9	5	9	3	78
+/- 100 bps change								
Potential impact on other comprehensive income	–	–	8	–	–	–	–	8
At 31 March 2012								
Net debt ¹	13,141	192	2,226	1,359	(34)	1,148	450	18,482
Less: fixed rate debt	(12,665)	–	–	(1,367)	–	–	(282)	(14,314)
Variable rate debt	476	192	2,226	(8)	(34)	1,148	168	4,168
Adjust for:								
Financial derivatives	3,692	183	1,083	885	139	–	–	5,982
Net variable rate debt exposure	4,168	375	3,309	877	105	1,148	168	10,150
+/- 100 bps change								
Potential impact on earnings	42	4	34	9	1	12	2	104
+/- 100 bps change								
Potential impact on other comprehensive income	–	–	12	–	–	–	–	12

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\$6,704 million as at 31 March 2013 (2012: US\$6,217 million) which are designated as fair value hedges. In the case of these instruments and the underlying fixed rate bonds, changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements net off almost completely in the income statement in the same period.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bps in interest rates at the reporting date would have increased/(decreased) other comprehensive income and the income statement by the amounts shown above. This analysis assumes all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2012.

22. Financial risk factors continued

Interest rate profiles of financial liabilities

The following table sets out the contractual repricing included within the underlying borrowings (excluding net borrowings-related derivatives) exposed to either fixed interest rates or floating interest rates and revises this for the repricing effect of interest rate and cross currency swaps.

	2013			2012		
	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	4,823	5,515	10,338	5,138	5,981	11,119
Between one and two years	1,375	(946)	429	1,712	(900)	812
Between two and five years	5,508	(2,816)	2,692	6,824	(3,874)	2,950
In five years or more	6,842	(1,753)	5,089	5,552	(1,207)	4,345
Total interest bearing	18,548	-	18,548	19,226	-	19,226
Analysed as:						
Fixed rate interest	14,050	(5,515)	8,535	14,314	(5,981)	8,333
Floating rate interest	4,498	5,515	10,013	4,912	5,981	10,893
Total interest bearing	18,548	-	18,548	19,226	-	19,226

(iii) Price risk

Commodity price risk

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

At 31 March 2013 the notional value of commodity derivatives amounted to US\$89 million (2012: US\$36 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 dealing only with counterparties with a minimum credit rating of BBB- by Standard & Poor's and Baa3 from Moody's. For banks with a lower credit rating, or with no international credit rating, a maximum limit of US\$5 million is applied, unless specific approval is obtained from either the chief financial officer or the audit committee of the board. The utilisation of credit limits is regularly monitored. To reduce credit exposures, the group has ISDA Master Agreements with most of its counterparties for financial derivatives, which permit net settlement of assets and liabilities in certain circumstances.

Trade and other receivables

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

The group considers its maximum credit risk to be US\$5,052 million (2012: US\$3,705 million, as restated) which is the total of the group's financial assets.

c. Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

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

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

At 31 March 2013 the group had the following core lines of credit that were available for general corporate purposes.

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22. Financial risk factors continued

SABMiller plc:

- US\$2,500 million committed syndicated revolving credit facility, which is due to expire in April 2018.

SABMiller Holdings Inc:

- US\$500 million revolving credit facility, which is due to expire in September 2016.

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 2013 the borrowing capacity under committed bank facilities amounted to US\$3,352 million (2012: US\$3,810 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 settlement date. The amounts disclosed in the table are the contractual undiscounted cash flows. The amounts disclosed for financial guarantee contracts represent the maximum possible cash outflows for guarantees provided in respect of associates' bank facilities, which would only be payable upon the occurrence of certain default events. Should such events occur, certain remedies are available that could mitigate the impact. 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 2013				
Borrowings	(3,466)	(4,468)	(5,881)	(9,407)
Derivative financial instruments	(11)	(13)	(13)	-
Trade and other payables	(3,391)	(119)	-	-
Financial guarantee contracts	(234)	-	-	-
At 31 March 2012				
Borrowings	(1,803)	(2,904)	(11,763)	(8,361)
Derivative financial instruments	(18)	16	(11)	(35)
Trade and other payables ¹	(3,489)	(95)	(7)	(4)
Financial guarantee contracts	(174)	-	-	-

¹ As restated (see note 28).

The table below analyses the group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual settlement 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. Forward foreign currency swaps have been included for the first time in the table below for the year ended 31 March 2013, along with the comparative for the prior year.

	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 2013				
Forward foreign currency swaps				
Outflow	(2,944)	(43)	-	-
Inflow	2,982	43	-	-
Forward foreign exchange contracts				
Outflow	(1,308)	(63)	-	-
Inflow	1,306	63	-	-
Cross currency swaps				
Outflow	(325)	(466)	(1,730)	(874)
Inflow	332	451	1,816	864
At 31 March 2012				
Forward foreign currency swaps				
Outflow	(2,492)	(87)	-	-
Inflow	2,527	82	-	-
Forward foreign exchange contracts				
Outflow	(399)	(12)	-	-
Inflow	401	12	-	-
Cross currency swaps				
Outflow	(278)	(346)	(1,686)	(866)
Inflow	216	331	1,637	877

22. Financial risk factors continued

Capital management

The capital structure of the group consists of net debt (see note 27c) and shareholders' equity.

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Besides the minimum capitalisation rules that may apply to subsidiaries in different countries, the group's only externally imposed capital requirement relates to the group's core lines of credit which include a net debt to EBITDA financial covenant which was complied with throughout the year.

The group monitors its financial capacity and credit ratings by reference to a number of key financial ratios and cash flow metrics including net debt to adjusted EBITDA and interest cover. These provide a framework within which the group's capital base is managed including dividend policy.

If the group fails to meet the financial targets required by the ratings agencies, a credit rating downgrade could impact the average interest rate of borrowings of the group and the future availability of credit to the group.

The group is currently rated Baa1/stable outlook by Moody's Investors Service and BBB+/positive outlook by Standard & Poor's Ratings Services.

Fair value estimation

The following table presents the group's financial assets and liabilities that are measured at fair value.

	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m
At 31 March 2013				
Assets				
Derivative financial instruments	-	843	-	843
Available for sale investments	-	10	12	22
Total assets	-	853	12	865
Liabilities				
Derivative financial instruments	-	(86)	-	(86)
Total liabilities	-	(86)	-	(86)
At 31 March 2012				
Assets				
Derivative financial instruments	-	756	-	756
Available for sale investments	1	18	12	31
Total assets	1	774	12	787
Liabilities				
Derivative financial instruments	-	(109)	-	(109)
Total liabilities	-	(109)	-	(109)

The levels of the fair value hierarchy and its application to the group's financial assets and liabilities are described below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices):

The fair values of financial instruments that are not traded in an active market (for example, over the counter derivatives or infrequently traded listed investments) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data:

Specific valuation techniques, such as discounted cash flow analysis, are used to determine fair value of the remaining financial instruments.

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22. Financial risk factors continued

The following table presents the changes in level 3 instruments for the years ended 31 March.

	Available for sale investments	
	2013 US\$m	2012 US\$m
At 1 April	12	15
Exchange adjustments	-	(1)
Disposals	-	(2)
At 31 March	12	12

23. Derivative financial instruments

Current derivative financial instruments

	2013		2012	
	Assets US\$m	Liabilities US\$m	Assets US\$m	Liabilities US\$m
Embedded derivatives	1	-	-	(1)
Interest rate swaps – on borrowings ¹	25	(4)	-	-
Forward foreign currency contracts – on operating items	11	(13)	7	(13)
Forward foreign currency contracts – on borrowings ¹	26	(1)	14	(12)
Forward foreign currency contracts designated as cash flow hedges	1	(12)	3	(12)
Cross currency swaps – on borrowings ¹	47	-	-	-
Commodity contracts designated as cash flow hedges	-	(4)	-	(2)
	111	(34)	24	(40)

¹ Borrowings-related derivative financial instruments amounting to a net asset of US\$93 million (2012: US\$2 million).

Non-current derivative financial instruments

	2013		2012	
	Assets US\$m	Liabilities US\$m	Assets US\$m	Liabilities US\$m
Interest rate swaps designated as fair value hedges ¹	428	(13)	394	(18)
Interest rate swaps designated as cash flow hedges ¹	-	(10)	-	(4)
Interest rate swaps – on borrowings ¹	-	(11)	55	(9)
Forward foreign currency contracts – on borrowings ¹	5	-	5	-
Forward foreign currency contracts – on operating items designated as net investment hedges	32	(14)	42	(21)
Forward foreign currency contracts – on borrowings designated as net investment hedges ¹	4	(2)	-	(10)
Cross currency swaps – on borrowings ¹	45	-	74	-
Cross currency swaps designated as cash flow hedges ¹	59	-	18	-
Cross currency swaps designated as fair value hedges ¹	78	-	113	-
Cross currency swaps designated as net investment hedges	81	-	31	(7)
Commodity contracts designated as cash flow hedges	-	(2)	-	-
	732	(52)	732	(69)

¹ Borrowings-related derivative financial instruments amounting to a net asset of US\$583 million (2012: US\$618 million).

Derivatives designated as hedging instruments

(i) Fair value hedges

The group has entered into several interest rate swaps to pay floating and receive fixed interest which have been designated as fair value hedges to hedge exposure to changes in the fair value of its US dollar and euro fixed rate borrowings. Borrowings are designated as the hedged item as part of the fair value hedge. The borrowings and the interest rate swaps have the same critical terms.

As at 31 March 2013 the notional amount of the US dollar interest rate swaps was US\$4,250 million (2012: US\$3,950 million). The fixed interest rates received vary from 1.85% to 6.625% (2012: 1.85% to 6.625%) and the floating interest rates paid vary from LIBOR plus 47.2 bps to LIBOR plus 177.8 bps (2012: LIBOR plus 71.6 bps to LIBOR plus 177.8 bps) on the notional amount.

As at 31 March 2013 the notional amount of the euro interest rate swaps was €900 million (2012: €500 million). The fixed interest rates received are 1.875% to 4.5% (2012: 4.5%) and floating interest rates paid vary from EURIBOR plus 71 bps to EURIBOR plus 178 bps (2012: EURIBOR plus 177 bps to EURIBOR plus 178 bps) on the notional amount.

23. Derivative financial instruments continued

The group has entered into interest rate swaps and cross currency interest rate swaps, the cumulative effect of which is to receive fixed US dollar interest and pay Australian dollar floating interest, and to convert the profile of the US dollar borrowings into Australian dollars. These swaps have been designated as a combination of fair value and cash flow hedges to hedge the exposure of the Australian operations to changes in the fair value of the US dollar borrowings.

As at 31 March 2013 the notional amount of the interest rate swaps was US\$300 million (2012: US\$600 million). The fixed interest rates received are 7.875% (2012: 4.875% to 7.875%) and the floating interest rates paid vary from LIBOR plus 69.2 bps to LIBOR plus 72.8 bps (2012: LIBOR plus 47 bps to LIBOR plus 73 bps) on the notional amount.

The notional amount of the cross currency interest rate swaps was US\$1,300 million (2012: US\$1,600 million). These were:

- US\$1,000 million (2012: US\$1,000 million) received US dollar fixed rate interest varying from 5.125% to 5.875% (2012: 5.125% to 5.875%) and paid floating Australian dollar interest with rates varying from Australian bank bills plus 268 bps to Australian bank bills plus 410 bps (2012: Australian bank bills plus 268 bps to Australian bank bills plus 410 bps); and
- US\$300 million (2012: US\$600 million) received floating US dollar interest with rates of LIBOR plus 71 bps (2012: LIBOR plus 47 bps to LIBOR plus 71 bps) and paid floating Australian dollar interest with rates of Australian bank bills plus 117 bps (2012: Australian bank bills plus 87 bps to Australian bank bills plus 117 bps).

As at 31 March 2013 the carrying value of the hedged borrowings was US\$7,202 million (2012: US\$6,827 million).

(ii) Cash flow hedges

The group has entered into Australian dollar 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\$521 million equivalent (2012: US\$515 million). The fair value of these interest rate swaps was a liability of US\$10 million (2012: US\$4 million). The fixed interest rate paid varies from 4.27% to 4.38% (2012: 4.27% to 4.38%) and the floating rates received are Australian bank bills plus zero bps (2012: Australian bank bills plus zero bps). As at 31 March 2013 the carrying value of the hedged borrowings was US\$523 million (2012: US\$535 million).

The group has entered into forward exchange contracts designated as cash flow hedges to manage short-term foreign currency exposures to expected net operating costs including future trade imports and exports. As at 31 March 2013 the notional amounts of these contracts were €383 million, US\$432 million, GBP144 million, Swiss franc (CHF) 70 million, ZAR464 million and CZK674 million (2012: €317 million, US\$557 million, GBP128 million, CHF15 million, ZAR405 million and CZK12 million).

The group has entered into commodity contracts designated as cash flow hedges to manage the future price of commodities. As at 31 March 2013 the notional amount of forward contracts for the purchase price of corn was US\$13 million (2012: US\$3 million), the notional amount of forward contracts for the purchase price of aluminium was US\$75 million (2012: US\$33 million) and the notional amount of forward contracts for the purchase price of sugar was US\$1 million (2012: US\$nil).

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
At 31 March 2013					
Interest rate swaps:					
Liabilities	(10)	(10)	(4)	(6)	-
Forward foreign currency contracts:					
Assets	1	1	1	-	-
Liabilities	(12)	(12)	(12)	-	-
Commodity contracts:					
Liabilities	(6)	(8)	(4)	(3)	(1)
	(27)	(29)	(19)	(9)	(1)
At 31 March 2012					
Interest rate swaps:					
Liabilities	(4)	(4)	(1)	(2)	(1)
Forward foreign currency contracts:					
Assets	3	4	4	-	-
Liabilities	(12)	(13)	(13)	-	-
Commodity contracts:					
Liabilities	(2)	(2)	(2)	-	-
	(15)	(15)	(12)	(2)	(1)

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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, Australia, the Czech Republic, Poland, Colombia and Peru 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\$63 million (2012: losses of US\$1 million) have been recognised in other comprehensive income.

Analysis of notional amounts on financial instruments designated as net investment hedges:

	2013 m	2012 m
Forward foreign currency contracts:		
SA rand	3,681	2,374
Czech koruna	5,575	6,825
Peruvian nuevo sol	480	631
Australian dollar	1,000	1,000
Polish zloty	611	630
Colombian peso	445,500	490,476
Cross currency swaps:		
SA rand	1,404	1,404
Australian dollar	277	–
Polish zloty	585	433
Czech koruna	7,600	–

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 2013 the notional amounts of these contracts were €32 million, US\$61 million and ZAR28 million (2012: €91 million, US\$150 million and ZAR37 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 2013 the notional amounts of these contracts were US\$108 million, €3 million, GBP31 million, Romanian lei (RON) 454 million, PLN863 million, CHF34 million, ZAR251 million, CZK6,340 million, AUD415 million and Hungarian forints (HUF)14,500 million (2012: US\$110 million, €60 million, GBP34 million, RON196 million, PLN189 million, CHF15 million, ZAR632 million, CZK1,425 million and AUD209 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 2013 the notional amounts of these contracts were €317 million (2012: €317 million).

Fair value gain on financial instruments recognised in the income statement

	2013 US\$m	2012 US\$m
Derivative financial instruments:		
Interest rate swaps	8	(8)
Interest rate swaps designated as fair value hedges	(7)	104
Forward foreign currency contracts	12	76
Forward foreign currency contracts designated as fair value hedges	3	8
Cross currency swaps	19	27
Cross currency swaps designated as net investment hedges	–	(4)
Other fair value gains	18	30
	53	233
Other financial instruments:		
Non-current borrowings designated as the hedged item in a fair value hedge	7	(104)
Total fair value gain on financial instruments recognised in the income statement	60	129

Fair value gains or losses on borrowings, derivative financial instruments held to hedge interest rate risk on borrowings and derivative financial instruments acquired to hedge the risks of the Foster's acquisition were recognised as part of net finance costs. Fair value gains or losses on all other derivative financial instruments are recognised in operating profit.

23. Derivative financial instruments continued

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 2013								
Assets								
Available for sale investments	-	-	22	-	-	22	22	-
Derivative financial instruments	843	-	-	-	-	843	732	111
Trade and other receivables	-	1,916	-	-	295	2,211	144	2,067
Loan participation deposit	-	100	-	-	-	100	100	-
Cash and cash equivalents	-	2,171	-	-	-	2,171	-	2,171
Liabilities								
Derivative financial instruments	(86)	-	-	-	-	(86)	(52)	(34)
Borrowings	-	-	-	(18,548)	-	(18,548)	(16,079)	(2,469)
Trade and other payables	-	-	-	(3,524)	(612)	(4,136)	(132)	(4,004)
At 31 March 2012¹								
Assets								
Available for sale investments	-	-	31	-	-	31	30	1
Derivative financial instruments	756	-	-	-	-	756	732	24
Trade and other receivables	-	2,073	-	-	267	2,340	136	2,204
Loan participation deposit	-	100	-	-	-	100	100	-
Cash and cash equivalents	-	745	-	-	-	745	-	745
Liabilities								
Derivative financial instruments	(109)	-	-	-	-	(109)	(69)	(40)
Borrowings	-	-	-	(19,226)	-	(19,226)	(18,164)	(1,062)
Trade and other payables	-	-	-	(3,594)	(645)	(4,239)	(112)	(4,127)

¹ As restated (see note 28).

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24. Provisions

	Demerged entities and litigation US\$m	Post- retirement benefits US\$m	Taxation- related US\$m	Restructuring US\$m	Payroll- related US\$m	Onerous contracts US\$m	Other US\$m	Total US\$m
At 1 April 2011	94	310	302	70	46	7	44	873
Exchange adjustments	(2)	(1)	(2)	2	–	7	2	6
Acquisitions – through business combinations	34	1	37	160	29	211	26	498
Disposals	(1)	–	–	(10)	(1)	–	(9)	(21)
Charged/(credited) to the income statement								
– Additional provision in year	4	28	3	23	17	2	37	114
– Unused amounts reversed	–	(10)	(54)	(1)	(1)	–	–	(66)
Utilised in the year	(7)	(28)	(26)	(31)	(14)	(13)	(20)	(139)
Actuarial losses recorded in other comprehensive loss	–	9	–	–	–	–	–	9
Transfers to disposal group classified as held for sale	–	–	–	–	(1)	–	–	(1)
Transfer between categories	3	–	5	4	(4)	–	(8)	–
At 31 March 2012¹	125	309	265	217	71	214	72	1,273
Exchange adjustments	(4)	(16)	(3)	(1)	(3)	1	(1)	(27)
Charged/(credited) to the income statement								
– Additional provision in year	1	30	21	19	14	2	18	105
– Unused amounts reversed	–	–	(25)	(5)	–	–	(1)	(31)
Utilised in the year	(4)	(43)	(7)	(110)	(13)	(56)	(19)	(252)
Actuarial losses recorded in other comprehensive loss	–	21	–	–	–	–	–	21
Transfer from current tax liabilities	–	–	7	–	–	–	–	7
Transfer between categories	7	–	(10)	(6)	9	(1)	1	–
At 31 March 2013	125	301	248	114	78	160	70	1,096

	2013 US\$m	2012 US\$m
Analysed as:		
Current	558	704
Non-current	538	569
	1,096	1,273

¹ As restated (see note 28).

Demerged entities and litigation

During the year ended 31 March 1998 the group recognised a provision of US\$73 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 2013 US\$1 million (2012: US\$2 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\$10 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\$115 million (2012: US\$90 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 provision for all claims has already been made, the actual outcome of the disputes and the timing of the resolution cannot be estimated by the directors at this time. The further information ordinarily required by IAS 37, 'Provisions, contingent liabilities and contingent assets' has not been disclosed on the grounds that it can be expected to seriously prejudice the outcome of the disputes.

Post-retirement benefits

The provision for post-retirement benefits represents the provision for medical benefits for retired employees and their dependants in South Africa, for post-retirement medical and life insurance benefits for eligible employees and their dependants in North America and Europe, medical and other benefits in Latin America, and pension provisions for employees in North America, Latin America, Europe, Africa and Asia Pacific. 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.

Restructuring

This includes the remaining provision for restructuring costs related to Europe which management expects to be utilised within four years, and provisions for costs related to pre-existing demerger costs and demerger warranties in Foster's in Australia which are expected to be utilised within one year.

Payroll-related

This principally relates to employee long service awards of US\$17 million (2012: US\$19 million) within South Africa and US\$3 million (2012: US\$15 million) within Latin America, which are expected to be utilised over time when service awards fall due. Payroll-related provisions also include US\$37 million (2012: US\$32 million, restated) within Asia Pacific relating to employee entitlement provisions, and US\$18 million (2012: US\$4 million) of cash-settled share-based payment provisions within Corporate which are expected to be utilised within one year.

Onerous contracts

This includes provisions for unfavourable supply contracts for malt, glass, aluminium cans and concentrated fruit juice for non-alcoholic beverages, as well as provisions for surplus property leases in Australia which management expects to be utilised within seven years.

Other provisions

Included within other provisions are environmental provisions and other provisions. These are primarily expected to be utilised within four years.

25. Share capital

	2013 US\$m	2012 US\$m
Group and company		
Called up, allotted and fully paid share capital		
1,669,731,799 ordinary shares of 10 US cents each (2012: 1,664,323,483)	167	166
50,000 deferred shares of £1.00 each (2012: 50,000)	–	–
	167	166

	Ordinary shares of 10 US cents each	Deferred shares of £1 each	Nominal value US\$m
At 1 April 2011	1,659,040,014	50,000	166
Issue of shares – share incentive plans	5,283,469	–	–
At 31 March 2012	1,664,323,483	50,000	166
Issue of shares – share incentive plans	5,408,316	–	1
At 31 March 2013	1,669,731,799	50,000	167

Changes to authorised share capital

With effect from 1 October 2009 the company adopted new articles of association which removed any previous limit on the authorised share capital. Directors are still limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share plans.

Changes to issued share capital

During the year the company issued 5,408,316 (2012: 5,283,469) new ordinary shares of 10 US cents to satisfy the exercise of options granted under the various share incentive plans, for consideration of US\$102 million (2012: US\$96 million).

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continued

25. Share capital continued

Rights and restrictions relating to share capital

Convertible participating shares

Altria is entitled to require the company to convert its ordinary shares into convertible participating shares so as to ensure that Altria's voting shareholding does not exceed 24.99% of the total voting shareholding.

If such an event occurs, the convertible participating shares will rank *pari passu* with the ordinary shares in all respects and no action shall be taken by the company in relation to ordinary shares unless the same action is taken in respect of the convertible participating shares. On distribution of the profits (whether by cash dividend, dividend in specie, scrip dividend, capitalisation issue or otherwise), the convertible participating shares will rank *pari passu* with the ordinary shares. On a return of capital (whether winding-up or otherwise), the convertible participating shares will rank *pari passu* with the ordinary shares.

Altria is entitled to vote its convertible participating shares at general meetings of the company on a poll on the basis of one-tenth of a vote for every convertible participating share on all resolutions other than a resolution:

- (i) proposed by any person other than Altria, to wind-up the company;
- (ii) proposed by any person other than Altria, to appoint an administrator or to approve any arrangement with the company's creditors;
- (iii) proposed by the board, to sell all or substantially all of the undertaking of the company; or
- (iv) proposed by any person other than Altria, to alter any of the class rights attaching to the convertible participating shares or to approve the creation of any new class of shares,

in which case Altria shall be entitled on a poll to vote on the resolution on the basis of one vote for each convertible participating share, but, for the purposes of any resolution other than a resolution mentioned in (iv) above, the convertible participating shares shall be treated as being of the same class as the ordinary shares and no separate meeting or resolution of the holders of the convertible participating shares shall be required to be convened or passed.

Upon a transfer of convertible participating shares by Altria other than to an affiliate, such convertible participating shares shall convert into ordinary shares.

Altria is entitled to require the company to convert its convertible participating shares into ordinary shares if:

- (i) a third party has made a takeover offer for the company and (if such offer becomes or is declared unconditional in all respects) it would result in the voting shareholding of the third party being more than 30% of the total voting shareholding; and
- (ii) Altria has communicated to the company in writing its intention not itself to make an offer competing with such third party offer, provided that the conversion date shall be no earlier than the date on which the third party's offer becomes or is declared unconditional in all respects.

Altria is entitled to require the company to convert its convertible participating shares into ordinary shares if the voting shareholding of a third party should be more than 24.99%, provided that:

- (i) the number of ordinary shares held by Altria following such conversion shall be limited to one ordinary share more than the number of ordinary shares held by the third party; and
- (ii) such conversion shall at no time result in Altria's voting shareholding being equal to or greater than the voting shareholding which would require Altria to make a mandatory offer in terms of rule 9 of the City Code.

If Altria wishes to acquire additional ordinary shares (other than pursuant to a pre-emptive issue of new ordinary shares or with the prior approval of the board), Altria shall first convert into ordinary shares the lesser of:

- (i) such number of convertible participating shares as would result in Altria's voting shareholding being such percentage as would, in the event of Altria subsequently acquiring one additional ordinary share, require Altria to make a mandatory offer in terms of rule 9 of the City Code; and
- (ii) all of its remaining convertible participating shares.

25. Share capital continued

The company must use its best endeavours to procure that the ordinary shares arising on conversion of the convertible participating shares are admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, admitted to listing and trading on the JSE Ltd, and admitted to listing and trading on any other stock exchange upon which the ordinary shares are from time to time listed and traded, but no admission to listing or trading need be sought for the convertible participating shares whilst they remain convertible participating shares.

Deferred shares

The deferred shares do not carry any voting rights and do not entitle their holders 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 share incentive plans. The share incentives outstanding are summarised as follows.

Scheme	2013 Number	2012 Number
GBP share options	17,809,920	16,622,334
ZAR share options	12,939,245	13,024,503
GBP stock appreciation rights (SARs)	1,955,529	2,820,144
GBP performance share awards	7,505,723	6,880,114
GBP value share awards	11,721,564	6,877,784
GBP cash settled awards	–	335,940
Total share incentives outstanding¹	51,931,981	46,560,819

¹ Total share incentives outstanding exclude shares relating to the BBBEE scheme.

Further details relating to all of the share incentive schemes can be found in the directors' remuneration report on pages 66 to 85.

The exercise prices of incentives outstanding at 31 March 2013 ranged from £0 to £28.28 and ZAR53.30 to ZAR401.06 (2012: £0 to £25.48 and ZAR53.30 to ZAR290.23). The movement in share awards outstanding is summarised in the following tables.

GBP share options

GBP share options include share options granted under the Executive Share Option Plan 2008, the Approved Executive Share Option Plan 2008, the Executive Share Option (No.2) Scheme, the Approved Executive Share Option Scheme and the International Employee Share Scheme. No further grants can be made under the now closed Executive Share Option (No.2) Scheme, the Approved Executive Share Option Scheme, or the International Employee Share Scheme; although outstanding grants may still be exercised until they reach their expiry date.

	Number of options	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2011	15,088,057	13.46	–
Granted	4,417,346	22.51	6.47
Lapsed	(679,700)	18.88	–
Exercised	(2,203,369)	11.44	–
Outstanding at 31 March 2012	16,622,334	15.91	–
Granted	4,637,730	24.01	5.85
Lapsed	(583,250)	20.28	–
Exercised	(2,866,894)	12.52	–
Outstanding at 31 March 2013	17,809,920	18.42	–

Notes to the consolidated financial statements

continued

25. Share capital continued

ZAR share options

Share options designated in ZAR include share options granted under the South African Executive Share Option Plan 2008 and the Mirror Executive Share Purchase Scheme (South Africa). No further grants can be made under the Mirror Executive Share Purchase Scheme (South Africa) although outstanding grants may still be exercised until they reach their expiry date.

	Number of options	Weighted average exercise price ZAR	Weighted average fair value at grant date ZAR
Outstanding at 1 April 2011	13,686,079	169.64	–
Granted	2,943,373	283.07	105.43
Lapsed	(524,849)	218.17	–
Exercised	(3,080,100)	138.30	–
Outstanding at 31 March 2012	13,024,503	200.73	–
Granted	2,912,565	381.88	134.46
Lapsed	(456,401)	263.02	–
Exercised	(2,541,422)	154.55	–
Outstanding at 31 March 2013	12,939,245	248.38	–

GBP SARs

GBP SARs include stock appreciation rights granted under the Stock Appreciation Rights Plan 2008 and the International Employee Stock Appreciation Rights Scheme. No further grants can be made under the now closed International Employee Stock Appreciation Rights Scheme, although outstanding grants may still be exercised until they reach their expiry date.

	Number of SARs	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2011	3,575,370	9.72	–
Granted	64,900	22.50	6.47
Lapsed	(26,583)	11.44	–
Exercised	(793,543)	8.85	–
Outstanding at 31 March 2012	2,820,144	10.25	–
Granted	60,600	23.95	5.81
Lapsed	(9,600)	15.94	–
Exercised	(915,615)	8.66	–
Outstanding at 31 March 2013	1,955,529	11.39	–

GBP performance share awards

GBP performance share awards include awards made under the Executive Share Award Plan 2008, the Performance Share Award Scheme and the International Performance Share Award Sub-Scheme. No further awards can be made under the Performance Share Award Scheme and the International Performance Share Award Sub-Scheme, although outstanding awards remain and will vest, subject to the achievement of their respective performance conditions on their vesting date.

	Number of awards	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2011	7,364,124	–	–
Granted	2,208,640	–	20.46
Lapsed	(278,760)	–	–
Released to participants	(2,413,890)	–	–
Outstanding at 31 March 2012	6,880,114	–	–
Granted	3,471,222	–	22.32
Lapsed	(254,284)	–	–
Released to participants	(2,591,329)	–	–
Outstanding at 31 March 2013	7,505,723	–	–

25. Share capital continued

GBP value share awards

The 4,843,780 (2012: 4,034,340) value share awards granted during the year ended 31 March 2013 represent the theoretical maximum number of awards that could possibly vest in the future, although in practice it is extremely unlikely that this number of awards would be released.

	Number of value shares (per £10 million of additional value)	Theoretical maximum shares at cap	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2011	1,022	3,168,200	–	–
Granted	1,205	4,034,340	–	7.27
Lapsed	(97)	(324,756)	–	–
Outstanding at 31 March 2012	2,130	6,877,784	–	–
Granted	1,270	4,843,780	–	7.02
Outstanding at 31 March 2013	3,400	11,721,564	–	–

GBP cash-settled awards

GBP share incentives included under the Associated Companies' Cash Award Plan 2011.

	Number of awards	Weighted average exercise price GBP	Weighted average fair value at grant date GBP
Outstanding at 1 April 2011	–	–	–
Granted	335,940	–	20.35
Outstanding at 31 March 2012	335,940	–	–
Released to participants	(335,940)	–	–
Outstanding at 31 March 2013	–	–	–

Outstanding share incentives

The following table summarises information about share incentives outstanding at 31 March.

Range of exercise prices	Number 2013	Weighted average remaining contractual life in years 2013	Number 2012	Weighted average remaining contractual life in years 2012
GBP share options				
£4 – £5	–	–	204,850	1.0
£5 – £6	9,000	0.6	73,418	1.6
£6 – £7	356,310	1.1	401,993	2.1
£8 – £9	452,944	2.1	622,494	3.1
£9 – £10	78,275	5.6	78,275	6.6
£10 – £11	942,994	3.4	1,097,744	4.4
£11 – £12	1,117,686	4.1	1,456,403	5.1
£12 – £13	3,311,385	5.7	4,781,927	6.8
£17 – £18	17,200	6.6	28,700	7.6
£19 – £20	3,072,050	7.2	3,603,984	8.2
£20 – £21	46,950	7.7	66,950	8.7
£22 – £23	3,872,096	8.2	4,185,596	9.2
£23 – £24	4,443,930	9.2	–	–
£25 – £26	20,000	8.7	20,000	9.7
£28 – £29	69,100	9.7	–	–
	17,809,920	7.0	16,622,334	7.1

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25. Share capital continued

Range of exercise prices	Number 2013	Weighted average remaining contractual life in years 2013	Number 2012	Weighted average remaining contractual life in years 2012
ZAR share options				
R50 – R60	7,500	0.1	172,932	1.1
R60 – R70	49,900	0.6	229,400	1.2
R70 – R80	40,500	1.1	68,500	2.1
R80 – R90	–	–	10,000	0.2
R90 – R100	363,507	2.0	519,607	3.0
R110 – R120	–	–	40,000	3.4
R120 – R130	527,300	2.9	757,940	3.9
R140 – R150	931,600	5.3	1,292,300	6.3
R150 – R160	426,100	6.0	629,600	7.0
R160 – R170	362,150	4.1	461,100	5.1
R180 – R190	1,041,100	4.9	1,377,700	5.9
R210 – R220	1,665,750	6.8	2,455,350	7.8
R220 – R230	1,985,700	7.7	2,140,000	8.7
R250 – R260	519,600	8.2	542,400	9.2
R290 – R300	2,155,793	8.7	2,327,674	9.7
R310 – R320	625,850	9.2	–	–
R400 – R410	2,236,895	9.7	–	–
	12,939,245	7.2	13,024,503	7.2
GBP SARs				
£4 – £5	–	–	219,168	1.1
£6 – £7	243,734	1.1	344,018	2.1
£8 – £9	299,010	2.1	460,085	3.1
£9 – £10	2,275	5.6	9,100	6.6
£10 – £11	384,784	3.1	522,934	4.1
£11 – £12	485,283	4.1	651,500	5.1
£12 – £13	355,943	5.3	481,839	6.3
£13 – £14	12,400	4.6	16,700	5.6
£19 – £20	49,900	7.2	49,900	8.2
£22 – £23	61,600	8.2	64,900	9.2
£23 – £24	60,600	8.2	–	–
	1,955,529	3.8	2,820,144	4.3
GBP performance share awards				
£0	7,505,723	1.5	6,880,114	1.1
GBP value share awards				
£0	11,721,564	2.6	6,877,784	3.0
GBP cash-settled awards				
£0	–	–	335,940	1.0
Total share incentives outstanding	51,931,981	5.1	46,560,819	5.4

Exercisable share incentives

The following table summarises information about exercisable share incentives outstanding at 31 March.

	Number 2013	Weighted average exercise price 2013	Number 2012	Weighted average exercise price 2012
GBP share options	5,792,390	11.27	5,103,986	10.46
ZAR share options	4,915,057	164.84	5,004,479	140.97
GBP SARs	1,783,429	10.35	2,705,344	9.80

25. Share capital continued

Share incentives exercised or vested

The weighted average market price of the group's shares at the date of exercise or vesting for share incentives exercised or vested during the year were:

	Number 2013	Weighted average market price 2013	Number 2012	Weighted average market price 2012
Share incentives designated in GBP	6,709,778	26.81	5,410,802	23.01
Share incentives designated in ZAR	2,541,422	385.70	3,080,100	278.19
Total share incentives exercised or vested during the year	9,251,200		8,490,902	

Broad-Based Black Economic Empowerment (BBBEE) scheme

On 9 June 2010 the initial allocation of participation rights was made in relation to the BBBEE scheme in South Africa. A total of 46.2 million new shares in The South African Breweries (Pty) Limited (SAB), representing 8.45% of SAB's enlarged issued share capital, were issued. The shares in SAB will be exchanged at the end of the estimated ten-year scheme term for shares in SABMiller plc based on a repurchase formula linked, inter alia, to the operating performance of SAB. No performance conditions and exercise prices are attached to these shares, although the employee component has a four-year vesting period. The weighted average fair value of each SAB share at the grant date was ZAR40.

Weighted average fair value assumptions

The fair value of services received in return for share awards granted is measured by reference to the fair value of share awards granted. The estimate of the fair value of the services received is measured based on a binomial model approach except for the awards under Performance Share Award schemes, the Executive Share Award Plan 2008 (including value share awards) and the BBBEE scheme which have been valued using Monte Carlo simulations, and awards under the cash settled scheme which have been valued based on an analytic approach.

The Monte Carlo simulation methodology is necessary for valuing share-based payments with TSR performance hurdles. This is achieved by projecting SABMiller plc's share price forwards, together with those of companies in the same comparator group, over the vesting period and/or life of the awards after considering their respective volatilities.

The following weighted average assumptions were used in these option pricing models during the year.

	2013	2012
Share price ¹		
– South African share option scheme (ZAR)	379.21	280.49
– All other schemes (£)	23.76	22.33
Exercise price ¹		
– South African share option scheme (ZAR)	381.88	283.07
– All other schemes (£)	8.71	9.35
Expected volatility (all schemes) ² (%)	26.1	23.1
Dividend yield (all schemes) (%)	2.4	2.3
Annual forfeiture rate		
– South African share option scheme (%)	5.0	5.0
– All other schemes (%)	3.0	3.0
Risk-free interest rate		
– South African share option scheme (%)	7.3	7.9
– All other schemes (%)	1.0	2.3

¹ The calculation is based on the weighted fair value of issues made during the year.

² Expected volatility is calculated by assessing the historical share price data in the United Kingdom and South Africa since May 2002.

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26. Retained earnings and other reserves

a. Retained earnings

	Treasury and EBT shares US\$m	Retained earnings US\$m	Total US\$m
At 1 April 2011	(657)	9,648	8,991
Profit for the year	–	4,221	4,221
Other comprehensive loss	–	(119)	(119)
Actuarial losses taken to other comprehensive loss	–	(9)	(9)
Share of associates' and joint ventures' other comprehensive loss	–	(181)	(181)
Deferred tax credit on items taken to other comprehensive loss	–	71	71
Dividends paid	–	(1,324)	(1,324)
Dilution of non-controlling interests as a result of business combinations	–	(5)	(5)
Payment for purchase of own shares for share trusts	(52)	–	(52)
Buyout of non-controlling interests	–	(7)	(7)
Utilisation of EBT shares	48	(48)	–
Credit entry relating to share-based payments	–	158	158
At 31 March 2012	(661)	12,524	11,863
Profit for the year	–	3,274	3,274
Other comprehensive loss	–	(46)	(46)
Actuarial losses taken to other comprehensive loss	–	(21)	(21)
Share of associates' and joint ventures' other comprehensive loss	–	(53)	(53)
Deferred tax credit on items taken to other comprehensive loss	–	28	28
Dividends paid	–	(1,517)	(1,517)
Payment for purchase of own shares for share trusts	(53)	–	(53)
Utilisation of EBT shares	71	(71)	–
Credit entry relating to share-based payments	–	189	189
At 31 March 2013	(643)	14,353	13,710

The group's retained earnings includes amounts of US\$734 million (2012: US\$709 million), the distribution of which is limited by statutory or other restrictions.

Treasury and EBT shares reserve

On 26 February 2009 77,368,338 SABMiller plc non-voting convertible shares were converted into ordinary shares and then acquired by the company to be held as treasury shares. While the purchase price for each share was £10.54, the whole amount of the consideration was paid between group companies. On 15 February 2010, 5,300,000 of these treasury shares were transferred to the EBT for nil consideration. On 26 March 2013 an additional 4,600,000 treasury shares were transferred to the EBT at no gain or loss to the group. These shares will be used to satisfy awards outstanding under the various share incentive plans. As at 31 March 2013 a total of 67,468,338 shares (2012: 72,068,338) were held in treasury.

There are two employee benefit trusts currently in operation, being the SABMiller Employees' Benefit Trust (the EBT) and the SABMiller Associated Companies' Employees' Benefit Trust (the AC-EBT). The EBT holds shares in SABMiller plc for the purposes of the various share incentive plans, further details of which are disclosed in the directors' remuneration report. At 31 March 2013 the EBT held 8,339,106 shares (2012: 5,605,746 shares) which cost US\$126 million (2012: US\$98 million) and had a market value of US\$438 million (2012: US\$225 million). These shares have been treated as a deduction in arriving at shareholders' funds. The EBT used funds provided by SABMiller plc to purchase such of the shares as were purchased in the market. The costs of funding and administering the scheme are charged to the income statement in the period to which they relate.

The AC-EBT holds shares in SABMiller plc for the purposes of providing share incentives for employees of companies in which SABMiller has a significant economic and strategic interest but over which it does not have management control. Further details on the AC-EBT are disclosed in the directors' remuneration report. At 31 March 2013 the AC-EBT held no (2012: 335,940) shares which cost US\$nil (2012: US\$11 million) and had a market value of US\$nil (2012: US\$13 million). These shares have been treated as a deduction in arriving at shareholders' funds. The AC-EBT used funds provided by Gardwell Ltd, a wholly owned indirect subsidiary of 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.

Shares currently held in each EBT rank pari passu with all other ordinary shares, but in both cases the trustees have elected to waive dividends and to decline from voting shares, except in circumstances where they may be holding shares beneficially owned by a participant. There were no beneficially owned shares in either EBT as at 31 March 2013 (2012: nil).

26. Retained earnings and other reserves continued

b. Other reserves

The analysis of other reserves is as follows.

	Foreign currency translation reserve US\$m	Cash flow hedging reserve US\$m	Net investment hedging reserve US\$m	Available for sale reserve US\$m	Total US\$m
At 1 April 2011	2,183	35	(340)	3	1,881
Currency translation differences	137	–	–	–	137
Net investment hedges	–	–	(1)	–	(1)
Cash flow hedges	–	6	–	–	6
Deferred tax on items taken to other comprehensive loss	–	30	–	–	30
Share of associates' and joint ventures' other comprehensive loss	–	(75)	–	–	(75)
At 31 March 2012	2,320	(4)	(341)	3	1,978
Currency translation differences	(696)	–	–	–	(696)
Net investment hedges	–	–	63	–	63
Cash flow hedges	–	(5)	–	–	(5)
Available for sale investments	–	–	–	(1)	(1)
Deferred tax on items taken to other comprehensive loss	–	6	–	–	6
Share of associates' and joint ventures' other comprehensive (loss)/income	–	(23)	–	6	(17)
At 31 March 2013	1,624	(26)	(278)	8	1,328

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

	2013 US\$m	2012 US\$m
Profit for the year	3,511	4,477
Taxation	1,201	1,126
Share of post-tax results of associates and joint ventures	(1,244)	(1,152)
Finance income	(682)	(531)
Finance costs	1,417	1,093
Operating profit	4,203	5,013
Depreciation:		
– Property, plant and equipment	641	672
– Containers	226	237
Container breakages, shrinkages and write-offs	38	34
Profit on disposal of businesses	(79)	(1,258)
Gain on remeasurement of existing interest in joint venture on acquisition	–	(66)
Profit on disposal of investment in associate	–	(103)
Gain on dilution of investment in associate	(4)	–
Loss/(profit) on disposal of property, plant and equipment	13	(15)
Amortisation of intangible assets	450	273
Impairment of goodwill	11	–
Impairment of property, plant and equipment	39	–
Impairment of working capital balances	31	16
Amortisation of advances to customers	45	24
Unrealised net gain from fair value hedges	–	(20)
Dividends received from other investments	(1)	(1)
Charge with respect to share options	184	132
Charge with respect to Broad-Based Black Economic Empowerment scheme	17	29
Other non-cash movements	(56)	12
Net cash generated from operations before working capital movements (EBITDA)	5,758	4,979
Increase in inventories	(14)	(45)
Increase in trade and other receivables	(107)	(25)
Increase in trade and other payables	82	374
Decrease in provisions	(177)	(46)
Increase in post-retirement benefit provisions	12	–
Net cash generated from operations	5,554	5,237

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27a. Reconciliation of profit for the year to net cash generated from operations continued

Profit for the year and cash generated from operations before working capital movements includes cash flows relating to exceptional items of US\$191 million (2012: US\$308 million), comprising US\$140 million (2012: US\$228 million) in respect of business capability programme costs, US\$51 million (2012: US\$50 million) in respect of integration and restructuring costs, US\$nil (2012: US\$72 million) in respect of transaction-related costs, partially offset by US\$nil (2012: US\$42 million) in respect of a litigation-related credit.

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

	2013 US\$m	2012 US\$m
EBITDA	5,758	4,979
Cash exceptional items	191	308
Dividends received from MillerCoors	886	896
Adjusted EBITDA	6,835	6,183

27b. Reconciliation of net cash generated from operating activities to free cash flow

	2013 US\$m	2012 US\$m
Net cash generated from operating activities	4,101	3,937
Purchase of property, plant and equipment	(1,335)	(1,473)
Proceeds from sale of property, plant and equipment	30	116
Purchase of intangible assets	(144)	(166)
Proceeds from sale of intangible assets	4	–
Investments in joint ventures	(272)	(288)
Investments in associates	(23)	–
Repayment of investments by associates	–	14
Dividends received from joint ventures	886	896
Dividends received from associates	113	120
Dividends received from other investments	1	1
Dividends paid to non-controlling interests	(131)	(109)
Free cash flow	3,230	3,048

27c. Analysis of net debt

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

	2013 US\$m	2012 US\$m
Cash and cash equivalents (balance sheet)	2,171	745
Overdrafts	(212)	(138)
Overdrafts of disposal group classified as held for sale	–	(1)
Cash and cash equivalents (cash flow statement)	1,959	606

27c. Analysis of net debt continued

Net debt is analysed as follows.

	Cash and cash equivalents (excluding overdrafts) US\$m	Overdrafts US\$m	Borrowings US\$m	Derivative financial instruments US\$m	Finance leases US\$m	Total gross borrowings US\$m	Net debt US\$m
At 1 April 2011	1,071	(258)	(8,193)	298	(9)	(8,162)	(7,091)
Exchange adjustments	10	(49)	(38)	9	–	(78)	(68)
Cash flow	(246)	157	(8,861)	(43)	5	(8,742)	(8,988)
Acquisitions – through business combinations	12	–	(1,844)	259	(2)	(1,587)	(1,575)
Disposals	(102)	11	98	–	–	109	7
Other movements	–	–	(229)	97	(15)	(147)	(147)
At 31 March 2012	745	(139)	(19,067)	620	(21)	(18,607)	(17,862)
Exchange adjustments	(83)	32	131	–	1	164	81
Cash flow	1,512	(105)	560	4	6	465	1,977
Disposals	(3)	–	–	–	–	–	(3)
Other movements	–	–	75	52	(21)	106	106
At 31 March 2013	2,171	(212)	(18,301)	676	(35)	(17,872)	(15,701)

27d. Major non-cash transactions

2013

Major non-cash transactions in the year included the following.

The additional profit realised on the disposal in the prior year of the group's Angolan operations in Africa.

2012

Major non-cash transactions in the year included the following.

The disposal of the group's Angolan operations, Coca-Cola Bottling Luanda SARL, Coca-Cola Bottling Sul de Angola SARL, Empresa De Cervejas N'Gola Norte SA, and its interest in Empresa de Cervejas N'Gola SARL, in Africa in exchange for a 27.5% interest in BIH Angola.

The contribution of the group's Russian beer business, SABMiller RUS LLC, and Ukrainian beer business, PJSC Miller Brands Ukraine, to Anadolu Efes in exchange for a 24% economic interest in the enlarged Anadolu Efes group.

The remeasurement of the group's existing 50% interest in the Pacific Beverages joint venture to fair value on the acquisition of the remaining 50% interest.

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28. Restatement of the balance sheet at 31 March 2012

The initial accounting under IFRS 3, 'Business Combinations', for the Foster's, the Pacific Beverages and the International Breweries acquisitions had not been completed as at 31 March 2012. During the year ended 31 March 2013 adjustments to provisional fair values in respect of these acquisitions were made. As a result comparative information for the year ended 31 March 2012 has been presented in the consolidated financial statements as if the adjustments to provisional fair values had been made from the respective transaction dates. The fair value exercises in respect of these acquisitions are now complete.

The following table reconciles the impact on the balance sheet reported as at 31 March 2012 to the comparative balance sheet presented in the consolidated financial statements. No material adjustments to the income statement for the year ended 31 March 2012 have been required as a result of the adjustments to provisional fair values.

	At 31 March 2012 US\$m	Adjustments to provisional fair values US\$m	At 31 March 2012 As restated US\$m
Assets			
Non-current assets			
Goodwill	20,128	43	20,171
Intangible assets	9,901	57	9,958
Property, plant and equipment	9,299	(137)	9,162
Investments in joint ventures	5,520	–	5,520
Investments in associates	4,946	126	5,072
Available for sale investments	30	–	30
Derivative financial instruments	732	–	732
Trade and other receivables	136	–	136
Deferred tax assets	117	–	117
Loan participation deposit	100	–	100
	50,909	89	50,998
Current assets			
Inventories	1,255	(7)	1,248
Trade and other receivables	2,156	48	2,204
Current tax assets	482	147	629
Derivative financial instruments	24	–	24
Available for sale investments	1	–	1
Cash and cash equivalents	745	–	745
	4,663	188	4,851
Assets of disposal group classified as held for sale	79	–	79
	4,742	188	4,930
Total assets	55,651	277	55,928
Liabilities			
Current liabilities			
Derivative financial instruments	(40)	–	(40)
Borrowings	(1,062)	–	(1,062)
Trade and other payables	(4,054)	(73)	(4,127)
Current tax liabilities	(910)	(413)	(1,323)
Provisions	(717)	13	(704)
	(6,783)	(473)	(7,256)
Liabilities of disposal group classified as held for sale	(7)	–	(7)
	(6,790)	(473)	(7,263)
Non-current liabilities			
Derivative financial instruments	(69)	–	(69)
Borrowings	(18,164)	–	(18,164)
Trade and other payables	(112)	–	(112)
Deferred tax liabilities	(3,917)	198	(3,719)
Provisions	(586)	17	(569)
	(22,848)	215	(22,633)
Total liabilities	(29,638)	(258)	(29,896)
Net assets	26,013	19	26,032
Total equity	26,013	19	26,032

29. Acquisitions and disposals

The group completed the acquisition of a 60% interest in Darbrew Limited in Tanzania in March 2013 for total cash consideration of US\$6 million. The business combination has been accounted for using the acquisition method. The residual value over the net assets acquired is recognised as goodwill of US\$3 million in the financial statements.

Disposals

On 7 September 2012 the group completed the disposal of Foster's interests in its Fijian beverage operations, Foster's Group Pacific Limited, and on 28 September 2012 the group completed the disposal of Foster's soft drink assets, both to Coca-Cola Amatil Limited (CCA). There was no gain or loss on disposal.

30. Commitments, contingencies and guarantees

a. Operating lease commitments

The minimum lease rentals to be paid under non-cancellable leases at 31 March are as follows.

	2013 US\$m	2012 US\$m
Land and buildings		
Within one year	65	65
Later than one year and less than five years	152	171
After five years	33	42
	250	278
Plant, vehicles and systems		
Within one year	54	55
Later than one year and less than five years	129	126
After five years	91	87
	274	268

b. Other commitments

	2013 US\$m	2012 US\$m
Capital commitments not provided in the financial information		
Contracts placed for future expenditure for property, plant and equipment	239	277
Contracts placed for future expenditure for intangible assets	3	1
Share of capital commitments of joint ventures	48	44
Other commitments not provided in the financial information		
Contracts placed for future expenditure	2,632	3,164
Share of joint ventures' other commitments	379	512

Contracts placed for future expenditure in 2013 primarily relate to minimum purchase commitments for raw materials and packaging materials, which are principally due between 2013 and 2019. Additionally, as part of the business capability programme the group has entered into contracts for the provision of IT, communications and consultancy services and in relation to which the group had commitments of US\$120 million at 31 March 2013 (2012: US\$193 million).

The group's share of joint ventures' other commitments primarily relate to MillerCoors' various long-term non-cancellable advertising and promotion commitments.

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30. Commitments, contingencies and guarantees continued

c. Contingent liabilities and guarantees

	2013 US\$m	2012 US\$m
Guarantees to third parties provided in respect of trade loans ¹	2	4
Share of joint ventures' contingent liabilities	-	4
Litigation ²	15	23
Other contingent liabilities	2	9
	19	40

¹ Guarantees to third parties provided in respect of trade loans

These primarily relate to guarantees given by Grolsch to banks in relation to loans taken out by trade customers.

² Litigation

The group has a number of activities in a wide variety of geographic areas and is subject to certain legal claims incidental to its operations. In the opinion of the directors, after taking appropriate legal advice, these claims are not expected to have, either individually or in aggregate, a material adverse effect upon the group's financial position, except insofar as already provided in the consolidated financial statements. These include claims made by certain former employees in Ecuador arising out of events which took place before the group's investment in Ecuador in 2005, in respect of which, based on legal advice that they have no valid legal basis, the directors have determined that no provision is required and that they should continue to be contested.

Other

SABMiller and Altria entered into a tax matters agreement (the Agreement) on 30 May 2002, to regulate the conduct of tax matters between them with regard to the acquisition of Miller and to allocate responsibility for contingent tax costs. SABMiller has agreed to indemnify Altria against any taxes, losses, liabilities and costs that Altria incurs arising out of or in connection with a breach by SABMiller of any representation, agreement or covenant in the Agreement, subject to certain exceptions.

The group has exposures to various environmental risks. Although it is difficult to predict the group's liability with respect to these risks, future payments, if any, would be made over a period of time in amounts that would not be material to the group's financial position, except insofar as already provided in the consolidated financial statements.

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 total pension and post-retirement medical benefit costs recognised in the income statement, and related net liabilities on the balance sheet are as follows.

	2013 US\$m	2012 US\$m
Defined contribution scheme costs	110	97
Defined benefit pension plan costs	18	15
Post-retirement medical and other benefit costs	11	13
Accruals for defined contribution plans (balance sheet)	7	3
Provisions for defined benefit pension plans (balance sheet)	206	197
Provisions for other post-retirement benefits (balance sheet)	95	112

31. Pensions and post-retirement benefits continued

The group operates various defined contribution and defined benefit schemes. Details of the main defined benefit schemes are provided below.

Latin America pension schemes

The group operates a number of pension schemes throughout Latin America. Details of the major scheme are provided below.

The Colombian Labour Code Pension Plan is an unfunded scheme of the defined benefit type and covers all salaried and hourly employees in Colombia who are not covered by social security or who have at least 10 years of service prior to 1 January 1967. The plan is financed entirely through company reserves and there are no external assets. The most recent actuarial valuation of the Colombian Labour Code Pension Plan was carried out by independent professionally qualified actuaries at 28 February 2013 using the projected unit credit method. All salaried employees are now covered by social security or private pension fund provisions. The principal economic assumptions used in the preparation of the pension valuations are shown below and take into consideration changes in the Colombian economy.

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 2013 by an independent actuary using the projected unit credit method.

Other

Details of other defined benefit pension schemes are provided below.

Carlton & United Breweries pension scheme

The Carlton & United Breweries pension fund, named AusBev Superannuation Fund, provides accumulation style and defined benefits to the employees. The company funds the defined benefits, administration and insurance costs of the fund as a benefit to employees who elect to be members of this fund. The latest valuation of the Carlton & United Breweries pension fund was carried out at 30 June 2011 by an independent actuary using the projected unit credit method. The valuation update for the fund was carried out at 31 March 2013 by an independent actuary. The defined benefits section is now closed to new members.

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 former members, the surplus apportionment scheme and unclaimed benefits. Once the surplus liabilities have been settled, the Funds will be deregistered and liquidated. The latest valuation of the South African pension schemes was carried out at 31 March 2013 by an independent actuary.

The Section 14 transfer of the Suncrush Pension Fund members to the SAB Staff Provident Fund was annulled by the Financial Services Board on 24 August 2011. The Rules of the Fund have been amended to allow for paid-up benefits for each of the members. This would allow for each member to be paid their benefit, valued as at 1 July 2005, upon their exit.

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31. Pensions and post-retirement benefits continued

Principal actuarial assumptions at 31 March (expressed as weighted averages)

	Defined benefit pension plans			Medical and other post-retirement benefits	
	Latin America	Grosch	Other	South Africa	Other
At 31 March 2013					
Discount rate (%)	5.0	3.8	4.6	8.8	4.9
Salary inflation (%)	2.5	2.0	3.9	-	-
Pension inflation (%)	2.5	0.7	3.2	-	-
Healthcare cost inflation (%)	-	-	-	7.5	2.3
Mortality rate assumptions					
- Retirement age:					
Males	55	65	62	63	57
Females	50	65	61	63	53
- Life expectations on retirement age:					
Retiring today:					
Males	27	21	22	16	25
Females	36	24	23	20	32
Retiring in 20 years:					
Males	27	23	22	16	25
Females	36	25	23	20	32
At 31 March 2012					
Discount rate (%)	7.5	4.8	6.0	9.3	7.0
Salary inflation (%)	3.5	2.0	3.8	-	-
Pension inflation (%)	3.5	2.0	3.2	-	-
Healthcare cost inflation (%)	-	-	-	7.8	3.0
Mortality rate assumptions					
- Retirement age:					
Males	55	65	66	63	57
Females	50	65	61	63	53
- Life expectations on retirement age:					
Retiring today:					
Males	27	21	22	16	24
Females	36	24	23	20	31
Retiring in 20 years:					
Males	27	23	22	16	24
Females	36	25	23	20	32

The present value of defined benefit pension plan and post-employment medical benefit liabilities are as follows.

	Defined benefit pension plans				Medical and other post-retirement benefits		
	Latin America US\$m	Grosch US\$m	Other US\$m	Total US\$m	South Africa US\$m	Other US\$m	Total US\$m
Present value of scheme liabilities at 1 April 2011							
	175	305	48	528	71	43	114
- Portion of defined benefit obligation that is unfunded	175	-	13	188	71	43	114
- Portion of defined benefit obligation that is partly or wholly funded	-	305	35	340	-	-	-
Benefits paid	(18)	(11)	(15)	(44)	-	(4)	(4)
Contributions paid by plan participants	-	3	-	3	(2)	-	(2)
Current service cost	-	4	2	6	2	1	3
Interest costs	13	15	5	33	6	4	10
Actuarial losses/(gains)	6	21	13	40	(1)	1	-
Reversal of unused provision	(10)	-	-	(10)	-	-	-
Acquisitions	-	-	52	52	-	-	-
Exchange adjustments	6	(18)	(3)	(15)	(10)	1	(9)
Present value of scheme liabilities at 31 March 2012							
	172	319	102	593	66	46	112
- Portion of defined benefit obligation that is unfunded	172	-	13	185	66	46	112
- Portion of defined benefit obligation that is partly or wholly funded	-	319	89	408	-	-	-
Benefits paid	(17)	(11)	(9)	(37)	-	(5)	(5)
Contributions paid by plan participants	-	3	-	3	(2)	-	(2)
Current service cost	1	4	3	8	1	1	2
Interest costs	12	14	4	30	6	3	9
Actuarial losses/(gains)	17	(19)	2	-	(14)	5	(9)
Settlements and curtailments	-	-	(3)	(3)	-	-	-
Exchange adjustments	(4)	(12)	(6)	(22)	(10)	(2)	(12)
Present value of scheme liabilities at 31 March 2013							
	181	298	93	572	47	48	95
- Portion of defined benefit obligation that is unfunded	181	-	12	193	47	48	95
- Portion of defined benefit obligation that is partly or wholly funded	-	298	81	379	-	-	-

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		
	Grosch US\$m	Other US\$m	Total US\$m
Plan assets at 1 April 2011	333	52	385
Expected return on plan assets	16	8	24
Benefits paid	(11)	(14)	(25)
Employer contributions/(employer assets recognised)	9	(5)	4
Actuarial gains/(losses)	26	(3)	23
Acquisitions	–	51	51
Exchange adjustments	(21)	(5)	(26)
Plan assets at 31 March 2012	352	84	436
Expected return on plan assets	15	5	20
Benefits paid	(11)	(8)	(19)
Employer contributions	17	2	19
Actuarial gains	18	–	18
Settlements	–	(3)	(3)
Exchange adjustments	(14)	(4)	(18)
Plan assets at 31 March 2013	377	76	453

The fair value of assets in pension schemes and the expected rates of return were.

	Latin America		Grosch		Other		Total
	US\$m	Long-term rate of return %	US\$m	Long-term rate of return %	US\$m	Long-term rate of return %	US\$m
At 31 March 2013							
Equities	–	–	126	7.0	20	8.0	146
Bonds	–	–	235	3.0	21	8.0	256
Cash	–	–	–	–	31	7.0	31
Property and other	–	–	16	7.0	4	9.0	20
Total fair value of assets	–	–	377	–	76	–	453
Present value of scheme liabilities	(181)	–	(298)	–	(93)	–	(572)
(Deficit)/surplus in the scheme	(181)	–	79	–	(17)	–	(119)
Unrecognised pension asset due to limit	–	–	(79)	–	(8)	–	(87)
Pension liability recognised	(181)	–	–	–	(25)	–	(206)
At 31 March 2012							
Equities	–	–	102	7.0	31	1.0	133
Bonds	–	–	229	4.0	14	9.0	243
Cash	–	–	–	–	34	6.0	34
Property and other	–	–	21	7.0	5	9.0	26
Total fair value of assets	–	–	352	–	84	–	436
Present value of scheme liabilities	(172)	–	(319)	–	(102)	–	(593)
(Deficit)/surplus in the scheme	(172)	–	33	–	(18)	–	(157)
Unrecognised pension asset due to limit	–	–	(33)	–	(7)	–	(40)
Pension liability recognised	(172)	–	–	–	(25)	–	(197)

The expected returns on plan assets is determined by considering the expected returns available on each major asset class and the asset mix underlying the current investment policy.

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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		
	Latin America US\$m	Grolsch US\$m	Other US\$m	Total US\$m	South Africa US\$m	Other US\$m	Total US\$m
At 31 March 2013							
Present value of scheme liabilities	(181)	(298)	(93)	(572)	(47)	(48)	(95)
Fair value of plan assets	-	377	76	453	-	-	-
	(181)	79	(17)	(119)	(47)	(48)	(95)
Unrecognised assets due to limit	-	(79)	(8)	(87)	-	-	-
Net liability recognised on balance sheet	(181)	-	(25)	(206)	(47)	(48)	(95)
At 31 March 2012							
Present value of scheme liabilities	(172)	(319)	(102)	(593)	(66)	(46)	(112)
Fair value of plan assets	-	352	84	436	-	-	-
	(172)	33	(18)	(157)	(66)	(46)	(112)
Unrecognised assets due to limit	-	(33)	(7)	(40)	-	-	-
Net liability recognised on balance sheet	(172)	-	(25)	(197)	(66)	(46)	(112)

In respect of defined benefit pensions plans in South Africa, which are included in 'Other', the pension asset recognised is limited to the extent that the employer is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. Pension fund assets have been set equal to nil as the surplus apportionment exercise required in terms of the South African legislation has not yet been completed.

The pension asset recognised in respect of Grolsch is limited to the extent that the employer is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. The limit has been set equal to nil due to the terms of the pension agreement with the pension fund.

The amounts recognised in net operating expenses in the income statement are as follows.

	Defined benefit pension plans				Medical and other post-retirement benefits		
	Latin America US\$m	Grolsch US\$m	Other US\$m	Total US\$m	South Africa US\$m	Other US\$m	Total US\$m
At 31 March 2013							
Current service cost	(1)	(4)	(3)	(8)	(1)	(1)	(2)
Interest costs	(12)	(14)	(4)	(30)	(6)	(3)	(9)
Expected return on plan assets	-	15	5	20	-	-	-
	(13)	(3)	(2)	(18)	(7)	(4)	(11)
At 31 March 2012							
Current service cost	-	(4)	(2)	(6)	(2)	(1)	(3)
Interest costs	(13)	(15)	(5)	(33)	(6)	(4)	(10)
Expected return on plan assets	-	16	8	24	-	-	-
	(13)	(3)	1	(15)	(8)	(5)	(13)

31. Pensions and post-retirement benefits continued

The amounts recognised in the statement of comprehensive income are as follows.

	Defined benefit pension plans				Medical and other post-retirement benefits		
	Latin America US\$m	Grosch US\$m	Other US\$m	Total US\$m	South Africa US\$m	Other US\$m	Total US\$m
At 31 March 2013							
Actual return on plan assets	-	33	5	38	-	-	-
Less: expected return on plan assets	-	(15)	(5)	(20)	-	-	-
Experience gains arising on							
- scheme assets	-	18	-	18	-	-	-
- scheme liabilities	-	19	1	20	-	-	-
Changes in actuarial assumptions	(17)	-	(1)	(18)	14	(5)	9
Unrecognised gains due to limit	-	(49)	(1)	(50)	-	-	-
	(17)	(12)	(1)	(30)	14	(5)	9
At 31 March 2012							
Actual return on plan assets	-	42	5	47	-	-	-
Less: expected return on plan assets	-	(16)	(8)	(24)	-	-	-
Experience gains/(losses) arising on							
- scheme assets	-	26	(3)	23	-	-	-
- scheme liabilities	-	(21)	(10)	(31)	1	-	1
Changes in actuarial assumptions	(6)	-	(3)	(9)	-	(1)	(1)
Unrecognised (gains)/losses due to limit	-	(6)	14	8	-	-	-
	(6)	(1)	(2)	(9)	1	(1)	-

The cumulative amounts recognised in other comprehensive income are as follows.

	2013 US\$m	2012 US\$m
Cumulative actuarial losses recognised at beginning of year	(212)	(203)
Net actuarial losses recognised in the year	(21)	(9)
Cumulative actuarial losses recognised at end of year	(233)	(212)

History of actuarial gains and losses

	2013 US\$m	2012 US\$m	2011 US\$m	2010 US\$m	2009 US\$m
Experience gains/(losses) of plan assets	18	23	14	33	(77)
Percentage of plan assets	4%	5%	4%	10%	26%
Experience gains/(losses) of scheme liabilities	20	(30)	16	(44)	28
Percentage of scheme liabilities	3%	4%	2%	7%	6%
Fair value of plan assets	453	436	385	344	299
Present value of scheme liabilities	(667)	(705)	(642)	(612)	(499)
Deficit in the schemes	(214)	(269)	(257)	(268)	(200)
Unrecognised assets due to limit	(87)	(40)	(53)	(22)	(17)
Net liability recognised in balance sheet	(301)	(309)	(310)	(290)	(217)

Contributions expected to be paid into the group's major defined benefit schemes during the annual period after 31 March 2013 are US\$25 million.

A 1% increase and a 1% decrease in the assumed healthcare cost of inflation will have the following effect on the group's major post-employment medical benefits.

	2013	
	Increase US\$m	Decrease US\$m
Current service costs	-	-
Interest costs	1	(1)
Accumulated post-employment medical benefit costs	9	(7)

Notes to the consolidated financial statements

continued

32. Related party transactions

a. Parties with significant influence over the group: Altria Group, Inc. (Altria) and the Santo Domingo Group (SDG)

Altria is considered to be a related party of the group by virtue of its 26.8% equity shareholding. There were no transactions with Altria during the year.

SDG is considered to be a related party of the group by virtue of its 14.0% equity shareholding in SABMiller plc. There were no transactions with SDG during the year. During the year ended 31 March 2012 the group made donations of US\$33 million to the Fundación Mario Santo Domingo, pursuant to the contractual arrangements entered into at the time of the Bavaria transaction in 2005, under which it was agreed that the proceeds of the sale of surplus non-operating property assets owned by Bavaria SA and its subsidiaries would be donated to various charities, including the Fundación Mario Santo Domingo. No donations were made to the Fundación Mario Santo Domingo during the year ended 31 March 2013. At 31 March 2013 US\$nil (2012: US\$nil) was owing to the SDG.

b. Associates and joint ventures

Details relating to transactions with associates and joint ventures are analysed below.

	2013 US\$m	2012 US\$m
Purchases from associates ¹	(227)	(214)
Purchases from joint ventures ²	(97)	(86)
Sales to associates ³	46	39
Sales to joint ventures ⁴	25	28
Dividends receivable from associates ⁵	113	150
Dividends received from joint ventures ⁶	886	896
Royalties received from associates ⁷	27	13
Royalties received from joint ventures ⁸	2	2
Management fees, guarantee fees and other recoveries received from associates ⁹	17	24
Management fees paid to joint ventures ¹⁰	(2)	(1)
Sale of associate to joint venture ¹¹	21	–

¹ The group purchased canned Coca-Cola products for resale from Coca-Cola Canners of Southern Africa (Pty) Limited (Coca-Cola Canners); inventory from Distell Group Ltd (Distell) and Associated Fruit Processors (Pty) Ltd (AFP); and accommodation from Tsogo Sun Holdings Ltd (Tsogo Sun), all in South Africa.

² The group purchased lager from MillerCoors LLC (MillerCoors).

³ The group made sales of lager to Tsogo Sun, Delta Corporation Ltd (Delta), Anadolu Efes Biracılık ve Malt Sanayii A.S (Anadolu Efes), and Distell, and in the prior year also to Empresa Cervejas De N'Gola SARL (ECN), and Société des Brasseries et Glacières Internationales and Brasseries Internationales Holding Ltd (Castel).

⁴ The group made sales to MillerCoors, and in the prior year also to Pacific Beverages Pty Ltd.

⁵ The group had dividends receivable from Castel of US\$21 million (2012: US\$60 million), Coca-Cola Canners US\$11 million (2012: US\$6 million), Distell US\$21 million (2012: US\$22 million), Tsogo Sun US\$33 million (2012: US\$41 million), Delta US\$12 million (2012: US\$3 million), International Trade and Supply Limited \$14 million (2012: US\$6 million), Grolsch (UK) Ltd US\$1 million (2012: US\$2 million) and Kenya Breweries Ltd US\$nil (2012: US\$9 million).

⁶ The group received dividends from MillerCoors.

⁷ The group received royalties from Delta and Anadolu Efes and in the prior year also Kenya Breweries Ltd.

⁸ The group received royalties from MillerCoors.

⁹ The group received management fees from Delta, guarantee fees from Delta and BIH Brasseries Internationales Holding (Angola) Ltd (BIH Angola), and other recoveries from AFP. In the prior year management fees were also received from ECN.

¹⁰ The group paid management fees to MillerCoors.

¹¹ The group sold its interest in Foster's USA LLC to MillerCoors for cash consideration.

	2013 US\$m	2012 US\$m
At 31 March		
Amounts owed by associates – trade ¹	68	145
Amounts owed by associates – loans ²	–	60
Amounts owed by joint ventures ³	5	6
Amounts owed to associates ⁴	(150)	(42)
Amounts owed to joint ventures ⁵	(14)	(17)

¹ Amounts owed by AFP, Delta, BIH Angola and Anadolu Efes.

² Amounts owed by BIH Angola in the prior year.

³ Amounts owed by MillerCoors.

⁴ Amounts owed to Coca-Cola Canners, Castel and Tsogo Sun. At 31 March 2013 this balance included US\$100 million received in compensation for the loan participation deposit relating to the Angolan businesses managed by Castel (see note 17).

⁵ Amounts owed to MillerCoors.

Guarantees provided in respect of associates' bank facilities are detailed in note 22.

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 2013 there were 26 (2012: 27) members of key management. Key management compensation is provided in note 6c.

33. Post balance sheet events

In January 2013 the group agreed to sell its non-core milk and juice business in Panama, subject to regulatory approval. The regulatory approval for the sale was received and the sale completed in May 2013.

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	
			2013	2012
Corporate				
SABMiller Holdings Ltd	United Kingdom	Holding company	100%	100%
SABMiller Africa and Asia BV ¹	Netherlands	Holding company	100%	100%
SABMiller Holdings SA Ltd	United Kingdom	Holding company	100%	100%
SABMiller Holdings SH Ltd	United Kingdom	Holding company	100%	100%
SABMiller International BV	Netherlands	Trademark owner	100%	100%
SABMiller SAF Limited	United Kingdom	Holding company/Financing	100%	100%
SABMiller Southern Investments Ltd	United Kingdom	Holding company	100%	100%
SABMiller Procurement GmbH ²	Switzerland	Procurement	100%	100%
SABSA Holdings Ltd	South Africa	Holding company	100%	100%
Latin American operations				
Bavaria SA ³	Colombia	Brewing/Soft drinks	99%	99%
Cervecería Argentina SA Isenbeck	Argentina	Brewing	100%	100%
Cervecería del Valle SA	Colombia	Brewing	99%	99%
Cervecería Hondureña, SA de CV	Honduras	Brewing/Soft drinks	99%	99%
Cervecería Nacional (CN) SA ³	Ecuador	Brewing	96%	96%
Cervecería Nacional SA ³	Panama	Brewing	98%	97%
Cervecería San Juan SA ³	Peru	Brewing/Soft drinks	92%	92%
Cervecería Unión SA	Colombia	Brewing	98%	98%
Industrias La Constancia, SA de CV	El Salvador	Brewing/Soft drinks	100%	100%
Unión de Cervecerías Peruanas Backus y Johnston SAA ³	Peru	Brewing	94%	94%
European operations				
SABMiller Europe BV ¹	Netherlands	Holding company	100%	100%
SABMiller Holdings Europe Ltd	United Kingdom	Holding company	100%	100%
SABMiller Netherlands Cooperatieve WA	Netherlands	Holding company	100%	100%
Birra Peroni Srl	Italy	Brewing	100%	100%
Compañía Cervecera de Canarias SA	Spain	Brewing	51%	51%
Dreher Sörgyarak Zrt	Hungary	Brewing	100%	100%
Grolsche Bierbrouwerij Nederland BV	Netherlands	Brewing	100%	100%
Kompania Piwowarska SA ⁴	Poland	Brewing	100%	100%
Miller Brands (UK) Ltd	United Kingdom	Sales and distribution	100%	100%
Pivovary Topvar as	Slovakia	Brewing	100%	100%
Plzeňský Prazdroj as	Czech Republic	Brewing	100%	100%
Ursus Breweries SA	Romania	Brewing	99%	99%
North American operations				
SABMiller Holdings Inc	USA	Holding company/Financing	100%	100%
Miller Brewing Company	USA	Holding company	100%	100%
African operations				
SABMiller Africa BV	Netherlands	Holding company	62%	62%
SABMiller Botswana BV	Netherlands	Holding company	62%	62%
SABMiller (A&A) Ltd	United Kingdom	Holding company	100%	100%
SABMiller Investments Ltd	Mauritius	Holding company	80%	80%
SABMiller Investments II BV	Netherlands	Holding company	80%	80%

Notes to the consolidated financial statements

continued

34. Principal subsidiaries, associates and joint ventures continued

Name	Country of incorporation	Principal activity	Effective interest	
			2013	2012
African operations continued				
SABMiller Nigeria Holdings BV	Netherlands	Holding company	50%	50%
SABMiller Zimbabwe BV	Netherlands	Holding company	62%	62%
Accra Brewery Ltd	Ghana	Brewing	60%	60%
Ambo Mineral Water Share Company	Ethiopia	Soft drinks	40%	40%
Botswana Breweries (Pty) Ltd	Botswana	Sorghum brewing	31%	31%
Cervejas de Moçambique SARL ³	Mozambique	Brewing	49%	49%
Chibuku Products Ltd	Malawi	Sorghum brewing	31%	31%
Crown Beverages Ltd	Kenya	Soft drinks	80%	80%
Heinrich's Syndicate Ltd	Zambia	Soft drinks	62%	62%
Intafact Beverages Ltd	Nigeria	Brewing	38%	41%
International Breweries plc ³	Nigeria	Brewing	36%	33%
Kgalagadi Breweries (Pty) Ltd	Botswana	Brewing/Soft drinks	31%	31%
Maluti Mountain Brewery (Pty) Ltd	Lesotho	Brewing/Soft drinks	24%	24%
MUBEX	Mauritius	Procurement	100%	100%
National Breweries plc ³	Zambia	Sorghum brewing	43%	43%
Nile Breweries Ltd	Uganda	Brewing	62%	62%
Pabod Breweries Ltd	Nigeria	Brewing	38%	38%
Rwenzori Bottling Company Ltd	Uganda	Soft drinks	80%	80%
Southern Sudan Beverages Ltd	South Sudan	Brewing	80%	80%
Swaziland Beverages Ltd	Swaziland	Brewing	37%	37%
Tanzania Breweries Ltd ³	Tanzania	Brewing	36%	36%
Voltic (GH) Ltd	Ghana	Soft drinks	80%	80%
Voltic Nigeria Ltd	Nigeria	Soft drinks	50%	50%
Zambian Breweries plc ³	Zambia	Brewing/Soft drinks	54%	54%
Asia Pacific 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 Beverage Investments Pty Ltd	Australia	Holding company	100%	100%
SKOL Beer Manufacturing Company Ltd ⁵	India	Holding company	100%	100%
Foster's Group Pty Ltd	Australia	Holding company	100%	100%
Bulmer Australia Pty Ltd	Australia	Brewing	100%	100%
Cascade Brewery Company Pty Ltd	Australia	Brewing	100%	100%
CUB Pty Ltd ⁶	Australia	Brewing	100%	100%
FBG Treasury (Aust.) Pty Ltd	Australia	Financing	100%	100%
Foster's Group Pacific Ltd ^{3,7}	Fiji	Brewing	-	89%
Pacific Beverages Pty Ltd	Australia	Brewing	100%	100%
Queensland Breweries Pty Ltd	Australia	Brewing	100%	100%
SABMiller Breweries Private Ltd	India	Brewing	100%	100%
SABMiller Vietnam Company Ltd	Vietnam	Brewing	100%	100%
SABMiller India Ltd ⁸	India	Brewing	99%	99%
South African operations				
The South African Breweries (Pty) Ltd	South Africa	Brewing/Soft drinks/Holding company	100%	100%
The South African Breweries Hop Farms (Pty) Ltd	South Africa	Hop farming	100%	100%
The South African Breweries Maltings (Pty) Ltd	South Africa	Maltsters	100%	100%
Appletiser South Africa (Pty) Ltd	South Africa	Fruit juices	100%	100%

¹ Operates and resident for tax purposes in the United Kingdom.

² Previously Trinity Procurement GmbH.

³ Listed in country of incorporation.

⁴ SABMiller Poland BV, a wholly owned subsidiary of the group, holds 100% of Kompania Piwowarska SA.

⁵ Previously SABMiller India Ltd.

⁶ Previously Foster's Australia Ltd.

⁷ On 7 September 2012 the group completed the disposal of Foster's Group Pacific Ltd.

⁸ Previously Skol Breweries Ltd.

34. Principal subsidiaries, associates and joint ventures continued

The group comprises a large number of companies. The list above includes those subsidiary undertakings which most significantly affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. With the exception of those noted above, the principal country in which each of the above subsidiary undertakings operates is the same as the country in which each is incorporated.

Where the group's nominal interest in the equity share capital of an undertaking is less than 50%, the basis on which the undertaking is a subsidiary undertaking of the group is as follows.

African operations

The group's effective interest in the majority of its African operations was diluted as a result of the disposal of a 38% interest in SABMiller Africa BV and SABMiller Botswana BV on 1 April 2001, in exchange for a 20% interest in the Castel group's African beverage interests. Investments in new territories are generally being made with the Castel group's African beverage operations on an 80:20 basis. The operations continue to be consolidated due to SABMiller Africa BV's, SABMiller Investment Ltd's, SABMiller Botswana BV's, SABMiller Nigeria Holdings BV's and SABMiller Investment II BV's majority shareholdings, and ability to control the operations.

Botswana Breweries (Pty) Ltd (BBL) and Kgalagadi Breweries (Pty) Ltd (KBL)

SABMiller Botswana held a 40% interest in each of Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd with the remaining 60% interest in each held by Sechaba Brewery Holdings Ltd. SABMiller Botswana's shares entitle the holder to twice the voting rights of those shares held by Sechaba Brewery Holdings Ltd. SABMiller Africa BV's 10.1% indirect interest (2012: 10.1%) is held via a 16.8% interest (2012: 16.8%) in Sechaba Brewery Holdings Ltd. In April 2013 BBL and KBL merged into a single entity, with KBL the surviving legal entity. The shareholding interests in KBL remain unchanged.

Maluti Mountain Brewery (Pty) Ltd (Maluti)

SABMiller Africa BV holds a 39% interest in Maluti with the remaining interest held by a government authority, the Lesotho National Development Corporation (51%), the Privatisation Unit (5.25%), and the Lesotho Unit Trust (4.75%). Maluti is treated as a subsidiary undertaking based on the group's ability to control its operations through its board representation. The day to day business operations are managed in accordance with a management agreement with Bevman Services AG, a group company.

Notes to the consolidated financial statements

continued

34. Principal subsidiaries, associates and joint ventures continued

Associates and joint ventures

The principal associates and joint ventures of the group as at 31 March are as set out below. Where the group's interest in an associate or a joint venture is held by a subsidiary undertaking which is not wholly owned by the group, the subsidiary undertaking is indicated in a note below.

Name	Country of incorporation	Nature of relationship	Principal activity	Effective interest	
				2013	2012
European operations					
Anadolu Efes Biracılık ve Malt Sanayii AŞ ^{1,2}	Turkey	Associate	Brewing/Soft drinks	24%	24%
Grolsch (UK) Ltd	United Kingdom	Associate	Brewing	50%	50%
International Trade and Supply Limited ²	British Virgin Islands	Associate	Sales and distribution	40%	40%
North American operations					
MillerCoors LLC ^{2,3}	USA	Joint venture	Brewing	58%	58%
African operations					
BIH Brasseries Internationales Holding Ltd ²	Gibraltar	Associate	Holding company for subsidiaries principally located in Africa	20%	20%
Société des Brasseries et Glacières Internationales SA ²	France	Associate	Holding company for subsidiaries principally located in Africa	20%	20%
Algerienne de Bavaroise Spa ^{2,4}	Algeria	Associate	Brewing	40%	40%
BIH Brasseries Internationales Holding (Angola) Ltd ²	Gibraltar	Associate	Brewing/Soft drinks	27%	27%
Delta Corporation Ltd ^{1,5}	Zimbabwe	Associate	Brewing/Soft drinks	25%	25%
Marocaine d'Investissements et de Services SA ^{1,6}	Morocco	Associate	Brewing	40%	40%
Skikda Bottling Company SARL ^{2,4}	Algeria	Associate	Soft drinks	40%	40%
Société de Boissons de l'Ouest Algerien SARL ^{2,4}	Algeria	Associate	Soft drinks	40%	40%
Société des Nouvelles Brasseries ^{2,4}	Algeria	Associate	Brewing	40%	40%
Asia Pacific operations					
China Resources Snow Breweries Ltd ²	British Virgin Islands	Associate	Holding company for brewing subsidiaries located in China	49%	49%
South African operations					
Coca-Cola Canners of Southern Africa (Pty) Ltd ²	South Africa	Associate	Canning of beverages	32%	32%
Distell Group Ltd ^{1,7}	South Africa	Associate	Wines and spirits	29%	29%
Hotels and Gaming					
Tsogo Sun Holdings Ltd ¹	South Africa	Associate	Holding company for Hotels and Gaming operations	40%	40%

¹ Listed in country of incorporation.

² These entities report their financial results for each 12 month period ending 31 December.

³ SABMiller shares joint control of MillerCoors with Molson Coors Brewing Company under a shareholders' agreement. Voting interests are shared equally between SABMiller and Molson Coors, and each of SABMiller and Molson Coors has equal board representation. Under the agreement SABMiller has a 58% economic interest in MillerCoors and Molson Coors has a 42% economic interest.

⁴ 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.

⁵ Interests in this company is held by SABMiller Africa BV which is held 62% by SABMiller Holdings Ltd.

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 This entity reports its financial results for each 12 month period ending 30 June.

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, BIH Brasseries Internationales Holding Ltd's (Castel) and BIH Brasseries Internationales Holding (Angola) Ltd's principal subsidiaries are in Africa, China Resources Snow Breweries Ltd's principal subsidiaries are in the People's Republic of China and International Trade and Supply Limited operates in the United Arab Emirates.

Statement of directors' responsibilities

in respect of the company financial statements

The directors are responsible for preparing the Annual Report, the directors' remuneration report and the company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have prepared the company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 adequate 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 2006. 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 2006 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, 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 company financial statements of SABMiller plc for the year ended 31 March 2013 which comprise the company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the SABMiller plc Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the directors' report for the financial year for which the company financial statements are prepared is consistent with the company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the consolidated financial statements of SABMiller plc for the year ended 31 March 2013.

Richard Hughes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

5 June 2013

Balance sheet of SABMiller plc

at 31 March

	Notes	2013 US\$m	2012 US\$m
Fixed assets			
Tangible fixed assets	2	126	119
Investments in subsidiary undertakings	3	13,840	17,083
Derivative financial instruments	9	445	499
		14,411	17,701
Current assets			
Debtors: amounts falling due after more than one year	4	1,954	2
Debtors: amounts falling due within one year	5	4,566	6,619
Derivative financial instruments	9	75	6
Cash at bank and in hand	6	1,647	293
		8,242	6,920
Creditors: amounts falling due within one year	7	(2,325)	(1,081)
Net current assets		5,917	5,839
Total assets less current liabilities		20,328	23,540
Creditors: amounts falling due after more than one year	8	(3,998)	(7,646)
Net assets		16,330	15,894
Capital and reserves			
Share capital		167	166
Share premium		6,581	6,480
Merger relief reserve		4,586	4,586
Other reserves		(1,190)	(1,198)
Profit and loss account		6,186	5,860
Total shareholders' funds	10	16,330	15,894

The financial statements on pages 167 to 177 were approved by the board of directors on 5 June 2013 and were signed on its behalf by:

Alan Clark
Chief Executive

Jamie Wilson
Chief Financial Officer

Advantage has been taken of the provisions of section 408(3) of the Companies Act, 2006 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\$1,710 million (2012: US\$2,661 million).

The consolidated financial statements of the group include a consolidated cash flow statement which includes the cash flows of the company. The company has therefore taken advantage of the exemption granted by FRS 1 (Revised 1996) not to present a cash flow statement.

Notes to the company financial statements

1. Accounting policies

a) Basis of preparation

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 in accordance with the Companies Act 2006 and with accounting standards applicable in the United Kingdom (UK GAAP).

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by certain financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss. The principal accounting policies, which have been applied consistently throughout the year are set out below.

b) 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 2013	8.51	0.63	9.24	0.66
Year ended 31 March 2012	7.48	0.63	7.67	0.62

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or at the related forward contractual rate 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.

c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of accumulated depreciation and impairment losses. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

No depreciation is provided on 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 and software	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.

d) 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, together with subsequent capital contributions, less provisions for impairment.

e) Impairment

In accordance with FRS 11 'Impairment of fixed assets and goodwill', long-term 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 long-term 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 long-term 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 transaction costs except in the case of those classified at fair value through profit or loss). For those financial instruments that are not subsequently held at fair value, the company assesses whether there is any objective evidence of impairment at each balance sheet date.

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 to the profit and loss account 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.

1. Accounting policies continued

(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 at bank and in hand

Cash at bank and in hand includes cash in hand, bank deposits repayable on demand, other short-term highly liquid investments with original maturities of three months or less. 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) 'Financial Instruments-Measurement' 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.

Financial guarantees are amortised over the life of the guarantee, or accelerated if the third party obligation is settled early. The amortisation is taken to the profit and loss account.

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 'Events after the balance sheet date', 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 share option plans (with and without non-market performance conditions attached), performance share award plans (with market conditions attached) and awards related to the employee element of the Broad-Based Black Economic Empowerment (BBBEE) scheme in the South Africa. In addition the company has granted an equity-settled share-based payment to retailers in relation to the retailer component of the BBBEE scheme.

In accordance with FRS 20 'Share-based Payments', 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 and Monte Carlo simulations.

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.

Notes to the company financial statements

continued

1. Accounting policies continued

The issue by the company to employees of its subsidiaries of a grant over the company's shares 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.

The company has an employee benefit trust, the SABMiller Associated Companies' Employees' Benefit Trust (the AC-EBT). The AC-EBT holds shares in SABMiller plc for the purposes of providing share incentives for employees of companies in which SABMiller has a significant economic and strategic interest but over which it does not have management control. These share options are accounted for as cash-settled share-based payments in accordance with FRS 20.

For the cash-settled plan a liability is recognised at fair value in the balance sheet over the vesting period with a corresponding charge to the profit and loss account. The liability is remeasured at each reporting date, on an actuarial basis using the analytic method, to reflect the revised fair value and to adjust for the changes in assumptions such as leavers. Changes in fair value of the liability are recognised in the profit and loss account. Actual settlement of the liability will be at its intrinsic value with the difference recognised in the profit and loss account.

Shares held by employee benefit trusts and in treasury are treated as a deduction from equity until the shares are utilised.

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 reperformed 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 profit and loss account. A similar treatment is applied where the hedge is of a future transaction and that transaction is no longer likely to occur. When the hedge is discontinued due to ineffectiveness, hedge accounting is discontinued prospectively.

Certain derivative instruments, while providing effective economic hedges under the 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 assets and 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 in note 22 to the consolidated financial statements of the group.

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 2012	54	32	119	205
Additions	18	5	10	33
Disposals	–	(3)	(3)	(6)
Transfers	(16)	2	14	–
At 31 March 2013	56	36	140	232
Accumulated depreciation				
At 1 April 2012	–	17	69	86
Disposals	–	(3)	(3)	(6)
Charge for the year	–	4	22	26
At 31 March 2013	–	18	88	106
Net book amount				
At 1 April 2012	54	15	50	119
At 31 March 2013	56	18	52	126

3. Investment in subsidiary undertakings

	Shares US\$m	Loans US\$m	Total US\$m
Cost			
At 1 April 2012	13,761	3,462	17,223
Additions ¹	5,100	–	5,100
Capital contribution relating to share-based payments	95	–	95
Repayments ¹	–	(3,462)	(3,462)
Disposals ²	(4,976)	–	(4,976)
At 31 March 2013	13,980	–	13,980
Accumulated impairment			
At 1 April 2012 and at 31 March 2013	140	–	140
Net book value			
At 31 March 2012	13,621	3,462	17,083
At 31 March 2013	13,840	–	13,840

¹ During the year the company increased its investment in SABMiller Holdings Ltd by US\$5,000 million. As part of this transaction the loan from the company to SABMiller Holdings Ltd of US\$3,462 million was repaid. The investment in SABMiller Africa & Asia BV was increased by US\$100 million.

² During the year the company sold its investment in SABMiller Poland BV to another group company at net book value. The investment in Safari Ltd was liquidated with no gain or loss on the disposal.

Notes to the company financial statements

continued

3. Investment in subsidiary undertakings continued

Name	Country of incorporation	Principal activity	2013 US\$m	2012 US\$m
SABMiller Holdings Ltd	United Kingdom	Holding company	10,437	5,437
Miller Brands (UK) Ltd	United Kingdom	Sales and distribution	39	39
SAB Finance (Cayman Islands) Ltd	Cayman Islands	Finance company	-	-
Safari Ltd	Jersey	Finance company	-	-
SABMiller Management BV	Netherlands	Group management services	-	-
SABMiller Africa & Asia BV	Netherlands	Holding company	278	178
Appletiser International BV	Netherlands	Holding company	-	-
SABMiller (Safari)	United Kingdom	Finance company	506	506
Pilsner Urquell International BV	Netherlands	Holding company	-	-
SABMiller Holdings Europe Ltd	United Kingdom	Holding company	2,098	2,098
Racetrack Colombia Finance SA ¹	Colombia	Finance company	-	-
SABMiller Poland BV	Netherlands	Holding company	-	4,976
SABMiller Horizon Ltd	United Kingdom	Agent company	-	-
SABSA Holdings Ltd ²	South Africa	Holding company	5	5
SABMiller Capital UK Ltd	United Kingdom	Holding company	-	-
SABMiller Asia Capital LLP ³	United Kingdom	Finance company	-	-
			13,363	13,239
Capital contribution relating to share-based payments			477	382
			13,840	13,621

¹ 94.9% direct interest and 100% effective interest.

² SABMiller plc contributed ZAR36 million towards the cost of a guarantee fee to SABSA Holdings Ltd, a fellow group undertaking. It has no direct interest in the share capital of that company.

³ 1% direct interest and 100% effective interest.

4. Debtors: amounts falling due after more than one year

	2013 US\$m	2012 US\$m
Loan owed by subsidiary undertakings	1,743	-
Amounts owed by subsidiary undertakings	109	2
Loan participation deposit	100	-
Financial guarantee asset	2	-
	1,954	2

The interest on the loan owed by subsidiary undertakings is floating one month LIBOR plus 180 bps. The loan is repayable in 2017.

The presentation of the loan participation deposit at 31 March 2013 within Debtors: amounts falling due after one year is consistent with the treatment in the current year and prior year consolidated balance sheets as described in note 17 to the consolidated financial statements of the group. At 31 March 2012 this loan participation deposit was presented on the company balance sheet as a short-term deposit. The comparative has not been restated on the grounds of materiality.

5. Debtors: amounts falling due within one year

	2013 US\$m	2012 US\$m
Amounts owed by subsidiary undertakings	4,499	6,474
Amounts owed by associated undertakings	-	60
Other debtors	32	61
Deferred tax	-	24
Financial guarantee asset	3	-
Loan participation deposit	32	-
	4,566	6,619

Interest on loans owed by subsidiary undertakings are at either fixed interest rates up to maximum 5.5% or floating rates of one or six month LIBOR plus up to 175 bps, depending upon the country where the company receiving the loan is located.

6. Cash at bank and in hand

	2013 US\$m	2012 US\$m
Short-term deposits	1,647	293

The company has short-term deposits in US dollars (USD). The effective interest rates were 0.15% (2012: USD 0.23%).

7. Creditors: amounts falling due within one year

	2013 US\$m	2012 US\$m
Bank loans and overdrafts	–	2
Trade and other creditors	27	55
Amounts owed to subsidiary undertakings	425	846
Taxation and social security	76	29
Derivative financial instruments (see note 9)	7	4
Accruals and deferred income	84	80
Dividends payable to shareholders	1	2
US\$1,100 million 5.5% Notes due 2013 ¹ (note 8)	1,078	–
US\$550 million 5.7% Notes due 2014 ² (note 8)	570	–
Guarantee fee liability	57	63
	2,325	1,081

Amounts owed to subsidiary undertakings are at either fixed rates or floating rates of one or six month LIBOR minus 13 bps to plus 175 bps. All amounts owed are unsecured and repayable on demand.

8. Creditors: amounts falling due after more than one year

	2013 US\$m	2012 US\$m
US\$1,100 million 5.5% Notes due 2013 ¹	–	1,099
€1,000 million 4.5% Notes due 2015 ²	1,317	1,367
US\$300 million 6.625% Notes due 2033 ²	440	416
US\$850 million 6.5% Notes due 2016 ²	937	960
US\$550 million 5.7% Notes due 2014 ²	–	588
US\$700 million 6.5% Notes due 2018 ²	792	811
PEN 150 million 6.75% Notes due 2015 ²	59	56
Loans from subsidiary undertakings	–	1,938
Amounts owed to associated undertakings	100	–
Derivative financial instruments (see note 9)	25	38
Other creditors	6	9
Deferred income	6	7
Guarantee fee liability	316	357
	3,998	7,646

The maturity of creditors falling due after more than one year is as follows:

Between one and two years	234	1,153
Between two and five years	2,364	5,007
After five years	1,400	1,486
	3,998	7,646

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 Notes is detailed in note 21 to the consolidated financial statements of the group.

Notes to the company financial statements

continued

9. Derivative financial instruments

	Assets 2013 US\$m	Liabilities 2013 US\$m	Assets 2012 US\$m	Liabilities 2012 US\$m
Current derivative financial instruments				
Forward foreign currency contracts	26	–	4	(4)
Forward foreign currency contracts as cash flow hedges	47	–	2	–
Interest rate swaps designated as fair value hedges	2	(7)	–	–
	75	(7)	6	(4)
Non-current derivative financial instruments				
Forward foreign currency contracts	34	(15)	43	(31)
Interest rate swaps designated as fair value hedges	304	(10)	351	–
Cross currency swaps	107	–	105	(7)
	445	(25)	499	(38)

Derivatives designated as hedging instruments

(i) Cash flow hedges

The company has entered into forward exchange contracts designed as cash flow hedges to manage short-term foreign currency exchange exposures to future creditor payments. As at 31 March 2013 the notional amounts of these contracts was GBP72 million and CHF43 million (2012: GBP119 million and AUD1 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 2013 the fixed interest rates received vary from 1.6675% to 6.625% (2012: 4.5% to 6.625%) and floating interest rates paid vary from LIBOR/EURIBOR plus 47.2 bps to LIBOR/EURIBOR plus 197.8 bps (2012: LIBOR/EURIBOR plus 71.6 bps to LIBOR/EURIBOR plus 198.8 bps) on the notional amount. As at 31 March 2013 the carrying value of the hedged borrowings was US\$3,272 million (2012: US\$3,191 million).

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, the Czech Republic, Peru, Australia, Poland and Colombia.

(ii) Cross currency swaps

The company has entered into several cross currency swaps to manage the group's exposure to foreign exchange risk relating to subsidiaries in South Africa, Australia, Poland, and the Netherlands.

(iii) Interest rate swaps

The company holds a number of interest rate swaps to receive floating rates and pay fixed rates, held as an economic offset to a number of interest rate swaps that receive fixed rates and pay floating rates that were previously held in a fair value hedge relationship.

Analysis of notional amounts on all outstanding financial instruments held by the company is as follows:

	2013 m	2012 m
Forward foreign currency contracts		
– SA rand	2,136	245
– Czech koruna	1,095	6,825
– Peruvian nuevo sol	310	631
– Australian dollar	500	500
– Pounds sterling	72	119
– Swiss franc	43	–
– Polish zloty	11	–
– Colombian peso	445,500	490,476
Cross currency swaps		
– SA rand	1,404	1,404
– Australian dollar	46	–
– Polish zloty	235	433
– Euro	317	317
Interest rate swaps		
– Fair value hedges		
– US dollar	2,500	1,750
– Euro	500	500

9. Derivative financial instruments continued

	Book value 2013 US\$m	Fair value 2013 US\$m	Book value 2012 US\$m	Fair value 2012 US\$m
Current borrowings	1,648	1,659	2	2
Non-current borrowings	3,545	3,675	7,218	7,592

Current borrowings in the table above exclude amounts owed to subsidiary undertakings. Non-current borrowings in the table above include amounts owed to subsidiary undertakings.

Derivatives, cash and cash equivalents, short-term deposits, loan participation deposit, 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

	2013 US\$m	2012 US\$m
Derivative financial instruments:		
Forward foreign currency contracts	35	(108)
Interest rate swaps designated as fair value hedges	(51)	100
Cross currency swaps	48	107
Guarantee fees	62	22
	94	121
Other financial instruments:		
Non-current borrowings designated as the hedged item in a fair value hedge	42	(156)
Total fair value gain/(loss) on financial instruments recognised in the profit and loss account	136	(35)

Other financial liabilities

Other financial liabilities include guarantee fee liabilities as disclosed in notes 7 and 8.

The company has guaranteed the bank overdrafts and drawn components of bank loans of a number of subsidiaries. Under the terms of the financial guarantee contracts, the company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

Terms and notional values of the liabilities guaranteed were as follows:

Year of maturity	2013 US\$m	2012 US\$m
2014	581	2,175
2015	1,060	1,000
2016	684	750
2017	2,054	2,054
2020	1,282	–
2022	2,500	2,500
2042	1,500	1,500
	9,661	9,979

Notes to the company financial statements

continued

10. 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 2012	166	6,480	4,586	2	(103)	(1,097)	5,860	15,894
Issue of share capital	1	101	–	–	–	–	–	102
Profit for the year	–	–	–	–	–	–	1,710	1,710
Dividends paid	–	–	–	–	–	–	(1,504)	(1,504)
Cash flow hedges – fair value losses	–	–	–	(8)	–	–	–	(8)
Transfer into EBT	–	–	–	–	(70)	70	–	–
Purchases of EBT shares	–	–	–	–	(53)	–	–	(53)
Utilisation of EBT shares	–	–	–	–	69	–	(69)	–
Credit entry relating to share-based payments	–	–	–	–	–	–	94	94
Capital contribution relating to share-based payments	–	–	–	–	–	–	95	95
At 31 March 2013	167	6,581	4,586	(6)	(157)	(1,027)	6,186	16,330

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 gains US\$1 million (2012: US\$111 million).

In March 2013 4.6 million treasury shares with an original cost to the company of US\$70 million were transferred into the EBT reserve at no gain or loss to the company.

Further information relating to the share capital, share premium, the treasury shares and the EBT reserve of the company is detailed in notes 25 and 26 to the consolidated financial statements of the group. Details of share incentive schemes are provided 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.

11. Profit and loss information

Information relating to directors' remuneration is included in the directors' remuneration report on pages 66 to 85.

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:

	2013 US\$m	2012 US\$m
Plant and machinery	4	4
Other	8	8

12. Other information

a. Deferred tax assets have not been recognised in respect of the following:

	2013 US\$m	2012 US\$m
Tax losses	92	72
Depreciation in excess of capital allowances	12	11
Accruals and provisions	1	1
Share-based payments	30	25
	135	109

b. Contingent liabilities and guarantees

	2013 US\$m	2012 US\$m
Capital expenditure contracted but not provided	–	2

The company has guaranteed borrowings in respect of certain subsidiary undertakings. Guarantee fees received from 100% owned subsidiaries were US\$63 million (2012: US\$22 million). Guarantees to third parties provided in respect of bank facilities were US\$174 million. Note 13 details guarantee fees paid to related parties.

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013 US\$m	2012 US\$m
Land and buildings		
Within one year	–	1
Between two and five years	1	1
After five years	5	5
Other		
Within one year	1	1

13. Related party transactions

Transactions with undertakings which are not wholly owned

The company has taken advantage of the exemption provided under FRS 8 not to disclose transactions with subsidiaries which are wholly owned. During the year the company had transactions with undertakings in which it does not hold a 100% interest.

	2013 US\$m	2012 US\$m
Interest received from subsidiary undertakings	–	2
Guarantee fee income from subsidiary undertakings	1	1
Loan participation deposit compensation from an associated undertaking	100	–
Income from recharges to subsidiary undertakings ¹	119	134
Guarantee fees paid to subsidiary undertakings	(1)	(1)

¹ The company received income from recharges related to business capability programme costs.

At 31 March	2013 US\$m	2012 US\$m
Amounts owed by subsidiary undertakings	23	25
Amounts owed to subsidiary undertakings	(12)	(4)
Amounts owed to associated undertakings ¹	(100)	–
Loans to associated undertakings	–	60

¹ Amounts owed to associated undertakings relates to compensation received from Castel in recognition of a loan participation deposit advanced to the Angolan businesses by SABMiller plc. The Angolan businesses are managed by Castel.

Five-year financial review

for the years ended 31 March

	2013 US\$m	2012 ¹ US\$m	2011 US\$m	2010 US\$m	2009 US\$m
Income statements					
Group revenue	34,487	31,388	28,311	26,350	25,302
Revenue	23,213	21,760	19,408	18,020	18,703
Operating profit	4,203	5,013	3,127	2,619	3,148
Net finance costs	(735)	(562)	(525)	(563)	(706)
Share of post tax results of associates and joint ventures	1,244	1,152	1,024	873	516
Taxation	(1,201)	(1,126)	(1,069)	(848)	(801)
Non-controlling interests	(237)	(256)	(149)	(171)	(276)
Profit for the year attributable to owners of the parent	3,274	4,221	2,408	1,910	1,881
Adjusted earnings	3,796	3,400	3,018	2,509	2,065
Balance sheets					
Non-current assets	50,588	50,998	34,870	33,604	28,156
Current assets	5,683	4,851	4,178	3,895	3,472
Assets of disposal group classified as held for sale	23	79	66	-	-
Total assets	56,294	55,928	39,114	37,499	31,628
Derivative financial instruments	(86)	(109)	(135)	(321)	(142)
Borrowings	(18,548)	(19,226)	(8,460)	(9,414)	(9,618)
Other liabilities and provisions	(10,199)	(10,554)	(7,694)	(7,171)	(5,751)
Liabilities of disposal group classified as held for sale	(1)	(7)	(66)	-	-
Total liabilities	(28,834)	(29,896)	(16,355)	(16,906)	(15,511)
Net assets	27,460	26,032	22,759	20,593	16,117
Total shareholders' equity	26,372	25,073	22,008	19,910	15,376
Non-controlling interests in equity	1,088	959	751	683	741
Total equity	27,460	26,032	22,759	20,593	16,117
Cash flow statements					
Adjusted EBITDA	6,835	6,183	5,617	5,020	4,667
EBITDA	5,758	4,979	4,502	3,974	4,164
Net working capital movements	(204)	258	66	563	(493)
Net cash generated from operations	5,554	5,237	4,568	4,537	3,671
Net interest paid	(770)	(407)	(640)	(640)	(722)
Tax paid	(683)	(893)	(885)	(620)	(766)
Net cash inflow from operating activities	4,101	3,937	3,043	3,277	2,183
Net capital expenditure and other investments	(1,440)	(1,522)	(1,245)	(1,483)	(2,082)
Net investments in subsidiaries, joint ventures and associates	(223)	(11,095)	(183)	(504)	(533)
Dividends received from joint ventures, associates and other investments	1,000	1,017	911	815	606
Net cash inflow/(outflow) before financing and dividends	3,438	(7,663)	2,526	2,105	174
Net cash (outflow)/inflow from financing	(517)	8,819	(1,214)	(804)	615
Dividends paid to shareholders of the parent	(1,517)	(1,324)	(1,113)	(924)	(877)
Effect of exchange rates	(51)	(39)	25	90	22
Increase/(decrease) in cash and cash equivalents	1,353	(207)	224	467	(66)
Per share information (US cents per share)					
Basic earnings per share	205.9	266.6	152.8	122.6	125.2
Diluted earnings per share	203.5	263.8	151.8	122.1	124.6
Adjusted basic earnings per share	238.7	214.8	191.5	161.1	137.5
Net asset value per share ²	1,579.4	1,506.5	1,326.6	1,203.2	969.9
Total number of shares in issue (millions)	1,669.7	1,664.3	1,659.0	1,654.7	1,585.4
Other operating and financial statistics					
Return on equity (%) ³	14.4	13.6	13.7	12.6	13.4
EBITA margin (%)	18.6	17.9	17.8	16.6	16.3
Adjusted EBITDA margin (%)	24.1	23.0	22.9	21.7	20.9
Interest cover (times)	9.1	11.4	10.8	9.3	6.7
Free cash flow (US\$m)	3,230	3,048	2,488	2,028	106
Total borrowings to total assets (%)	32.9	34.4	21.6	25.1	30.4
Net cash generated from operations to total borrowings (%)	29.9	27.2	54.0	48.2	38.2
Revenue per employee (US\$000)	329.3	305.9	280.4	256.9	272.5
Average monthly number of employees	70,486	71,144	69,212	70,131	68,635

¹ Restated for the adjustments made to the provisional fair values relating to the Foster's, the Pacific Beverages and the International Breweries acquisitions.

² Net asset value per share is calculated by dividing shareholders' equity by the closing number of shares in issue.

³ This is calculated by expressing adjusted earnings as a percentage of total shareholders' equity.

	2013 US\$m	2012 US\$m	2011 US\$m	2010 US\$m	2009 US\$m
Group revenue					
Segmental analysis					
Latin America	7,821	7,158	6,335	5,905	5,495
Europe	5,767	5,482	5,394	5,577	6,145
North America	5,355	5,250	5,223	5,228	5,227
Africa	3,853	3,686	3,254	2,716	2,567
Asia Pacific	5,685	3,510	2,026	1,741	1,565
South Africa:					
– Beverages	5,540	5,815	5,598	4,777	3,955
– Hotels and Gaming	466	487	481	406	348
	34,487	31,388	28,311	26,350	25,302
Operating profit (excluding share of associates and joint ventures)					
Segmental analysis					
Latin America	1,983	1,736	1,497	1,270	1,057
Europe	652	804	857	840	900
North America	7	–	16	12	230
Africa	439	422	365	316	354
Asia Pacific	462	124	(22)	(34)	(2)
South Africa: Beverages	1,062	1,091	997	826	704
Corporate	(202)	(190)	(147)	(139)	(97)
Operating profit – before exceptional items	4,403	3,987	3,563	3,091	3,146
Exceptional (charge)/credit					
Latin America	(63)	(119)	(106)	(156)	45
Europe	(64)	1,135	(261)	(202)	(452)
North America	–	–	–	–	409
Africa	79	162	(4)	(3)	–
Asia Pacific	(104)	(70)	–	–	–
South Africa: Beverages	(22)	(41)	(188)	(53)	–
Corporate	(26)	(41)	123	(58)	–
	(200)	1,026	(436)	(472)	2
Operating profit – after exceptional items	4,203	5,013	3,127	2,619	3,148
EBITA					
Segmental analysis					
Latin America	2,112	1,865	1,620	1,386	1,173
Europe	784	836	887	872	944
North America	771	756	741	619	581
Africa	838	743	647	565	562
Asia Pacific	855	321	92	71	80
South Africa:					
– Beverages	1,129	1,168	1,067	885	764
– Hotels and Gaming	134	135	137	122	122
Corporate	(202)	(190)	(147)	(139)	(97)
	6,421	5,634	5,044	4,381	4,129

Definitions

Financial definitions

Adjusted earnings

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

Adjusted EBITDA

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

Adjusted EBITDA margin

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

Adjusted net finance costs

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

Adjusted profit before tax

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

Constant currency

Constant currency results have been determined by translating the local currency denominated results for the year ended 31 March at the exchange rates for the prior year.

EBITA

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

EBITA margin (%)

This is calculated by expressing EBITA as a percentage of group revenue.

EBITDA

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

EBITDA margin (%)

This is calculated by expressing EBITDA as a percentage of revenue.

Effective tax rate (%)

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

Free cash flow

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

Group revenue

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

Headline earnings

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

Interest cover

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

Net debt

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

Organic information

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

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.

Sales volumes

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

KPI definitions – How we measure

Total Shareholder Return (TSR) in excess of the median of peer group over five-year periods (2012 and 2011: three-year periods)

TSR performance is measured by taking the percentage growth in our TSR over the five-year period (2012 and 2011: three-year period) to the date aligned with the related measurement date of performance share awards for the excom, and deducting the percentage growth in the TSR of the median of our peer group over the same period.

Growth in adjusted earnings per share (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 180.

Free cash flow

Free cash flow is measured using the definition on page 180.

Proportion of our total lager volume from markets in which we have No. 1 or No. 2 national market share positions

Lager volumes generated in markets where we have a number one or number two national beer market share position divided by total lager volumes. Lager volumes are measured as defined on page 180.

Proportion of group EBITA from developing and emerging economies

EBITA generated in developing and emerging economies divided by group EBITA before corporate costs. EBITA is defined on page 180. Developing and emerging economies are as defined by the International Monetary Fund (IMF).

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 180). Lager volumes are measured as defined on page 180.

Group revenue growth (organic, constant currency)

Growth in group revenue compared with the prior year is measured on a constant currency basis (as defined on page 180) and excluding the effects of acquisitions and disposals (organic information is defined on page 180). Group revenue is defined on page 180.

Revenue growth in premium brands (constant currency)

Growth in revenue from sales of premium brands compared with the prior year is measured on a constant currency basis (as defined on page 180). Premium brands are those in the premium segment as defined on this page.

EBITA growth (organic, constant currency)

EBITA growth compared with the prior year is measured on a constant currency basis (as defined on page 180) and excluding the effects of acquisitions and disposals (organic information is defined on page 180). EBITA is defined on page 180.

EBITA margin

EBITA margin is defined on page 180.

Hectolitres of water used at our breweries per hectolitre of lager produced

Water used at our breweries divided by the volume of lager produced. This includes 100% of all consolidated subsidiaries together with the equity accounted percentage share of the MillerCoors joint venture.

Fossil fuel emissions from energy used at our breweries per hectolitre of lager produced

Fossil fuel emissions are measured by the total amount of carbon dioxide (CO₂) in kilograms released to the atmosphere by our brewery operations divided by the volume of lager produced. The total amount of CO₂ is the sum of direct emissions produced by the combustion of fuel (e.g. coal, oil, gas) and indirect emissions from the use of electricity and steam. Emissions are calculated using the internationally recognised WRI/WBCSD Greenhouse Gas Protocol. This includes 100% of all consolidated businesses together with the equity accounted percentage share of the MillerCoors joint venture.

Cumulative financial benefits from our business capability programme

Incremental cash flows generated as a result of the adoption of new processes and systems including incremental revenues, reduced cost of goods sold and overheads, reduced investment in working capital and lower cost of capital investments.

KPI explanation of change

We have moved to a five-year TSR measurement period for the purpose of the TSR KPI as the performance share awards with three-year TSR measurement periods for the excom have all now vested and only awards with five-year TSR measurements periods remain. The change has had no significant impact on the TSR trend.

Non-financial definitions

Corporate Governance Code

The UK Corporate Governance Code, as adopted by the Financial Reporting Council.

Direct economic value generated

Revenue plus interest and dividend receipts, royalty income and proceeds of sales of assets (in accordance with guidance by the Global Reporting Initiative GRI EC1).

Economy segment

Taking the leading brand in the most popular pack type as the standard (=100), brands with a weighted average market price which fall below an index of 90 form the economy segment. Normally, all brands in this segment will be local brands.

International brewers index

The index of international brewers charts the share price progression of the company's closest peers in the global brewing industry – Anheuser-Busch InBev, Carlsberg, Heineken and Molson Coors, relative to 1 April 2010. The index is weighted relative to the market capitalisation of the brewers as at 1 April 2010.

Mainstream segment

Taking the leading brand in the most popular pack type as the standard (=100), the mainstream segment is formed of brands with a weighted average market price which fall into the 90-109 band. 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)

Taking the leading brand in the most popular pack type as the standard (=100), brands with a weighted average market price which have an index of 110+ form the premium segment. The premium segment comprises local, regional and global brands.

STRATE

STRATE stands for Share Transactions Totally Electronic, an unlisted company owned by JSE Limited and Central Securities Depository Participants (CSDP), which 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 the year end:

	Number of shareholders	Percentage of share capital
Portfolio size		
1 – 1,000	44,219	0.76
1,001– 10,000	8,563	1.57
10,001 – 100,000	683	1.05
100,001 – 1,000,000	732	15.39
1,000,001 and over	159	81.23
	54,356	100.00
Category		
Banks	5	0.12
Individuals, Nominees & Trusts	52,512	10.65
Insurance Companies	153	5.75
Investment Companies	26	0.97
Medical Aid Schemes	26	0.14
Mutual Funds	712	18.46
Other Corporate Entities	16	42.55
Pension Funds	774	14.83
Other	132	6.53
	54,356	100.00

Substantial shareholdings

As at 3 June 2013, 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:

	Date of notification	Number of shares	Percentage of issued share capital
Altria Group, Inc.	29 June 2012	430,000,000	26.99
BevCo Ltd	20 March 2007	225,000,000	14.98
Public Investment Corporation	13 January 2009	67,663,248	4.49
Kulczyk Holding S.A.	28 March 2013	48,000,000	2.99

The Companies Act requires disclosure of persons with significant direct or indirect holdings of securities as at year end. At the year end we were aware of the following shareholdings:

	Percentage of issued share capital
Altria Group, Inc.	26.84
BevCo Ltd	14.04
Public Investment Corporation	3.22
Kulczyk Holding S.A.	2.99

Financial reporting calendar and annual general meeting

Interim management statement and annual general meeting	July 2013
Announcement of interim results, for half-year to September	November 2013
Interim management statement	January 2014
Preliminary announcement of annual results	May 2014
Annual financial statements published	June 2014

Dividends	Declared	Paid
Ordinary:		
Interim	November	December
Final	May	August

Unsolicited investment advice – warning to shareholders

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 UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. A 2006 survey by the Financial Services Authority, now the Financial Conduct Authority (FCA), reported that the average amount lost by investors was 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 reports into the company.

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 FCA before getting involved. You can check at <http://www.fca.org.uk/firms/systems-reporting/register/search>
- The FCA also maintains on its website a list of unauthorised overseas firms who are targeting, or have targeted, UK investors and any approach from such organisations should be reported to the FCA so that this list can be kept up to date and any other appropriate action can be considered.
- Report the matter to the FCA either by calling 0800 111 6768 or by completing an online form at: <http://www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams/reporting-form>. If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme.

South African shareholders may report such approaches to the Financial Services Board (FSB) on:

Toll Free: 0800 110443 or 0800 202087
Email: 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 is intended to provide information to shareholders. It should not be relied upon by any other party or for any other purpose. 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. Factors which may cause differences between actual results and those expected or implied by the forward-looking statements include, but are not limited to: material adverse changes in the economic and business conditions in the markets in which SABMiller operates; increased competition and consolidation in the global brewing and beverages industry; changes in consumer preferences; changes to the regulatory environment; failure to deliver the integration and cost-saving objectives in relation to the Foster’s acquisition; failure to derive the expected benefits from the business capability programme; and fluctuations in foreign currency exchange rates and interest rates. The company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The past business and financial performance of SABMiller plc is not to be relied on as an indication of its future performance.

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